PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120

Public Meeting held September 21, 2023

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Ralph V. Yanora
Kathryn L. Zerfuss
John F. Coleman, Jr.

Petitions of PECO Energy Company to Extend its Electric Vehicle DCFC Pilot Rider by 18 Months and Modify its Electric Vehicle Charging Pilot	P-2023-3039439 P-2023-3040238

ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration are two Petitions of PECO Energy Company (PECO) to extend the Electric Vehicle (EV) Direct Current Fast Charger Pilot Rider (DCFC Pilot Rider) by 18 months and to modify and reallocate funds within the broader EV Charging Pilot (Pilot). For the reasons that follow, the Commission will grant the requested relief subject to the terms and conditions set forth in this Order.

BACKGROUND

PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and provides electric delivery service to approximately

1.6 million customers. PECO initiated a base rate proceeding in 2018 that was ultimately approved in a settlement. This base rate proceeding included the Pilot and the DCFC Pilot Rider.[1]

In PECO's 2021 electric base rate proceeding, the availability of the Pilot was expanded to include DCFCs used to charge public transit vehicles.[2]

The Pilot consists of two elements. These are:

1. A DCFC Pilot Rider that applies a demand (kW) credit, initially equal to 50% of a DCFC's nameplate capacity rating, for commercial and industrial customers served under Rate GS, PD, or HT, who install a qualifying DCFC. The DCFC Pilot Rider was approved in the 2018 base rate proceeding and will end on June 30, 2024.

2. Three programs that support EV deployment and gather information about EV charging in PECO's service territory. These programs are: (1) the Transit Charging Program; (2) the Commercial and Industrial Level 2 Charging Program (the L2 Program); and (3) the Electric Vehicle Education and Outreach Program. These programs were approved in the 2021 base rate proceeding and will end on June 30, 2024.

On March 30, 2023, at Docket No. P-2023-3039439, PECO filed a petition for expedited approval to extend the DCFC Pilot Rider by 18 months. On April 19, 2023, Electrify America, LLC (Electrify America) filed a Petition to Intervene in the proceeding.

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[1] *See* Pennsylvania Public Utility Commission v. PECO Energy Company – Electric Division, Docket No. R-2018-3000164 (Order entered Dec. 20, 2018).
[2] *See* Pennsylvania Public Utility Commission v. PECO Energy Company – Electric Division, Docket No. R-2021-3024601 (Order entered Nov. 18, 2021).

On April 27, 2023, at Docket No. P-2023-3040238, PECO filed another petition for expedited approval to modify the Pilot. On May 17, 2023, Electrify America filed a Petition to Intervene in the proceeding.

On August 23, 2023, Electrify America withdrew the Petitions to Intervene in both proceedings.

DISCUSSION

Extension of DCFC Pilot Rider

At Docket No. P-2023-3039439, PECO proposed to extend the DCFC Pilot Rider by 18 months. Pursuant to the Pilot, PECO applies a demand (kW) credit, initially equal to 50% of a DCFC's nameplate capacity rating, for commercial and industrial customers served under Rate GS, PD, or HT, who install a qualifying DCFC. The demand credit is available for a 36-month term or until the Pilot ends on June 30, 2024, whichever comes first. PECO collects data on DCFCs enrolled in the Pilot, including the number of DCFCs installed, the number of charging ports in each DCFC, the DCFC nameplate capacity (kW), hourly and monthly usage (kWh), and the hourly and monthly demand (kW).

PECO states that the Pilot has 46 customer accounts enrolled as of September 12, 2023, totaling 338 DCFC charging ports. PECO states that enrollment was initially slow when it began in 2019, but enrollment has increased in recent years. The result is that only 13 of the 46 currently enrolled customer accounts will receive the full 36 months of Pilot Rider benefits if the Pilot ends on June 30, 2024.

PECO expects substantial new participation in the Pilot indicated by the fact that customers have submitted approximately 50 service and meter applications for DCFC charging sites in 2023, representing nearly 350 new DCFC charging ports. This represents approximately a 72% increase in the number of currently enrolled charging sites and approximately a 78% increase in the number of DCFC charging ports.

In addition, PECO avers that while federal funding for DCFCs will be available soon, this federal funding does not address ongoing costs associated with operating these stations that includes demand charges.[3] These demand charges are addressed through enrollment in the Pilot.

PECO avers that extending the pilot for an additional 18 months to December 31, 2025, permits additional existing customer accounts to receive pilot benefits for a full 36 months instead of losing the benefits beginning on June 30, 2024. Additionally, PECO submits that the extension permits the Company to provide meaningful demand charge relief to customers whose applications are currently in the pilot enrollment pipeline and thereby support the Commonwealth's ongoing efforts to incentivize DCFC development.

PECO also notes that the Commission is leading an ongoing effort to consider electric vehicle charging rate design issues. On February 4, 2022, ChargEVC-PA filed a Petition to initiate a formal policy statement on electric utility rate design for electric vehicle charging in Pennsylvania. *See* Docket No. P-2022-3030743. PECO submits that

[3] The Pennsylvania State Plan for Electric Vehicle Infrastructure Deployment (p. 48) has acknowledged that demand charges can be an issue impacting EV charger deployment. See https://www.penndot.pa.gov/ProjectAndPrograms/Planning/EVs/Documents/Final%20PA%20NEVI%20State%20Plan%20(ver%207-21-2022).pdf ("With support of utility companies and the Joint Office, PennDOT will continue to explore ways that demand charges can be better addressed within the NEVI Formula Program."). In 2023, the Joint Office of the U.S. Department of Transportation and U.S. Department of Energy is also expected to issue a Funding Opportunity Announcement for a $2.5 billion competitive grant program to incentivize the development of charging infrastructure in disadvantaged communities. *See*: https://www.transportation.gov/rural/ev/toolkit/ev-infrastructurefunding-and-financing/federal-funding-programs. Prospective projects under this program also face challenges in terms of ongoing operating costs.

extending the pilot by 18 months to December 31, 2025, provides the company with additional time to assess and act on any policy statement that may be issued while continuing to provide demand charge relief to customers.

Disposition

We agree with PECO that extending the DCFC Pilot Rider provides existing and additional customers with the full benefits of the Pilot. Furthermore, by extending the length of the DCFC Pilot Rider, PECO will be able to gather more information on public charging. As such, we approve PECO's extension of the DCFC Pilot Rider until December 31, 2025.

Modifications to the Pilot

At Docket No. P-2023-3040238, PECO filed a request for modifications to its Pilot. PECO's Pilot has three components: (1) the Transit Charging Program; (2) the Commercial and Industrial Level 2 Charging Program (L2 Program); and (3) the Electric Vehicle Education and Outreach Program. The Pilot has an approved budget of $1,625,000 and is designed to support the construction and deployment of electric vehicle chargers, collect data regarding public and fleet charging, and educate customers about transportation electrification.

Since PECO has not received, nor does it expect to receive, any transit authority applications for the Transit Charging Program, they propose the following modifications to the Pilot. PECO states that these modifications will achieve the objectives of incentivizing customer installation of qualifying EV chargers and obtaining data from a cross-section of customers that can be used to inform future distribution planning and rate design.

Modification #1 – Restructure the Transit Charging Program into a Broader Public Benefit Charging Program

PECO proposes to restructure the Transit Charging Program into a broader Public Benefit Charging (PBC) Program for C&I customers (Rates GS, HT, or PD). The proposed PBC Program has the following features:

- **Incentives for a Broader Range of Public Purposes.** Incentives would be available for customer-owned charging stations that meet at least one of the following criteria and used to charge EVs that are operated predominantly within the PECO electric service territory:
    - charging stations dedicated primarily to battery electric passenger buses, commuter shuttles, vehicles devoted to providing shared ride/demand response services for paratransit, medical assistance, persons with disabilities, or senior citizens, school buses, taxicabs, and/or rideshare vehicles;
    - charging stations dedicated primarily to vehicles owned or operated by one or more 501 c (3) organizations;
    - charging stations owned by or dedicated primarily to vehicles owned or operated by county, municipal, or regional government entities; and
    - charging stations available to the general public, utilizing a non-proprietary charging standard and located in an Environmental Justice Area (EJA), as designated by the Pennsylvania Department of Environmental Protection (PA DEP) at the time of application.
- **Incentives for a Broader Range of Charging Technologies.** The proposed Program incentivizes qualifying Level 2 or fast charging equipment that is connected to a PECO meter on a non-residential account.

- **Incentive Caps to Ensure Multiple Projects.** The proposed PBC incentives are capped at 50% of the cost of equipment, installation, and make-ready work for the project, with consideration given to any applicable governmental grant or tax credits.[4] Transit authorities installing EV fast chargers with a capacity of at least 250 kW per charging port are subject to a maximum incentive of $500,000 per project site. All other eligible customers are subject to a maximum incentive of $60,000 over the duration of the Pilot, inclusive of incentives paid through both the L2 Program and the PBC Program.

The incentive levels and limitations are designed to carry forward the Transit Charging Program's focus on cost sharing and the distribution of incentives over multiple projects, as well as providing a meaningful incentive to customers. PECO submits that the proposed per-customer overall Pilot incentive limit of $60,000 is consistent with the maximum incentives available under the L2 Program[5] and will also facilitate the apportionment of Pilot incentives across multiple customers and project locations.

Because the PBC Program incentivizes L2 chargers in addition to fast chargers, PECO is proposing to extend the following Settlement-related L2 Program requirements to the PBC Program:

- Electric Vehicle Supply Equipment (EVSE) incentivized under the PBC Program must comply with the EVSE Communications and Safety Requirements.

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[4] If a customer site receives a governmental grant or tax credit toward the construction of and equipment purchases for a charging station, the incentive from PECO shall not exceed the total cost of equipment, installation, make-ready work, and contributions in aid of construction paid to PECO, less the value of the governmental grant and/or tax credit.
[5] The L2 Program, as approved, has an incentive limit of $3,000 per charging port (in EJAs) for a maximum of twenty ports per customer, which equals $60,000 in total incentives.

- The Program will not include any restriction on the establishment of pricing and charging policies for EV charging services by Program participants or on choice of retail electricity supplier.
- PECO will collect two years of data from participating chargers, with one exception, if fast chargers are installed by a transit authority, PECO will collect three years of data consistent with the original Transit Charging Program.
- Based on availability, PECO will provide aggregated kWh consumption of L2 chargers and aggregated load profile information for participating L2 chargers at stakeholder collaboratives and will post that information to its website within ten business days after the stakeholder collaborative.
- PECO will track the census tract of infrastructure installed through the Program.
- The provision requiring that the Company develop an annual anonymized public report for submission to the Commission in 2023 and 2024 will be extended to 2025. The 2025 report will cover the 2024 calendar year and will include L2 charger data from both the L2 Program and the PBC Program.

PECO is proposing that the existing $1 million Transit Charging Program budget become a shared source of funding for the PBC Program and an extended L2 Program. The shared budget would be used for incentives and administrative costs, with incentives being awarded on a first-come-first-served basis. If a project meets eligibility criteria of both the L2 and the PBC Programs, the customer may obtain incentives from only one of the programs.[6]

[6] All EVSEs associated with a single PECO account will be deemed to be one project for purposes of this restriction, even if those EVSEs are not all energized on the same date.

PECO states that shifting the $1,000,000 budget to support the new PBC Program and an extended L2 Program, requires that PECO be prepared to accept and process applications from dozens of customers, engage with each of those customers about program requirements, enter into a data collection agreement with each participating customer's EVSE service provider, and collect the data from each of those service providers. PECO submits that the most cost-effective approach to performing those tasks is to outsource them to the vendor that currently administers the L2 Program. The company estimates administrative costs of approximately $150,000 for the PBC Program and the L2 Program extension.

Disposition

Customers who could potentially be served by this modification to the Pilot include the same rate classes that were offered participation in the Transit Charging Program, with the PBC Program being available to a broader range of customers. In addition, modifying this Pilot to include qualifying Level 2 or DCFC equipment provides more flexibility to customers who may be interested in deploying charging infrastructure. PECO's proposal to broaden the scope, both in terms of qualifying customers and qualifying equipment is reasonable.

Combining elements of the L2 Program into the proposed PBC Program is logical because of the overlap of incentives provided to L2 chargers that are currently available through PECO's L2 Program. The Commission agrees with this change.

Lastly, we find that PECO's request to modify the budget of the Transit Charging Program to be used as a shared source of funding for an extended L2 Program is a beneficial to customers. Since the current Transit Charging Program has not seen any uptake, modifying these elements would allow for greater uptake of the Pilot and provide more potential customers who can benefit from the Pilot and will provide more data to better inform PECO, stakeholders, and the Commission on future rate designs. Accordingly, the Commission approves PECO's modification to use the Transit Charging Program funds for the PBC Program and the extended L2 Program.

Modification #2 – Remove the L2 Program Annual Incentive Cap and Add a 2024 L2 Program Year

PECO proposes two modifications to the L2 Program: (1) removal of the $250,000 annual cap on incentive awards; and (2) extending the Program for an additional year (through 2024) utilizing funds from the PBC Program, while giving consideration to any applicable governmental grant or tax credits consistent with the PBC Program. All other aspects of the L2 Program would remain the same.

In support of its proposal, PECO states that within 10 weeks of launching the L2 Program, it received rebate reservation requests totaling more than the Program's entire rebate budget. While those requests were roughly evenly divided between projects expected to energize in 2022 and in early 2023, PECO only awarded $38,575 of rebates in 2022 because many customers experienced delays in the completion of their projects. PECO submits that removing the cap on annual incentive awards permits the company to award rebates to all approved projects that are completed in 2023 (expected to be 34 customers and 185 total charging ports) and expend the Program's full incentive budget.

PECO expects strong customer interest in L2 Program incentives for projects completed in 2024, based on the level of applications received for 2022 and 2023. By making PBC Program funds available to extend the L2 Program through 2024, PECO can support additional customer L2 chargers, collect additional L2 charger data, and help ensure that all EV Charging Pilot funds are expended.

As stated above, PECO's current L2 Program is performing better than anticipated, given that it was fully subscribed within the first 10 weeks of offering. Additionally, other applicants have been waitlisted because there is an annual incentive cap. PECO's first proposed modification to the L2 Program is to remove the annual incentive cap so that more rebates can be provided. PECO states that delays in completion of projects in 2022 resulted in a much smaller amount of the budget being spent in 2022 on incentives. Removing the annual cap allows PECO to award rebates to all approved projects that are completed in 2023.

PECO's second modification to the L2 Program is to add another program year, extending it through 2024. PECO expects strong interest in the L2 Program, based on the level of applications received for 2022 and 2023. In addition, more funds will be available for L2 chargers and programmatic data collection through PECO's PBC Program.

Disposition

The modification of the L2 Program is consistent with the purposes and criteria of the Settlement. Allowing PECO to modify the L2 Program to allow for expected increases in customer participation and extending the L2 Program through 2024 allows for better use of the funds to achieve the goals of this Pilot program. Thus, the Commission approves the modifications PECO proposed for the L2 Program.

Modification #3 – Future Proposal About Treatment of Funds Originally Earmarked for the Transit Charging Program

PECO's modifications raise the question of how these costs would be recovered. The L2 Program recovers costs from all C&I customers and the Transit Charging Program recovers costs specifically from Large C&I customers. Thus, PECO's proposal to modify the Transit Charging Program by using that program's existing $1,000,000 budget as a shared source of funding for the PBC Program and an extended L2 Program needs to be resolved so that there is no cross-class rate recovery. PECO proposes to address the treatment of funds that were originally earmarked for the Transit Charging Program in its next distribution rate case. PECO also notes that no party to this proceeding shall be deemed to have waived any of its rights relating to the treatment of such funds by failing to raise the issue in this proceeding.

Disposition

The Commission approves PECO's proposal to address cost recovery of the PBC and L2 Programs in its next distribution rate case.

CONCLUSION

For the reasons set forth in this Order, the Commission approves PECO Electric Company's Electric Vehicle DCFC Pilot Rider extension and Electric Vehicle Charging Pilot modifications; **THEREFORE,**

IT IS ORDERED:

1. That the Petition of PECO Energy Company, at Docket No. P-2023-3039439, to extend the Electric Vehicle DCFC Pilot Rider by 18 months, is granted.

2. That the Petition of PECO Energy Company, at Docket No. P-2023-3040238, to Modify its Electric Vehicle Charging Pilot is granted, as described by this Order.

3. That this Order be served on all parties of record at Docket No. R-2021-3024601.

4. That the proceedings at Docket No, P-2023-3039439 and Docket No. P-2023-3040238 be closed.

BY THE COMMISSION

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: September 21, 2023

ORDER ENTERED: September 21, 2023