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E-File

January 22, 2024

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17120-3265

Re: Electric Utility Rate Design for Electric Vehicle Charging
Docket No. M-2023-3040755

Dear Secretary Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") are PPL Electric's Comments in the above-captioned proceeding. These Comments are being filed pursuant to the Proposed Policy Statement Order entered November 15, 2023 in this matter, and published in the *Pennsylvania Bulletin* on December 23, 2023.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on January 22, 2024, which is the date it was filed electronically using the Commission's E-filing system.

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael J. Shafer", written over a light blue horizontal line.

Michael J. Shafer

Enclosure

cc via email: Patrick Cicero, Esquire
Rick Kanaskie, Esquire
NazAarah Sabree

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Electric Utility Rate Design for :
Electric Vehicle Charging : Docket No. M-2023-3040755

**COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION ON
THE PROPOSED POLICY STATEMENT ORDER**

I. INTRODUCTION & BACKGROUND

On February 4, 2022, ChargeVC-PA, a group consisting of Electrification Coalition, Greenlots, Keystone Energy Alliance, Natural Resources Defense Council, Plug In America, Sierra Club, and Adams Electric Cooperative filed a Petition at Docket No. P-2022-3030743 requesting that the Pennsylvania Public Utility Commission (“Commission”) start a proceeding to issue a Policy Statement concerning electric vehicle (“EV”) charging rate design.

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) filed Comments regarding ChargeVC-PA’s Petition.

On December 1, 2022, the Commission entered an Order directing, among other things, the Commission’s Bureau of Technical Utility Services to convene a working group to discuss EV charging rate design and provide recommendations from the working group by March 31, 2023.

PPL Electric and many other entities participated in the working group and submitted informal comments.

The working group recommended that: (1) the Commission draft a proposed Policy Statement concerning EV charging rate design; (2) the proposed Policy Statement consider the topics contained in the informally filed comments; and (3) the Commission’s staff use the working group, as necessary, to prepare the proposed Policy Statement.

On May 18, 2023, the Commission entered an Order agreeing with the working group’s recommendations and approving ChargeVC-PA’s Petition to initiate a Policy Statement proceeding to address EV charging rate design.

On November 15, 2023, the Commission issued a Proposed Policy Statement Order (“Order”) containing the proposed Electric Vehicle Rate Design Policy Statement (“Policy Statement”). The Commission’s Order directed interested parties to file Comments on the Policy Statement within 30 days after publication of the Order in the *Pennsylvania Bulletin* and to file Reply Comments within 60 days after publication of the Order in the *Pennsylvania Bulletin*. (Order, p. 14.)

PPL Electric appreciates the opportunity to provide input on the Policy Statement and hereby files these Comments in response to the Commission’s Order.

II. COMMENTS

A. SECTION 69.3551. PURPOSE AND SCOPE

PPL Electric supports the Commission’s efforts to adopt a Policy Statement addressing EV charging rate design. The Company strongly agrees that the Commission should help promote the proliferation of EVs consistent with federal and state policy initiatives. To that end, EV charging rate design can help facilitate the increased adoption of EVs and the related deployment of EV charging infrastructure, while also achieving other goals that benefit electric distribution companies (“EDCs”), their electric distribution systems, their customers, and the Commonwealth overall. In particular, the Company believes that EV-specific rates can help: (1) defer capital improvements to efficiently utilize capacity on the distribution system; (2) ensure EV customers have a better experience with their EDCs and a greater ability to reduce their bills for EV charging; (3) encourage EV adoption and, by extension, achieve carbon reduction goals.

Along with these potential benefits, however, come certain challenges and issues. For example, although the increased adoption of EVs presents certain challenges and opportunities for EDCs, EVs and EV chargers remain, at their core, sources of electric load. EDCs should be prepared and have the flexibility to address the load impacts of EVs and EV chargers just like any other sources of load on their electric distribution systems.

In addition, EV charging rates should be designed based on the same well-established principles for ratemaking and cost of service that underpin EDCs' other distribution and default service rates. While interested parties may want other considerations to drive the design for EV charging rates, the Commission should be mindful that it cannot allow one principle or the overall desire to grow EV utilization in the Commonwealth to trump "all other ratemaking concerns – especially the polestar – cost of providing service."¹ Moreover, PPL Electric anticipates that any legal issues associated with the proper design of EV charging rates will be addressed in the appropriate rate proceedings. Therefore, the Commission should reject any calls for its Policy Statement to place, implicitly or explicitly, any other considerations above cost of service when finalizing a policy around EV charging rate design.

B. SECTION 69.3552. ELECTRIC VEHICLE CHARGING RATE TARIFFS

PPL Electric agrees with the Policy Statement's encouragement for "all electric distribution companies to develop tariffs with distribution and default service generation rates for the purpose of implementing rates specifically for electric-vehicle charging customers." (Order, Annex A, p. 1.) The EDCs also should have flexibility in the design of the eligibility requirements for these tariffed EV charging rates. For instance, EDCs could require customers receiving service under the residential and commercial EV charging rate schedules to agree to: (1) requirements for EV

¹ *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1020 (Pa. Cmwlth. 2006).

metering, electric vehicle supply equipment (“EVSE”), and/or telematics, which could, among other things, enable the EDC to disaggregate EV charging info, bill EV charging and electric service separately, and gather better data that would help inform the EV charging rate design; and (2) participate in EDC programs that provide EDCs with better visibility of the EV chargers on their systems and enable the EDCs to monitor and manage the EVs and EV chargers to help improve the safety, reliability, and power quality of the electric distribution system.

Further, PPL Electric supports the Commission’s position that the tariffed rates for EV charging “should 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.” (*Id.*) As noted previously, EV charging rates should, like other utility rates, be founded upon cost of service principles and be designed to avoid unreasonable subsidization by other rate classes.

C. SECTION 69.3553. ELECTRIC VEHICLE CHARGING RATE DESIGN

The Company agrees with the Commission’s recommendation that EV charging rates “be flexible and adaptable to changing circumstances and technologies.” (Order, Annex A, p. 2.) Indeed, as more EV chargers are installed and utilized, EDCs should be gathering more data about the chargers’ impact on their electric distribution systems. That additional data can help inform changes to the EDCs’ design of EV charging rates, such as shifting the peak periods to different times. This will further enable EDCs to consider a variety of rates beyond just TOU that may help remove obstacles to greater EV adoption in Pennsylvania.

However, PPL Electric is concerned with the language in the Commission’s proposed Policy Statement that those rates “should be periodically reviewed and adjusted, as necessary, to ensure that they remain fair, cost-effective, and efficient.” (*Id.*) The Company believes that EV charging rates should be established consistent with longstanding and existing Commission

processes for establishing distribution and default service rates under the Public Utility Code. *See, e.g.,* 66 Pa. C.S. § 1308. PPL Electric does not believe that a different periodic review and adjustment process should be put in place for EV charging rates. Rather, EV charging rates should be established, reviewed, and adjusted like any other distribution rate or default service rate. To do so differently could result in inappropriate cross-subsidization of costs or under- or over-recovery from certain groups of customers due to costs increasing, decreasing, or shifting from all customers to or from EV customers.

Moreover, PPL Electric agrees with the Commission that EDCs should consider more than time-of-use (“TOU”) based rates for EV charging rate design, including “real-time pricing, demand charges, rebates, automatic control devices, and others to properly effectuate the public interest.” (Order, p. 12.) Although pure TOU-based rates may be the first step to help solving existing capacity constraints, future EV charging rates may have the time component vary based on other factors, such as grid demands, local constraints, or the number of EV chargers on the electric distribution system. As an example, future vehicle to grid capabilities may call for a time of charging rate incentive that is different than a traditional on peak/off peak TOU rate. Therefore, the Commission’s final Policy Statement should not limit the scope of EV charging rate design to TOU-based rates.

Also, PPL Electric disagrees with commenters who support the incorporation of a “free pass” into EV charging rate design. Under a “free pass,” the EV rate would apparently allow “brief periods of charging (20-30 minutes), even on-peak” to “be treated as off-peak, or at least not be overly punitive.” (Order, p. 6.) When charging at peak periods even for short durations, EVs contribute to the peak load of the system, which PPL Electric must plan for and accommodate. As discussed earlier, the Company believes that cost of service principles should be adhered to with

respect to EV rates, and the concept of a “free pass” is inconsistent with those principles. Paying rates in accordance with cost causation is not “overly punitive,” it is just and reasonable.

Lastly, PPL Electric observes that EDCs should be permitted to recover the costs of deploying necessary infrastructure and information technology systems to facilitate the installation and use of EV chargers. For example, EDCs may need to develop and install software platforms that enable them to bill EV chargers separately from other electric services or to monitor and manage EV chargers on their systems. The Commission’s final Policy Statement should not foreclose the possibility of recovery of those costs through the EV charging rates, as such issues should be adjudicated in the individual EDCs’ rate proceedings.

D. SECTION 69.3554. ELECTRIC VEHICLE CHARGING RATE EQUITY

PPL Electric agrees with the Commission that customer education will be an important part of “encourag[ing] efficient and effective use of electric-vehicle charging infrastructure and proper knowledge of available distribution and default service generation rates.” (Order, Annex A, p. 2.) Early and active customer education should help lower long-term costs, improve system reliability, and provide a better customer experience. The Company also agrees that the establishment of regional and customer-specific EV charging rate schedules may need to be considered due to the locational nature of EV charging’s load impacts.

Furthermore, the Company does not expect that any EV charging rates would “discriminate against certain types of electric vehicles or drivers” or would “create undue financial burdens for low-income customers or disadvantaged communities.” (Order, Annex A, p. 2.) However, all EV charging equipment and EVs should meet or exceed certain requirements for safety, reliability, and functionality. Also, as noted previously, EV charging rate design should be based upon cost of service, and the proper design of EV charging rates should reflect the appropriate allocation of costs to the customers who incur them. The Company does not agree that EV load should be

treated differently than other customer usage. Public utilities are required to serve all customers indiscriminately, regardless of whatever end use of the electricity that the customers may decide. Indeed, other principles such as the promotion of “fairness and equity” should not trump cost of service in the design of EV charging rates.

III. CONCLUSION

PPL Electric appreciates the opportunity to provide these Comments and respectfully requests that the Commission take these Comments into consideration when developing its final Policy Statement.

Respectfully submitted,



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