

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held November 10, 2022

Commissioners Present:

Gladys Brown Dutrieuille, Chairman
Stephen M. DeFrank, Vice Chairman
Ralph V. Yanora, Statement
Kathryn L. Zerfuss, Statement
John F. Coleman, Jr.

Petition to Initiate a Proceeding to Consider Issuance of
a Policy Statement on Electric Utility Rate Design for
Electric Vehicle Charging

P-2022-3030743

ORDER

BY THE COMMISSION:

On February 4, 2022, ChargEVC-PA filed a Petition pursuant to 66 Pa.C.S. §§ 510, 1301, 1330, 2807(f) and 1501, and 52 Pa. Code § 5.41, requesting the Pennsylvania Public Utility Commission (Commission) to initiate a proceeding that will result in the issuance of a Policy Statement on electric utility rate design for electric vehicle (EV) charging in Pennsylvania. On February 24, 2022, the Commission received an Answer from the Office of Consumer Advocate (OCA), Petitions to Intervene from Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and PPL Electric Utilities Corporation (PPL Electric). The Commission also received letters from Advanced Energy Economy (AEE), and Duquesne Light Company (Duquesne Light). The Electrification Coalition (EC) also filed comments on February 24, 2022.

The Commission subsequently issued a Secretarial Letter on February 25, 2022 (Secretarial Letter) directing that, before it addresses the substance of ChargEVC-PA's

Petition, interested parties should file comments with the Commission preliminarily addressing whether to initiate a proceeding for a policy statement on EV charging and the parameters of such a proceeding, if opened. The Commission directed all interested parties to file comments to ChargeVC-PA's Petition by the close of business on April 11, 2022, 30 days after the date of the Secretarial Letter being published in the *Pennsylvania Bulletin*. Thereafter, reply comments were directed to be filed 30 days after the date comments were due. The comment period closed on May 11, 2022.

BACKGROUND

ChargeVC-PA is a coalition formed to serve as a resource for research and information on, and as an advocate for, advanced EV adoption and market development in Pennsylvania. ChargeVC-PA consists of the following members: Electrification Coalition, Greenlots, Keystone Energy Alliance, Natural Resources Defense Council (NRDC), Plug In America, Sierra Club and Adams Electric Cooperative. ChargeVC-PA Petition at 1.

ChargeVC-PA notes that of the more than 12 million registered vehicles in Pennsylvania, approximately 29,000 are EVs. EV sales in Pennsylvania have been growing and exceeded 7,300 in 2020. However, EVs still make up less than 1% of the total vehicles registered in Pennsylvania. ChargeVC-PA contends that the national EV market has grown substantially over the past ten years, with battery EV sales having increased nearly 400% from 2017 through 2020. ChargeVC-PA Petition at 1-2.

ChargeVC-PA notes that EV sales in the United States are projected to grow dramatically. By 2030, EV sales are expected to be 25-30% of total vehicle sales and reach 45-50% by 2035. ChargeVC-PA notes that nearly all major vehicle manufacturers have announced their intentions to commit significant capital to EV production and to transition sales to EVs. According to Edison Electric Institute (EEI), by 2030, 18 million

EVs will be on the road. Boston Consulting Group projects that global EV sales will reach 24% of new vehicles sales in 2030. Today there are over 90 EV and Plug-in Hybrid Electric Vehicle (PHEV) models available, and this number is expected to grow over the next several years as auto manufacturers increase production and unveil new models. ChargEVC-PA Petition at 3-7.

The Infrastructure Investment and Jobs Act of 2021 (IIJA) includes \$7.5 billion for a nationwide EV charger network along highway corridors. The law provides several investments in EV charging in the Commonwealth, including \$171 million Pennsylvania expects to receive over a five-year period to support the expansion of an EV charging network. There is also the opportunity for the Commonwealth to apply for billions of additional grant funding dedicated to EV charging investments. All of these investments will increase sales of EVs in Pennsylvania, which underscores the need to develop rate design to manage this change. The IIJA also amends the Public Utility Regulatory Policies Act of 1978 (PURPA) to require states to consider measures to promote electrification of the transportation sector, including establishment of rates that promote charging options for customers, improve customer experience, accelerate third-party investment in public charging, and appropriately recover costs related to electricity supply for EVs and associated infrastructure. ChargEVC-PA Petition at 7.

ChargEVC-PA's PETITION

ChargEVC-PA argues that the Commission has an opportunity to take an important step forward to promote EV adoption in Pennsylvania by issuing a policy statement on electric distribution company (EDC) rate design for EV charging. ChargEVC-PA contends that well-designed utility rates for EVs can reduce rates for all customers and provide EV owners with potential cost savings. ChargEVC-PA Petition at 10.

ChargEVC-PA relies on the Pennsylvania Department of Environmental Protection's (DEP) "Pennsylvania Electric Vehicle Roadmap: 2021 Update"¹ and notes that time-varying (such as time-of-use) rates are encouraged. It notes that time-varying rates allow utilities to provide a clear price signal to customers to avoid charging during peak times, when system costs and demand are high. The rates would encourage customers to shift charging from high system utilization and cost times to lower cost times of day, which would allow customers to save money on charging and allow utilities to passively manage growing peak demand. ChargEVC-PA contends that if customers do not receive price signals through rates or other encouragement to charge during off-peak period, the growth of EV adoption could drive significant increases for system investments, and thus rates for all customers. Most significant, this substantial increase in usage from a distribution-planning standpoint is the fact that EV charging will dramatically increase peak demand on the distribution system unless charging is directed to off-peak periods. ChargEVC-PA Petition at 11.

ChargEVC-PA contends that rate design has the capacity to shift the new load into off-peak hours when system load is lower, which will reduce future system costs as well as energy. ChargEVC-PA notes that a recent study estimated that EV drivers in Pacific Gas and Electric and Southern California Edison service territories have contributed \$806 million more in revenues than associated costs from 2012-2019, reducing rates for all customers. ChargEVC-PA Petition at 12.

Proposed Structure for Proceeding

ChargEVC-PA proposes that the Commission initiate a proceeding that will ultimately result in a policy statement addressing EV charging in the Commonwealth and proposes the following timeline:

¹ See Pennsylvania Electric Vehicle Roadmap
https://files.dep.state.pa.us/Energy/OfficeofPollutionPrevention/StateEnergyProgram/DEPA/April_2022/EV_Charging_Rate_Design_Study.pdf

- i. Issuance of an order (a) initiating ChargEVC-PA's proposed proceeding to consider issuance of a policy statement, (b) proposing a policy statement, and (c) inviting comments to be filed by interested parties within 90 days after publication in the Pa. Bulletin.
- ii. Filing of written reply comments within 60 days after initial comments are due.
- iii. An *en banc* public hearing before the full Commission within 30 days after reply comments are due; Commission Staff to organize speaker panels.
- iv. Up to three informal workshops, led by Commission Staff, among interested parties within 60 days after the *en banc* public hearing, designed to further share information and ideas and to reach as much consensus as possible on policy statement language.
- v. Issuance by the Commission of a final policy statement and publication in the Pa. Bulletin.

ChargEVC-PA Petition at 16.

Proposed Scope of Proceeding

ChargEVC-PA asks the Commission to initiate a proceeding focused solely on utility EV rate design. It argues that such a proceeding will provide a productive forum for the sharing of information and ideas, and that issuance of a formal policy statement will provide guidance to utilities and other interested parties as they continue forward to forge a path for customer and EV adoption. ChargEVC-PA submits that any proceeding the Commission opens in this matter should evaluate a range of utility rate-design options for EV charging. ChargEVC-PA suggests that the consideration of specific rate-design proposals should be left to individual EDC filings, in the context of general base-rate

cases, default-service cases, standalone rate-design tariff filings, or otherwise. ChargEVC-PA Petition at 12.

ChargEVC-PA submits that various rate designs could be applied to three customer categories: (1) residential charging, (2) commercial and industrial charging, and (3) electric service to third-party owned public chargers. ChargEVC-PA advocates for an implementation of a cost-based rate design and is not advocating for subsidies to EV owners or operators. ChargEVC-PA Petition at 14.

ChargEVC-PA proposes the following questions to be asked in a proceeding:

1. Should the Commission adopt minimum filing requirements for EV rate design proposals?
2. What goals should the Commission focus on in reviewing utility proposals for EV rates?
3. Should the EV charging rates be designed as part of the rate otherwise charged to the customer (e.g., a “whole-home” rate), or designed as a standalone EV rate, which requires a separate meter and billing?
4. Should the rates as designed be default or opt in? Should EV-specific rates be required for those customers participating in other approved utility EV programs?
5. Should the EV-specific rates vary by season (summer, winter)?
6. What opportunities are there for managed charging, and what role should EDC rates play in managed charging?
7. How should rate design for supply and distribution be aligned (if at all)?

8. How can EV charging be aligned with renewable energy production?
9. Should eligibility to participate in utility-offered EV incentive programs be tied to utilization of EV-specific rates?
10. How should low-income and equity considerations be considered for EV-specific rate design?

Residential Rate Questions

11. What types of rate design are optimal for residential EV charging?
12. What are the potential benefits of optimal rate designs?
13. What are the costs associated with various rate design options?
14. What are best practices in designing an EV specific rate?
 - a. Hours for peak, off-peak, and super off-peak periods (includes length of period).
 - b. Communications to customers for education, enrollment, and changes.
15. How often should customers be permitted to switch rate plans once enrolled?
16. What metering capability is needed for various rate design options, and should customers be required or have the option to separately meter EV consumption from the house load?
17. Should the Commission entertain rate design pilot proposals or just move directly into new EV rate designs?

Commercial, Industrial and Public Charging Rate Questions

18. What types of rate design are optimal for commercial and industrial EV charging?
19. Should utilities require a specific separate rate for direct current fast charge (“DCFC”) stations? If so, should the rate designs recognize issues related to demand charges and station economics in periods of low utilization?
20. Should the Commission consider specific separate tariffs for workplace, fleet, or electrified mass transit?

ChargEVC-PA Petition at 15-16.

DISCUSSION

As noted in the Secretarial Letter, the present focus is to initially determine whether to open a proceeding in this matter and, if so, to determine what that proceeding will encompass. The Commission received comments from AEE;² Alliance for Transportation Electrification (ATE); CAUSE-PA;³ ChargePoint, Electrify America, EVgo, and Tesla (collectively ChargePoint, *et al.*); Citizens’ Electric Company of Lewisburg, PA and Wellsboro Electric Company (collectively Citizens’ Electric); DEP and Pennsylvania Department of Transportation (PennDOT); Duquesne Light; EC; Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company (collectively FirstEnergy); Natural Resources Defense Council (NRDC) and Sierra Club; NRG Energy, Inc., Interstate Gas Supply, Inc. d/b/a IGS Energy and Vistra Corp (collectively EGS Coalition); OCA; PECO Energy

² AEE’s Letter in Support of ChargEVC-PA filed on February 25, 2022 will be recognized as AEE’s comments in this matter.

³ CAUSE-PA’s Petition to Intervene filed on February 24, 2022 contained comments to ChargEVC-PA’s petition. As CAUSE-PA did not file comments subsequent to the Commission’s February 25, 2022 Secretarial Letter, the Commission recognizes CAUSE-PA’s Petition to Intervene as its comments in this matter.

Company (PECO); UGI Utilities, Inc. – Electric Division (UGI Electric); and PPL Electric.

A. Initiation of a Proceeding

As a preliminary matter, the Commission addresses the initial question of whether a proceeding should be opened for establishing a policy statement on EV charging in the Commonwealth. The Commission received several comments supporting ChargeEVC-PA’s proposed process.⁴ There were also commenters that support the Commission initiating an informal process to begin exploring the issues surrounding EV charging in the Commonwealth. In particular, the Commission received comments from CAUSE-PA, ChargePoint, *et al.*, Citizens’ Electric, Duquesne Light, OCA, PECO, and PPL Electric voicing support for the initiation of an informal process to further inform the Commission of the issues regarding EV charging.⁵ While these commenters are not opposed to a policy statement on EV charging, they all indicate that they believe it is premature to issue a policy statement. Significantly, in response to these commenters, ChargeEVC-PA replies that it concurs with the commenters that recommended an informal working group commence prior to initiating a formal policy statement proceeding. ChargeEVC-PA Reply Comments at 5.

EGS Coalition Comments

The EGS Coalition requests that the Commission reject the ChargeEVC-PA’s Petition. The EGS Coalition sees a proceeding aimed at establishing a portfolio of utility rate design options for regulated monopoly utilities as encroachment into the competitive retail electricity supply market. The EGS Coalition argues that the Commission should rely on EGSs in the competitive electric market to develop a wide array of time-of-use

⁴ See AEE’s Letter in Support at 2; ATE Comments at 1; DEP and PennDOT Comments at 1; EC Comments at 1; FirstEnergy Comments at 1; UGI Comments at 3.

⁵ CAUSE-PA Reply Comments at 5; ChargePoint, *et al.* Comments at 4; Citizens’ Electric Comments at 1; Duquesne Light Comments at 3-4; FirstEnergy Comments at 1; OCA Comments at 2; PECO Comments at 4; PPL Electric Comments at 3

(TOU) rate options or other pricing structures, along with the necessary consumer education, to promote EV adoption in Pennsylvania. EGS Coalition Comments at 1-2.

The EGS Coalition contends that the Commission taking urgent action is unnecessary. The EGS Coalition urges the Commission to take its time in determining what action, if any, is needed, given that the number of EVs in the United States is only expected to be 18 million by 2030 (out of a total of 280 million vehicles), with a small fraction of those new EV sales occurring in Pennsylvania.⁶ Further, the EGS Coalition contends that since EDCs operate within the parameters of regulation with full-cost recovery, they do not have experience with developing products that are responsive to consumers' needs or the ability to act quickly within their existing systems to offer new solutions. The EGS Coalition argues that any options offered by EDCs would be constrained by the regulatory framework under which they operate and would be limited to options that conform to current billing systems or to changes that utilities are willing to make to those systems at ratepayer expense. EGS Coalition Comments at 6-8.

In sum, the EGS Coalition contends that since EGSs are competing in the market to meet consumer needs, they are in the best position to provide these services more efficiently, more cost effectively, with quicker response time to changing consumer preference, and with greater speed to market. As EGSs do not have captive ratepayers, EGSs are naturally incentivized to ensure that they are offering the products that consumers want, but at a price that is competitive, providing the consumer with the least-cost options available. EGS Coalition Comments at 9.

ChargEVC-PA Reply Comments

ChargEVC-PA comments that the EGS Coalition's comments are directed more at enhancing market opportunities for EGSs than advancing EV adoption for the benefit of

⁶ EGS Coalition cites to United States Total Vehicle Sales – March 2022 Data 1993-2021 Historical (tradingeconomics.com) and Alternative Fuels Data Center: Maps and Data – Electric Vehicle Registrations by State (energy.gov).

customers and the public or maximizing efficient grid utilization and would be better addressed in a broader discussion about market design and roles for EDCs and EGSs. ChargeEVC-PA Reply Comments at 3.

ChargePoint, *et al.* Reply Comments

ChargePoint, *et al.* argues that the EGS Coalition's approach would be flawed and would result in a partial and incomplete solution in that all EV charging segments must also pay distribution charges, and rate designs for EV charging must be viewed on a holistic basis, inclusive of all components such as distribution, transmission, and supply. ChargePoint, *et al.* further counters that EV rates should not be provided through EGSs because customers who do not use an EGS would not have access to these EV rates. ChargePoint, *et al.* recommends that the Commission look to more than 30 states that have implemented or launched successful rate-design solutions and leverage those experiences and lessons as a starting point. ChargePoint, *et al.* Reply Comments at 4.

B. Structure of the Proceeding

Numerous commenters recommend that the Commission proceed with an informal stakeholder process prior to initiating a formal proceeding.⁷

ChargePoint, *et al.* Comments

ChargePoint, *et al.* supports ChargeEVC-PA's Petition to open a proceeding focused on EV rate design. ChargePoint, *et al.* requests that the proceeding have the following characteristics:

- i. An informal stakeholder process prior to opening a formal proceeding to assist with scoping.
- ii. Separate tracks for distinct EV charging segments.

⁷ CAUSE-PA Reply Comments at 5; Duquesne Light Comments at 3-4; FirstEnergy Comments at 1; PECO Comments at 4; and PPL Electric Comments at 3.

- iii. Consideration of the DCFC use case, specifically in relation to grid optimization mechanisms, such as managed charging.
- iv. Consideration of alternative demand charge rate designs for the DCFC segment.

ChargePoint, *et al.* Comments at 4-5.

Citizens' Electric Comments

Citizens' Electric suggests that the process for developing a policy statement on EV charging should be conducted in an informal manner, open to all potentially interested parties, and allow for information gathering on a broad scope of issues facing the Commission on this topic. Citizens' Electric recommends that the process should allow stakeholders to participate remotely, like many Commission working groups have been conducting business over the last two years. Citizens' Electric Comments at 2.

DEP and PennDOT Comments

DEP and PennDOT encourage the Commission to use the official capacity process and format of a proceeding involving electric utility rate design to advance discussion regarding benefits and opportunities. Specifically, they support the procedure ChargeEVC-PA proposed in its Petition. DEP and PennDOT Comments at 1-2.

Duquesne Light Comments

Duquesne Light is amenable to the Petitioner's proposed notice-and-comment structure for this proceeding. However, Duquesne Light suggests that the Commission reorder the Petitioner's proposed steps. Duquesne Light proposes that Commission staff leading an informal workshop may add more value earlier in the process to facilitate conversation that could ultimately inform comments filed in the proceeding. Duquesne Light contends that a draft policy statement is premature at this early state. Duquesne Light Comments at 3-4.

OCA Comments

The OCA contends that proceeding directly with issuing a policy statement, whether drafted as the Petitioners propose or some other iteration thereof, would be premature. A full investigation and stakeholder process should occur before proposing a policy statement.⁸ The OCA contends that this process would ensure that in a highly complicated and novel area the Commission would have the benefit of stakeholder input before reaching a preliminary determination about the content of a new policy statement. This would also allow the Commission to work with the General Assembly and other agencies, such as PennDOT, to ensure that there is no regulatory or oversight gap, disparity, or inconsistency in the development of EV rates and rate design as those issues intersect with EV infrastructure buildout. OCA Comments at 3.

PECO Comments

PECO recommends that the Commission initiate a series of informal workshops to gather and analyze information about EV charging rate design developments, challenges and opportunities. PECO contends that informal workshops will provide a valuable forum for the Commission, utilities, market participants, other stakeholders, experts, and the general public to share information and thoroughly examine the issues raised in the Petition. Through such workshops, the Commission will be in a better position to consider whether developing a policy statement addressing rate design for EV charging is an appropriate next step. If the Commission decides to open a proceeding in response to the ChargeVC-PA Petition, PECO recommends that informal workshops be held in advance of parties filing any comments or the initiation of *en banc* public hearings. PECO asserts that the potential benefits resulting from comments and public hearings can only be fully realized after the parties have had the necessary time and forum for open discussion and education on EV rate design issues and opportunities. PECO Comments at 4-5.

⁸ UGI Electric shares this recommendation. UGI Electric Comments at 6.

PPL Electric Comments

PPL Electric concurs with other commenters that suggested that ChargeVC-PA's proposed procedural structure be rearranged with the informal process occurring before the formal proceeding. Specifically, PPL Electric recommends the following procedure:

- i. A Commission Order (a) initiating the proposed proceeding to consider issuance of a policy statement, (b) proposing a Policy Statement, (c) inviting interested parties to file comments within 90 days after publication in the *Pennsylvania Bulletin*,
- ii. Filing of written reply comments within 60 days after initial comments are due,
- iii. An en banc hearing before the full Commission within 30 days after reply comments are due,
- iv. Up to three informal workshops, led by Commission Staff, among interested parties within 60 days after the en banc hearing, and
- v. A final policy statement published in the *Pennsylvania Bulletin* no later than December 2022.

PPL Electric specifically suggests that the Commission initiate Commission-led workshops similar to what the Commission conducted in the *Notice of Proposed Rulemaking Order on Amendment to Regulations at 52 Pa. Code §§ 53.51-53.56*, Docket No. L-2012-2317273. PPL Electric Comments at 2-3.

ChargeEVC-PA Reply Comments

ChargeEVC-PA recognizes that a number of parties suggested that the proceeding commence with informal working-group discussion instead of formal written comments.⁹ ChargeEVC-PA concurs with this suggestion but recommends the following:

- i. Such informal discussion be organized and led by Commission Staff.
- ii. The Commission identify the scope of specific working groups.
- iii. The Staff members leading the discussion establish intended end products for each working group to ensure that the discussions are productive.
- iv. The Commission set a specific timeline for such working-group discussion to conclude, so that they do not drag on and unnecessarily delay the proceeding.

ChargeEVC-PA Reply Comments at 5.

ChargePoint, *et al.* Reply Comments

ChargePoint, *et al.* recommends that the Commission adopt a timeline for issuance of a policy statement that does not unnecessarily delay rate reforms required to advance EV adoption. ChargePoint, *et al.* specifically addresses commenters that suggest an open-ended schedule involving workshops, a full investigation, or both prior to issuing a draft policy statement on EV rate design.¹⁰ ChargePoint, *et al.* contends that delays arising out of an unstructured and open-ended workshop process will inhibit Commission consideration of EV rate design issues and inhibit private capital investment in public EV charging infrastructure in Pennsylvania. In turn, ChargePoint, *et al.* argues this will likely limit consumer adoption of EVs and thwart the Commonwealth's objectives

⁹ OCA comments at 3; ChargePoint, *et al.* at 4; PECO comments at 4-5; FirstEnergy comments at 1; Duquesne comments at 4; PPL comments at 3; Citizens/Wellsboro comments at 1.

¹⁰ See PECO Comments at 4, Duquesne Light Comments at 4, OCA Comments at 6.

regarding EV adoption. With respect to the unique characteristics of the DCFC segment, ChargePoint, *et al.* requests that the Commission adopt a process for development of a policy statement for EV rate design that either preserves the original timeline proposed in the ChargeEVC-PA petition or adjusts the timeline that avoids unreasonable delays and ensures the issuance of a policy statement by early 2023. ChargePoint, *et al.* Reply Comments at 1-2.

ChargePoint, *et al.* submits that the Commission should pursue EV rate design policy concurrently with DEP's development of its EV electricity rate design report. ChargePoint, *et al.* contends that DEP's Rate Design Report will prove valuable to the Commission and stakeholders in assessing rate designs for EV charging by segment. However, ChargePoint, *et al.* submits that it should not be viewed as a gating factor for the timeline of a proceeding. ChargePoint, *et al.* Reply Comments at 3.

CAUSE-PA Reply Comments

CAUSE-PA supports the recommendations of several parties – including Duquesne Light, OCA, PECO, and PPL Electric – to reverse the procedural order recommended in the ChargeEVC-PA Petition, such that informal collaborative discussions be held before the Commission releases a proposed policy statement for formal comment. CAUSE-PA asserts that this procedural change will allow for the Commission to gather critical feedback from a range of stakeholders before crafting a recommended path forward and, in turn, will help ensure the Commission's proposed policy statement is authentically rooted in and reflective of a multitude of perspectives to better serve the public interest. CAUSE-PA Reply Comments at 5.

Disposition

The vast majority of the Comments received were supportive of the Commission's consideration of EV rate design. A common thread found in the Comments is support for the establishment of an informal process to first explore the issues surrounding EV charging rate design. In particular, the Commission received Comments from the

CAUSE-PA, ChargePoint, *et al.*, Citizens' Electric, Duquesne Light, OCA, PECO, and PPL Electric advocating for the initiation of an informal process to further inform the Commission of the issues regarding EV charging rate design. Notably, ChargeVC-PA replied that it concurs with the recommendation that we commence an informal working group prior to initiating any formal policy statement proceeding. ChargeVC-PA Reply Comments at 5.

Nearly all major vehicle manufacturers have announced their intentions to commit significant capital to EV production and to transition sales to EVs. Transportation electrification is already underway and is projected to grow exponentially. DEP and PennDOT have led efforts to support current and future deployment of EV charging and ownership in the Commonwealth, including implementing various federal directives and policies. This Commission, as the economic regulator of 11 EDCs in the Commonwealth serving over 5 million accounts, is charged by the IJJA with considering EDC rate design for EVs. While the exact timing and significance of the EV load growth impact on EDCs cannot be known with precision, numerous indicators, as detailed above, point to significant increases in EV utilization in the near-term and long-term. To that end, and to ensure this Commission maintains a nimble posture ahead of this electrification transition, it is imperative that we research and consider rate designs that advance effective management of energy and infrastructure costs.

As such, we agree that a working group should be convened to better inform the Commission regarding the rate design options that are best suited for EV charging, and management of the increased load that the EV rollout may place on the electric distribution grid. The Commission agrees that an informal stakeholder process should precede any formal process.

C. Scope of the Proceeding

Comments were received that recommend various topics a proceeding should consider in formulating a policy statement on EV-rate structure. The Commission

received comments from AEE, ATE, Citizens' Electric, EC, FirstEnergy, PECO, and PPL Electric that generally support a proceeding that will address the issues raised in ChargEVC-PA's Petition.¹¹ However, several commenters propose other topics to be addressed with respect to EV charging.

CAUSE-PA Comments

CAUSE-PA notes that in ChargEVC-PA's Petition that it did not include issues of equity for low-income customers and communities. CAUSE-PA submits that equity considerations, including consideration of the impact of rate design on low-income customers and communities, must be a distinct and articulated component of a proceeding to ensure that alternative rate structures to support EV adoption are just, equitable, and do not cause unintentional harm or impose additional costs on low-income ratepayers. As such, CAUSE-PA strongly urges the Commission to explicitly include equity considerations in a proceeding addressing an EV charging policy statement. CAUSE-PA's Petition for Intervention at 5-6.

CAUSE-PA raises concern with ChargEVC-PA's Petition that "outreach and education" may be beyond the scope of this proceeding. According to CAUSE-PA, guidance to utilities regarding outreach and education about alternative rate design should be a foremost consideration for inclusion in a policy statement regarding EV rate design. CAUSE-PA's Petition for Intervention at 6.

Further, CAUSE-PA is concerned that ChargEVC-PA's Petition suggests that EV infrastructure issues be considered beyond the scope of the requested proceeding and contemplates consideration of rate structure that may require additional equipment and infrastructure installation at residential homes to facilitate such rates. CAUSE-PA is concerned that complete bifurcation of rate design and infrastructure issues will

¹¹ See AEE's Letter in Support at 2, ATE Comments at 1; Citizens' Electric Comments at 1; Duquesne Light Comments at 3; EC Comments at 1; FirstEnergy Comments at 1; PECO Comments at 4; PPL Electric at 3.

undermine efforts to develop a holistic and equitable path for broad-scale EV deployment in the Commonwealth. Of particular concern to CAUSE-PA is ChargeEVC-PA's proposal for mandatory time-varying use rates for all consumers. CAUSE-PA strongly opposes mandatory time-varying use rates for residential consumers due to equity considerations. CAUSE-PA's Petition for Intervention at 6-7.

ChargePoint, et al. Comments

ChargePoint, *et al.* gives specific attention to public direct current fast charging (DCFC). They contend that public DCFC should be given particular consideration and should be handled in a separate and distinct track in any rate design proceeding that the Commission opens. ChargePoint, *et al.* argues that any proceeding must recognize the unique and distinct needs of different EV charging segments including residential, commercial, workplace, fleets, and public DCFC. Because of these unique considerations such as load profile and load factors, public DCFC infrastructure has specific rate-design needs and considerations that are distinct from residential and fleet charging applications. ChargePoint, *et al.* Comments at 2.

Any proceeding addressing DCFC should focus on rate design alternatives to traditional demand charges. In many instances, drivers will rely on public stations where they can charge quickly and affordably. Demand charges are the largest differentiating factor between the effective electricity rates that a utility bills. Making DCFC more expensive than at-home charging would have inequitable results. ChargePoint, *et al.* Comments at 3-4.

EGS Coalition Comments

While the EGS Coalition does not support initiating any proceeding for EV charging rates, the EGS Coalition urges the Commission to modify the scope of issues to be addressed to include measures that will enhance the ability of EGSs to offer rate designs that promote EV charging development. The EGS Coalition contends that the Commission should not focus solely on utility rate design. The EGS Coalition notes that

the state assessments and EV rate-design studies that ChargeEVC-PA referenced in its Petition at Appendices A and B were produced in states that have not been restructured, except Maryland. The EGS Coalition also contends that a proceeding should consider supplier consolidated billing (SCB) – a single bill that contains both distribution and supply charges as well as making EDCs’ TOU rates the default service rate. Finally, the EGS Coalition contends that any proceeding the Commission initiates should not include utility investment in EV infrastructure because it is not an appropriate topic for the Commission to consider at this time. EGS Coalition Comments at 1, 10, 14 & 16.

OCA Comments

The OCA supports the initiation of a proceeding and stakeholder process to begin addressing questions of policy about appropriate rate design for EVs. However, the OCA submits that Petitioners’ questions, as presented in their petition, are incomplete and that some of the policy and principles espoused may be in tension with or may be more appropriate for other forums. The OCA contends that the Commission’s approach should recognize the very small presence of EVs in Pennsylvania (as documented in the Petition) but recognize that it is likely there will be significant growth in the use and purchase of EVs over the next 10-to-15 years. OCA Comments at 2.

The OCA lists topics for the Commission to consider in any future EV rate design determination including any policy statement that may result from this proceeding. The OCA suggests that the following topics be considered:

- i. TOU rates for EV charging;
- ii. Classification of EV charging tariffs for residential, third-party owned public charging, and commercial and industrial customers;
- iii. The revenue requirements and prices charged for EV charging;
- iv. Pilot rates and pilot designs;
- v. Pilot commercial and public charging stations with mandatory TOU rates;
- vi. Optional TOU rates for residential consumers;

- vii. Distribution and generation being reflected in TOU rates for EV charging;
- viii. Outreach and education costs in EV charging tariff;
- ix. Preclusion of residential customers and low-income residential customers subsidizing EV charging networks; and
- x. EV charging subsidies from ratepayers and/or taxpayers.

OCA Comments at 3-6.

The OCA also filed reply comments specifically addressing the EGS Coalition's comments regarding SCB and TOU as the default service rate and argued that these issues are outside the scope of the proceeding contemplated here. The OCA notes that with respect to SCB, the Commission has held an *en banc* proceeding that explored SCB as well as a proceeding in which the Commission considered and denied an SCB petition that NRG filed. The OCA also argues that a major change to default service in a proceeding about EV rate design should also be rejected because default service has been constructed to provide access to the competitive generation of wholesale electricity for all Pennsylvania customers and is a creature of statute. OCA Reply Comments at 2-4.

UGI Electric

UGI Electric notes that it has voluntarily supported development of EV infrastructure on its system. It recommends that the Commission explore utility involvement in the development of EV infrastructure. UGI Electric encourages the Commission to expand the policy proceeding to include policy objectives such as: customer engagement and education, utility investment in grid-enabling technologies, and the role of Energy Efficiency and Conservation Plans to facilitate EV adoption. UGI Electric notes that this is not an exhaustive list but highlights policy areas that the Commission should evaluate in order to ensure that the expansion of the EV market is done safely, equitably, and efficiently. UGI Electric Comments at 4-5.

ChargEVC-PA Reply Comments

ChargEVC-PA responds to the Parties raising the broader issues related to the scope of the proceeding. Specifically, ChargEVC-PA responds to Duquesne Light, NRDC, UGI, Citizens' Electric, and the OCA's Comments.¹² ChargEVC-PA believes that this proceeding will be more manageable and productive if it is limited to consideration of utility rate design for EV charging and issues directly related thereto. ChargEVC-PA encourages Parties and the Commission to take up other EV-related issues in subsequent generic proceedings or individual utility filings. ChargEVC-PA Reply Comments at 4.

ChargEVC-PA welcomes consideration of all of the high-level matters raised by the OCA, and other issues directly related to utility rate design for EV charging. ChargEVC-PA welcomes consideration of the concerns of CAUSE-PA and other issues directly related to utility rate design for EV charging. ChargEVC-PA further clarifies that it does not intend to recommend mandatory rates in this proceeding. ChargEVC-PA Reply Comments at 5.

ChargEVC-PA notes that ChargePoint, *et al.*'s position on public DCFC warrants particular consideration.¹³ ChargEVC-PA concurs in the suggestion that the special considerations surrounding DCFC be considered in how the proceeding is organized, possibly starting with a separate informal working group for discussion among parties interested in the particular issues related to utility rates for DCFCs operators. ChargEVC-PA Reply Comments at 5.

Disposition

With this Opinion and Order, we are establishing an informal working group to better inform the Commission regarding the rate design options that are best suited for

¹² Duquesne Light Comments at 3, NRDC Comments at 4, UGI Comments at 4, Citizens/Wellsboro Comments at 1, OCA Comments at 4.

¹³ ChargePoint, *et al.* Comments at 2.

EV charging, and management of the increased load that the EV rollout may place on the electric distribution grid we decline to adopt specific topics to be addressed by the working group. The Bureau of Technical Utility Services will be responsible for guiding the topics to be discussed in the working group in a collaborative manner.

D. Timing of the Proceeding

ChargEVC-PA notes that some Parties commented that the proposed December 2022 target date for completion of this proceeding and issuance of a policy statement is too aggressive.¹⁴ ChargEVC-PA notes that the transition to EVs is accelerating quickly, and it will take some time after issuance of a Commission policy statement for utilities to propose, for the Commission to consider, and for utilities to put in place and educate customers about specific charging rate designs. ChargEVC-PA argues that time is of the essence to effectively address climate challenges. Accordingly, ChargEVC-PA urges the Commission to move quickly in addressing transportation electrification in general and utility rate design for EV charging. ChargEVC-PA Reply Comments at 6.

PECO Comments

PECO submits that in its own experiences to date, it believes that any near-term impact of electrification of transportation on the reliability and efficiency of grid operations will be limited. PECO notes that southeastern Pennsylvania is home to roughly half of the battery EVs currently registered in the Commonwealth and that PECO has not yet identified any system-wide grid impacts related to EV adoption. As such, PECO does not support ChargEVC-PA's proposed accelerated schedule to produce a policy statement by December 31, 2022 in light of the limited near-term grid impacts. PECO Comments at 4.

¹⁴ See PECO comments at 4; UGI comments at 6; PPL comments at 4.

PPL Electric Comments

PPL Electric notes that ChargeEVC-PA proposed specific timing for comments and reply comments, and ultimately publication in the Pennsylvania Bulletin by no later than December 2022. PPL Electric believes that artificial timelines may compromise the process to develop strong policies around EV charging rates. While PPL Electric admits Pennsylvania adoption rates, manufacturer announcements and IJA funding create a sense of urgency, it urges the Commission to consider other state efforts that could shed light on electric utility rate design for EV charging and streamline the process without duplicating efforts. PPL Electric points out that DEP is pursuing initiatives to promote EV adoption in Pennsylvania. Structured and timed appropriately, the Commission could leverage this effort in its own proceeding, should it choose to initiate one. PPL Electric Comments at 4.¹⁵

UGI Electric Comments

UGI Electric also believes that ChargeEVC-PA's timeline proposed in its Petition will be too restrictive, that the scope of the proposed proceeding is overly narrow, and that a proceeding of this importance should not sacrifice all interested parties from thoroughly and timely exploring the issues. UGI Electric proposes that the Commission conduct a thorough investigation that allows stakeholders to explore a wide array of issues in furtherance of the goal of safe and efficient expansion of the EV market in Pennsylvania. UGI Electric Comments at 6.

Disposition

With the entry of this Order, the Commission initiates the informal working groups discussed, *supra*, to address the many issues that involve EV charging in the Commonwealth. The Commission will set a deadline of March 31, 2023 for the working group to report its recommendations. The Bureau of Technical Utility Services, in

¹⁵ (Citing <https://www.dep.pa.gov/Business/Energy/OfficeofPollutionPrevention/ElectricVehicles/Pages/default.aspx>.)

conjunction with the Law Bureau shall prepare an order considering the ChargeEVC-PA's request for a policy statement and the working group's recommendations relative to EV rate design by June 1, 2023.

CONCLUSION

Accordingly, the Commission will deny ChargeEVC-PA's request to initiate a formal policy statement proceeding at this time. However, the Commission hereby initiates an informal working group to address the issues as set forth in this order;

THEREFORE,

IT IS ORDERED:

1. That ChargeEVC-PA's request for initiating a formal Policy Statement proceeding is granted, in part, and denied, in part, consistent with this Order.

2. That within thirty (30) days of issuance of this Opinion and Order, the Bureau of Technical Utility Services shall convene an electric vehicle charging rate design working group of interested parties, including, but not limited to, the Parties to this docket, to discuss electric vehicle rate design.

3. That the recommendations of the working group shall be filed at this docket no later than March 31, 2023.

4. That the Bureau of Technical Utility Services in conjunction with the Law Bureau shall prepare an order considering ChargeEVC-PA's request for a Policy Statement and the working group's recommendations relative to electric vehicle rate design by June 1, 2023.

5. The contact persons for this informal proceeding are Joseph Sherrick, Supervisor, Bureau of Technical Utility Services, josherrick@pa.gov; Joseph P. Cardinale, Jr., Assistant Counsel, jcardinale@pa.gov, and Tiffany L. Tran, Assistant Counsel, tiftran@pa.gov.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive style with a large initial "R".

Rosemary Chiavetta,
Secretary

(SEAL)

ORDER ADOPTED: November 10, 2022

ORDER ENTERED: December 1, 2022