

January 22, 2024

M-2023-3040755-jbs

Secretary Rosemary Chiavetta  
Secretary of the Commission  
Pennsylvania Public Utility Commission

RE: Docket No. P-2022-3030743; Comments on Proposed Policy Statement for Electric Utility Rate Design for Electric Vehicle Charging

Dear Secretary Chiavetta:

I submit this letter on behalf of the Electrification Coalition, a national, nonpartisan, not-for-profit organization committed to promoting policies and actions that facilitate the deployment of electric vehicles on a mass scale to combat the national security, economic, and public health impacts associated with our nation's dependence on oil.

The transition to electric vehicles (EVs) is well underway in Pennsylvania and nationally. Most major automakers and commercial businesses have committed to transitioning their light, medium-, and heavy-duty fleets to EVs. Federal and state investments have laid foundational policies and investments for our electrified future, significantly expanding charging infrastructure availability over the next several years. It is imperative that we do everything in our power to ensure our electrical grid is ready to meet this EV future, all the while protecting ratepayers with fair and consistent pricing. The EC applauds the Pennsylvania Public Utility Commission (PUC) for taking a crucial step in their proceeding on EV charging rate design with this proposed policy statement order.

It is apparent that the Commission and staff have taken great care in reviewing input from stakeholders as a part of the EV charging rate design proceeding. We agree with the Commission's core recommendations for sound EV charging rate design, including (1) development of tariffs that reflect actual costs of providing charging infrastructure and services that avoid unreasonable cross-subsidization between customers, (2) design of rates should promote efficient use of EV infrastructure and manage electric grid demand with a time-of-use variable rate design for customers, and (3) design of rates should promote fairness and equity. These points expand further, outlining key concepts electric distribution companies (EDCs) should take into consideration when developing their EV charging rate designs, including recommendations on demand charges, customer education, and assessing impact on ratepayers. We concur with the recommendations outlined and offer additional recommendations for the Commission to consider before approving their final policy statement order on EV charging rate design.

In regard to (1) the use of forecasting, and (2) diminishing the burden of demand charges. Under section § 69.3553., the Commission "recommends that electric vehicle charging distribution and default service generation rates should be flexible and adaptable to changing circumstances and technologies... [and] should be periodically reviewed and adjusted, as necessary," the EC recommends that periodical

review and adjustment occur through the use of EV adoption forecasting. Forecasting can be conducted by each EDC for their service territory, as adoption will differentiate from one area of Pennsylvania to the other, to signal when market share has changed enough to warrant reevaluation of EV charging rate design. It is important to note that adoption forecasting should occur for each major market segment as well, including but not limited to light-duty vehicles, medium-duty, and heavy-duty vehicles. Additional technologies could be added, as necessary, for vehicles like electric school buses.

Also, under section § 69.3553., the Commission states “we recommend that [EDCs] develop electric vehicle distribution rates with cost-of-service principles that incentivize increased network capacity utilization,” including EDCs to “also take into consideration rates for direct current fast chargers, including demand charges, to manage electric grid stress during peak hours.” The EC understands that demand charges are a key tool for managing strain on the electric grid, yet demand charges also stand as a major barrier to early adoption, adding financial burden to site hosts and consumers in several contexts. For this reason, the EC recommends a short-term mitigation by waiving or reducing demand charges during this period of market transformation when utilization of charging stations is low. Demand charges should be reinstated either after utilization becomes sufficient or gradually over time while utilization is increasing. We recommend short-term mitigation, similar to the recommendation offered by the [Alliance for Transportation Electrification](#), because the development of the EV market will have significant positive economic effects with increased grid utilization to drive down electric rates for all customers, EV driver or otherwise. Waiving or reducing demand charges for a limited time should be considered for load attraction, and in the long-term, increased load factor will make demand charges less burdensome to customers.

Thank you again to the Commission for the opportunity to provide comments on the proposed policy statement on EV charging rate design. This is a crucial step for Pennsylvania’s electric utilities, ratepayers, and the electric grid. Should you have any questions, please contact Jordan Neerhof, Senior Policy Analyst. We look forward to working with you.

Sincerely,

**Anne Blair**  
Vice President, Policy  
Electrification Coalition