

**COMMONWEALTH OF PENNSYLVANIA**

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Electric Utility Rate Design for Electric )  
Vehicle Charging )**

**Docket: M-2023-3040755**

**COMMENTS OF THE JOINT FUEL RETAILERS**

The Pennsylvania Petroleum Association along with Giant Eagle, Inc., Glassmere Fuel Service, Onvo, Sheetz, Inc. and Wawa, Inc. (collectively the “Joint Fuel Retailers”) are pleased to provide the following comments in response to the Pennsylvania Public Utility Commission’s (“Commission”) order entered November 15, 2023 regarding a proposed Electric Vehicle Rate Design Policy Statement (“Policy Statement”). The Joint Fuel Retailers represent thousands of retail stores in Pennsylvania, employing tens of thousands of Pennsylvanians and contributing tens of millions of dollars in tax revenue annually. Collectively our industry operates a network of 3,600+ retail fueling locations that enable motorists and commerce to travel freely throughout the Commonwealth. Our businesses provide an essential service by ensuring the availability of automotive refueling services in safe, convenient locations at competitive, transparent prices. Our industry is eager to invest in any refueling technology that our customers want to purchase, including electricity.

We commend the Commission for issuing the proposed Policy Statement, which marks the latest step in what has been a long-term examination of electric utility rate design for electrical vehicle (“EV”) charging in Pennsylvania, beginning with the convening of an Electric Vehicle Charging Rate Design Working Group (“Working Group”). The Joint Fuel Retailers were honored to take part in this Working Group and look forward to continuing to work with the Commission to develop the Policy Statement. This is an important opportunity to spur private investment in the Pennsylvania EV charging market by establishing rate designs to incentivize private sector investment in EV charging stations.

**I. Rate Design for Direct Current Fast Charging Stations**

The Joint Fuel Retailers are pleased that the proposed policy statement encourages electric distribution companies to consider rates for direct current fast chargers. The lack of a rate or set of rates that are specifically developed for EV charging transactions is a key structural challenge discouraging the private market from investing in public fast charging stations.

We believe that the Policy Statement should encourage electric distribution companies (“EDCs”) to consider alternatives to traditional demand-based rate structures. EV fast charging stations require high levels of capacity to deliver a large amount of electricity in a short period of time. This typically subjects EV charging stations to costly demand charges, which is a rate design component that was not developed with EV charging load in mind. Not only do demand charges make charging stations uneconomical but they also are difficult for businesses to pass onto customers because they are not the actual energy cost to the customer and may not be known until the end of the month. This discourages private investments by making it impossible for private businesses to accurately and efficiently recover their costs.

The Commission should prioritize time varying rate (“TVR”) rate structures based on the amount of electricity being provided to the EV. If properly applied, volumetric TVR’s can reduce unnecessary costs for EV charging providers while also utilizing cost-of-service principles as the Policy Statement emphasizes. There are numerous other examples of alternatives to traditional demand-based rate structures that are currently in effect. The Joint Fuel Retailers would like to highlight several from across the country that we view as encouraging of private investment:

**A. Xcel Energy’s General Service Time of Use Service Pilot Program**

**rate**<sup>1</sup> includes Critical Peak Pricing (CPP), which collects revenue primarily through volumetric time-varying energy charges during peak and CPP periods, rather than through demand charges. However, the rate limits CPP events to 75 hours throughout the year. This rate eliminates demand charges while still ensuring the rate covers the utility’s cost to serve. This is an encouraging example although it could still cause challenges for public DCFC stations that have less capacity to shift their load to off-peak time frames.

**B. Alabama Power’s RATE BEVT – Business Electric Vehicle – Time-Of-Use**<sup>2</sup> rate provides a seasonal, three period time-of-use rate option for

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<sup>1</sup> In the Matter of the Petition of Northern States Power Company for Approval of General Time-of-Use Service Tariff, Docket No. E002/M-20-86  
<https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId=%7b3045B56F-0000-C717-8A47-BA1EBB6314F3%7d&documentTitle=20201-159322-01>

<sup>2</sup> Alabama Power, RATE BEVT Business Electric Vehicle Time-Of-Use  
<https://www.alabamapower.com/content/dam/alabama-power/pdfs-docs/Rates/BEVT.pdf>

the exclusive purpose of charging electric vehicle batteries. This rate does not include a demand charge; however, it does include a kW based minimum bill component as well as a base charge per customer.

**C. Georgia Power’s Time of Use – Electric Vehicle Charging Schedule**

“TOU-EVC-1”<sup>3</sup> applies to all electric service for non-residential premises dedicated to EV charging services. This EV charging specific rate utilizes an on-peak and off-peak time frame as well as a demand charge of \$4.26. While demand charges are not preferred for EV charging specific rates, the TOU-EVC-1 rate does improve the economics for EV charging providers, compared to prevailing rate designs.

There are a number of different approaches the Commission can take when evaluating EV charging rate design. The Joint Fuel Retailers encourage the Commission to prioritize volumetric rate structures; however, we are not advocating for a single solution, in fact we believe that it is important for utilities to have several rate options for EV charging providers that incent multiple types of load flexibility. Above all, we recommend that the Policy Statement encourage utilities to adopt DCFC specific rates that improve upon underlying tariffs, which may not be conducive to EV adoption or cost-effective for private businesses offering DCFC charging services.

**II. Strategy to Promote Robust Competition & Prevent Cross-Subsidization**

Integrating new and creative rate design techniques for DCFC charging is essential to encourage private investment. However, it is imperative that the Policy Statement also support the development of robust competition within Pennsylvania’s growing market for DCFC charging services. To do this, the Policy Statement should outline the appropriate role for electric utilities in the market for public fast charging services.

A key challenge for private businesses seeking to enter the EV fast charging market is the threat of electric utilities using ratepayer funds to own and operate chargers. An electric utility’s ability to rate base EV fast chargers comes with insurmountable competitive advantages and limited incentives for innovation and improvements (such as faster charging stations). Against this backdrop, private

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<sup>3</sup> Georgia Power, TOU-EVC-1 <https://www.georgiapower.com/content/dam/georgia-power/pdfs/business-pdfs/tariffs/2023/tou-evc-1.pdf>

businesses that would otherwise be eager to invest in charging stations will not consider the stations to be an attractive investment. More importantly, ratepayers that may never own an EV should not subsidize investments for their associated infrastructure. Additionally, if electric utilities were able to impose demand charges on privately owned DCFC stations, but not on their own chargers it creates an insurmountable competitive advantage. This depresses private investment to the detriment of consumers who have come to rely on competitive, transparent pricing for transportation energy.

The Joint Fuel Retailers agree with the Commission that any rate designs should avoid unnecessary cross-subsidization in terms of rates for EV chargers. This would be in line with the Commonwealth Court's decision in *Lloyd v. Pennsylvania Public Utility Commission, 904 A.2d 1010 (Pa. Cmwlth. Ct. 2006)*. Rate design for public direct current fast charging ("DCFC") stations should incentivize private investment while also ensuring that the EV charging market develops in a manner that does not unfairly burden ratepayers, who may not own an EV.

The current Policy Statement acknowledges avoiding unnecessary cross-subsidization but should make it clear that ratepayer funding should not be used to subsidize utility owned investments in EV charging stations when private businesses are eager to invest their own private capital. The Joint Fuel Retailers have historically opposed any subsidization by rate payers for such activity and would like to reassert that position. The Joint Fuel Retailers believe that electric utilities should support private sector investment in DCFC stations by preparing the electric grid for increased EV adoption. In order to facilitate this partnership, we support a structure where the electric utilities primary role is to "make-ready" sites for publicly-accessible DCFC stations.

### **III. Conclusion**

The proposed Policy Statement represents an important step for the Commonwealth's shaping of EV policy and could have lasting impacts on the deployment of EV chargers, ratepayer electric bills and the future of Pennsylvania's competitive fueling market. We look forward to working with the Commission to develop a Policy Statement that promotes regulatory policy and rate structures that supports private investment in transportation electrification. As the Commission works on developing the new policy statement, we are happy to serve as a resource, representing the competitive refueling industry in the state.

Sincerely,

A handwritten signature in black ink, appearing to read 'TH' with a horizontal line extending to the right.

/s/ Ted Harris  
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In collaboration with:

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