

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Electric Utility Rate Design for Electric
Vehicle Charging

M-2023-3040755

COMMENTS OF CHARGEVC-PA ON PROPOSED POLICY STATEMENT

ChargEVC-PA is a coalition formed to serve as a resource for research and information on, and as an advocate for, advanced electric vehicle (“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, and Sierra Club.

On February 4, 2022, ChargEVC-PA filed a Petition requesting that the Pennsylvania Public Utility Commission (the “Commission”) initiate a proceeding that would result in the issuance of a Policy Statement on electric utility rate design for EV charging in Pennsylvania. In its Order entered November 15, 2023, the Commission issued for comment a proposed Electric Vehicle Rate Design Policy Statement. ChargEVC-PA’s comments on the proposed Policy Statement are set forth below.

1. ChargEVC-PA Wholeheartedly Supports Adoption of the Policy Statement

ChargEVC-PA applauds the Commission for issuing its Electric Vehicle Rate Design Policy Statement. In its May 18, 2023 Order at Docket No. P-2022-3030743 (approving ChargEVC-PA’s petition to initiate a proceeding that will result in the issuance of a Policy Statement on electric utility rate design for EV charging in Pennsylvania), the Commission correctly explained that to ensure that the Commission maintains a nimble posture ahead of the electrification transition, which includes the broad adoption of electric vehicles, “it is imperative that the Commission develop a Policy Statement that advances effective management of energy and infrastructure costs.” (Order at page 4)

In its initial petition, ChargEVC-PA outlined a number of benefits for the public and for utility customers – both EV users and nonusers -- from EV deployment, including:

- **Benefits to electric-grid utilization** – electrification of transportation can improve load factor on the grid, increasing the overall efficiency of the system. As such, EV adoption can drive down costs for all customers.

- **Economic-development benefits** – by transitioning its transportation system to run on electricity, Pennsylvania can decrease its reliance on oil and increase reliance on domestic fuels and a local electricity sector that will bring economic benefits to Pennsylvania’s economy.

- **Consumer cost savings** – Due to greater fuel efficiency and lower fuel cost along with lower maintenance requirements, EVs provide opportunities for substantial cost savings for consumers. These cost savings provide additional discretionary income to Pennsylvania residents, which also drives local economic development through increased consumer spending on goods and services.

- **Air-pollutant reductions and human-health improvements** – a number of Pennsylvania counties consistently exceed EPA human-health standards for ozone and fine-particulate matter. The burning of transportation fuels, such as gasoline and diesel, is a substantial source of air pollution. With zero tailpipe emissions, EVs present the potential to reduce air pollution and adverse health impacts and burdens on Pennsylvanians and their communities.

- **Greenhouse gas reductions** – climate change caused by greenhouse gas (including carbon) emissions is one of the most significant challenges we face today. The July 28, 2021 Research Report on Climate Change published by the UN Security Council made clear that “climate change is the biggest threat to security that humans have ever faced” (quoting world-renowned naturalist David Attenborough). The UN Report went on to reaffirm that urgent steps must be taken to reduce carbon emissions. Transportation is a major contributor to carbon emissions. Electrification of the transportation sector is key to reducing greenhouse gas emissions.

Attractive utility rate offerings are an essential element of advancing EV deployment. They can provide substantial additional energy cost savings to consumers, which lowers the overall cost of EV ownership.

Perhaps more importantly for the Commission’s purposes is the fact that EV adoption will entail significant increases in electric load on the grid, due to charging demands. If that additional EV charging occurs during times of system peak loads, it will require major investment and upgrades to the electric grid to accommodate the additional load. EV charging, however, is distinctive in that it represents a flexible load – that is, EV owners can choose when to charge and are, with little difficulty in most cases, able to charge during off-peak periods.

Utilities can offer specific EV charging tariffs that encourage customers to charge off-peak and thereby forestall much of the need for large capital investments in the electric system that would otherwise be required to accommodate the additional load. Moreover, the additional revenues from EV charging will contribute to overall system costs, with the fixed costs of the distribution system being collected over a much larger number of kWh. Thus, while the growth of EVs potentially presents the most significant load-growth challenge for electric utilities in decades, if managed properly through appropriate rate design, this growth could potentially *lower* rates for *all* customers. (see *also* the Commission’s November 15, 2023 Order at pages 4-5, recognizing this opportunity)

2. The Commission’s Proposed Policy Statement Identifies the Appropriate Factors to be Considered in Determining Just and Reasonable Distribution and Default-Service Rates that Promote the Implementation of Proper EV Rate Design

The Commission’s proposed Policy Statement lays out the factors that electric distribution companies (EDCs) should properly consider in developing EV charging rates. These include:

- Designing EV charging rates that reflect the actual costs of providing charging infrastructure and services, including the cost of electricity, maintenance, and administrative expenses in a manner that avoids unreasonable cross-subsidization between customers.
- Developing electric-vehicle distribution rates with cost-of-service principles that incentivize increased network capacity utilization of the distribution system.
- Developing electric-vehicle charging default-service generation rates that properly reflect the cost of generation services during times of system stress.
- Designing electric-vehicle charging distribution and default-service generation rates to promote fairness and equity, and to ensure that the rates neither discriminate against certain types of electric vehicles or drivers nor create undue financial burdens for low-income customers or disadvantaged communities.
- Providing sufficient customer education to encourage efficient and effective use of electric-vehicle charging infrastructure and proper knowledge of available distribution and default-service generation rates.

ChargEVC-PA concurs with these factors.

3. ChargEVC-PA Urges all Pennsylvania EDCs to Promptly File Specific EV Charging Rates

ChargEVC-PA welcomes the adoption of the Policy Statement and the guidance that it provides. ChargEVC-PA is especially pleased that in its November 15, 2023 Order (pages 10-11) and in the Policy Statement itself the Commission encourages EDCs to develop rate structures tailored to EV charging customers. However, the benefits of such rate structures can only be realized, of course, if EDCs actually file and obtain approval for those rates.

As such, ChargEVC-PA urges all Pennsylvania EDCs to promptly file specific EV charging rates. ChargEVC-PA recommends that such tariff offerings be made in separate filings, to avoid delay. At a minimum, specific proposed EV distribution and default-service charging rates should be included in every EDC’s next base rate case and default service plan (“DSP”) filings.

ChargEVC-PA supports the Commission's adoption of the proposed Electric Vehicle Rate Design Policy Statement without modification.

On behalf of ChargEVC-PA

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