

COMMENTS OF THE NATURAL RESOURCE DEFENSE COUNCIL (NRDC)

To: The Bureau of Technical Utility Standards, the Law Bureau and other Stakeholders of the Electric Vehicle Rate Design Working Group

Re: Petition to Initiate a Proceeding to Consider Issuance of a Policy Statement on Electric Utility Rate Design for Electric Vehicle Charging (Docket No. P-2022-3030743)

The Natural Resources Defense Council (NRDC) is a national non-profit organization dedicated to protection of the environment with more than 700 scientists, lawyers, and advocates and over 3 million members. NRDC has worked for decades to cut pollution from the transportation sector through pushing for stronger emission and fuel-economy standards in passenger vehicles and trucks, policies encouraging the adoption of electric vehicles, advocating for cleaner fuels, and policies that reduce the need to drive.

We appreciate the Commission's initiation of the informal working group in this proceeding to consider utility rate design for electric vehicle charging, and appreciate the opportunity to participate.¹ We offer the following comments for your consideration:

1. NRDC supports ChargeVC-PA's proposed Policy Statement.

ChargeVC-PA's proposed Policy Statement outlines the benefits that properly designed rates for EV charging can provide for all customers and the Commonwealth, and provides appropriate guidance for utilities' future tariff filings. We encourage Staff to recommend that the Commission adopt it.

2. NRDC recommends that the Commission act with urgency.

As the Commission recognized in its December 1, 2022 Order (at page 17) in this proceeding:

“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. This Commission, as the economic regulator of 11 EDCs in the Commonwealth serving over 5 million accounts, is charged by the IJIA with considering EDC rate design for EVs. [N]umerous 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.”

¹ NRDC is a member of ChargeVC-PA. Along with the Sierra Club, NRDC submitted comments in this proceeding on April 11, 2022 supporting the Commission's initiation of a proceeding addressing EV charging utility rate design.

Since ChargeVC-PA filed its petition in February of 2022, Class 1 EV registrations have increased by 75% in Pennsylvania. In light of the significant and near-term projected increases in EV utilization, NRDC recommends that the Commission act with urgency to adopt the Policy Statement on EV rate design.

New rates that more accurately reflect the cost of service and flexible nature of EV charging will be critical in ensuring EV charging supports the operation of the electric grid and that drivers who charge in a manner consistent with grid conditions be provided the opportunity to realize fuel cost savings relative to gasoline or diesel. It is critical to have those EV rates in place as soon as possible so EV drivers can become aware of and utilize them, and so utilities can avoid capital costs that would otherwise be necessary to build out the system to accommodate new EV load. Simply put, time is of the essence.

A. Recommendations to limit these rates to pilots would undermine customer adoption and should be rejected

Several parties suggest that, as a starting point, utilities should conduct pilots of EV charging rates.³ Limiting these rates to pilots, with restricted eligibility and program duration, would significantly undermine adoption of these rates and EVs in the state. Customers need a reasonable degree of certainty regarding the economics of EV charging (and the continued existence of EV rates altogether) to make significant investments in EVs, and pilot rates will not provide that.

While some parties cite the state's limited experience to date with EV rates as a reason for delay or hesitation, EV rates are not a new or untested concept. Moving beyond pilot rates should not be viewed as stepping off any ledge, it is simply avoiding recreating the wheel. EV charging rates have been successfully implemented by a number of utilities in multiple states (as outlined in the February 16 presentation by Synapse as well as the ChargeVC-PA petition), including in some cases by affiliates of Pennsylvania utilities. There is a robust record of success and customer acceptance of such rates on which the Commission, utilities and the parties in Pennsylvania can confidently draw. Additionally, historic experience and many time of use rate pilot studies across the country provide lessons and experience on issues of customer satisfaction, price response, marketing, and best practices regarding implementation.

While frequent changes to rate design are undesirable (given that customers should be entitled to reasonably rely on the rate offerings and not be confused by multiple adjustments), rate design by its nature is flexible, such that if a particular rate-design offering does not work well for some reason, it can be easily modified. Finally, and most importantly, limiting EV rate design offerings as to time and participation levels – rather than facilitating the orderly roll out of EV rates – will likely engender delay and only serve to frustrate achieving the benefits that EV rates have to offer, and may in fact alienate customers who are shut out or kicked off of the pilots.

³ OCA, CAUSE-PA, First Energy and Duquesne Light.

B. The Commission should continue to exhibit leadership in developing utility EV charging rates in Pennsylvania.

While the working-group parties, including the utilities, universally continue to support the Commission's adoption of a Policy Statement on EV charging rates, we feel compelled to observe that the utilities have appeared to be less than enthusiastic about actually moving forward and proposing new EV rate offerings. In fact, several utilities suggest that it should be entirely within their discretion whether they actually ever offer any new EV-specific rates, let alone within a prescribed time frame.³ Furthermore, while the working-group presentations by Duquesne Light and PECO on their EV rate experiences to date were instructive, and while the utilities have raised several issues worthy of exploration, we are concerned they have not shown a great deal of initiative or offered solutions to the issues they have raised in this proceeding, let alone specifics on what their proposed EV rate offerings might entail.

We urge the Commission to continue to exercise leadership on these issues, including by directing in the Policy Statement that the utilities file proposed EV rates for all customer classes by December of this year, either as part of a base rate filing or a separate filing.⁴ The utilities have already had significant time, as ChargeVC made its initial filing over a year ago, to explore and develop specific EV rate proposals. To underscore the imperative on avoiding further delay, it will take some months for the Commission to rule on proposed EV tariffs (nine months if the rates are proposed as part of a base rate case), then some additional time for outreach and education before customers begin utilizing the approved EV rates – meaning it may be several years from now before we are able to meaningfully address through rate design the rapidly escalating EV loads in Pennsylvania, even if the Commission acts expeditiously.

3. Conclusion.

NRDC appreciates the opportunity to comment and looks forward to continuing to participate in this proceeding.

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³ See comments of PECO, PPL and Duquesne Light.

⁴ Note that recent filing history shows that the utilities in Pennsylvania typically file base rate cases no more frequently than every three of four years. The First Energy companies have not filed in seven years, and PPL's last base rate case was in 2015. So we urge the Commission not to wait until each utility files its next rate case to consider EV rate designs.