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February 21, 2024

VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: **Reply Comments of PECO Energy Company to the Commission's Proposed Policy Statement on Electric Utility Rate Design for Electric Vehicle Charging**
Docket No.: M-2023-3040755

Dear Secretary Chiavetta:

Enclosed for filing in the above-captioned proceeding are the Reply Comments of PECO Energy Company in response to the Commission's November 15, 2023 Order regarding its proposed Policy Statement on Electric Utility Rate Design for Electric Vehicle Charging.

If you have any questions or concerns, please feel free to contact me directly at 267-533-1999.

Very truly yours,

A handwritten signature in black ink that reads "Jack R. Garfinkle". The signature is written in a cursive, slightly slanted style.

Jack R. Garfinkle

Enclosure

cc: Regi Sam (rsam@pa.gov)
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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DOCKET NO. M-2023-3040755

**REPLY COMMENTS OF PECO ENERGY COMPANY ON THE COMMISSION’S
PROPOSED POLICY STATEMENT ON ELECTRIC UTILITY RATE DESIGN
FOR ELECTRIC VEHICLE CHARGING**

I. INTRODUCTION

On November 15, 2023, the Pennsylvania Public Utility Commission (the “Commission”) issued an Order in the above-referenced docket setting forth proposed guidelines for the development of electric utility rate designs for electric vehicle (“EV”) charging (the “EV Rate Design Policy Statement”). On January 22, 2024, the Energy Association of Pennsylvania (“EAP”) submitted comments on behalf of its members, including PECO Energy Company (“PECO” or the “Company”), supporting the EV Rate Design Policy Statement and the Commission’s commitment to flexibility as the transportation electrification landscape, and its impact on the electric distribution system, continues to evolve.

Various other parties, including the Retail Energy Supply Association and NRG Energy, Inc. (“RESA/NRG”), Charge Ahead Partnership (“Charge Ahead”), Electrify America, et al. (“Electrify America”), Advanced Energy United (“AEU”), the Office of Consumer Advocate (“OCA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), PPL Electric Utilities Corporation (“PPL”), Industrial Energy Consumers of Pennsylvania and Walmart Inc. (“IECPA/Walmart”), Duquesne Light Co. (“Duquesne”), First Energy Pennsylvania Electric Company (“First Energy”), the Pennsylvania Petroleum

Association et al. (“Joint Fuel Retailers”), the Electrification Coalition, the Alliance for Transportation Electrification (“ATE”), Weave Grid, Inc. (“Weave Grid”), and MCR Performance Solutions (“MCR”), also submitted comments to the EV Rate Design Policy Statement.

These comments propose a wide range of recommendations, some of which are consistent with those of PECO, and others that PECO believes are overly restrictive and contrary to the purpose of a policy statement. PECO appreciates the Commission’s efforts on this important topic and encourages the Commission to keep in mind the need for flexibility. PECO hereby submits its Reply Comments in response to these filings.

II. REPLY TO COMMENTS

1. Cost of Service Principles

The Commission, in Section 69.3554 of the EV Rate Design Policy Statement, recommends that EV charging distribution and default service generation rates be designed to promote fairness and equity. *See* EV Rate Design Policy Statement, Annex A at 2. CAUSE-PA has asked the Commission to take the recommendation further by requiring electric distribution companies (“EDCs”) to develop an EV-specific rate design that advances equity and promotes fairness among rate classes. *See* CAUSE-PA Comments at 2–3. It believes that equity considerations must be an overarching principle through which EDCs design EV-specific rates. *Id.* at 2. Similarly, Weave Grid proposes that the Commission revise the EV Rate Design Policy Statement to encourage the EDCs to develop equitable access to the benefits of EV rates. *See* Weave Grid Comments at 3.

In contrast, PPL argues that rates should be designed “based on the same well-established principles for ratemaking and cost of service that underpin . . . other distribution and default

service rates.” *See* PPL Comments at 3. PECO supports PPL’s position. Though policy goals, fairness, and equity should be considered, PECO does not believe they should overshadow cost of service in the design of EV charging rates. For avoidance of doubt, PECO reiterates and emphasizes EAP’s suggestion that the Commission modify the EV Rate Design Policy Statement to highlight the “use [of] cost-of-service principles in developing tariffs with distribution and default service generation rates for EV charging customers.” *See* EAP Comments at 6.

2. Time Variant Rates

In Section 69.3553 of the EV Rate Design Policy Statement, the Commission suggests that EDCs consider variable rates for EV customers based on time of day and level of demand to incentivize increased network capacity utilization of the distribution system. *See* EV Rate Design Policy Statement, Annex A at 1–2. The Commission further recommends that EDCs develop rates that reflect the cost of generation services during times of system stress, including time-of-use (“TOU”) rates. *Id.* at 2. There is no explicit mention of any other rate option. *See* OCA Comments at 8.

Several commenters, including Duquesne, suggest the Commission revise Section 69.3553 to encourage EDCs to consider a broader variety of EV charging rate designs in addition to TOU rates. *See, e.g.*, Duquesne Comments at 3–4; PPL Comments at 5; First Energy Comments at 5; OCA Comments at 10; Weave Grid Comments at 5–7. PPL, Weave Grid, and MCR reference managed charging as a rate design alternative. *See* PPL Comments at 3–4; Weave Grid Comments at 6; MCR Comments at 7–8. They, in addition to Duquesne, also note the potential benefits of using integrated meters in EVs and chargers to measure interval charging loads. *See* Duquesne Comments at 5–6; PPL Comments at 3–4; MCR Comments at 5–7; Weave Grid Comments at 3–4.

As an initial matter, PECO concurs with Duquesne's recommendation that the Commission expand Section 69.3553 to be more inclusive and avoid narrowing the focus to time-varying rates alone. In its comments, Duquesne indicates that because customer use and electricity production continue to evolve, there is a real possibility that time-of-day or season-of-peak demand could shift. *See* Duquesne Comments at 3–4. In other words, TOU rates and other rate-focused approaches, while practical today, may not be the most effective way to promote efficient distribution system capacity utilization in the future. Indeed, First Energy and Weave Grid both explain that TOU structures present the risk of creating a secondary peak, which occurs when customers on an EV rate charge at the beginning of the off-peak period. *See* First Energy Comments at 4–5; Weave Grid Comments at 6.

Further, PECO endorses PPL, Weave Grid, and MCR's comments encouraging the use of managed charging. As Weave Grid and MCR note, there are a variety of managed charging approaches that can provide a significant reduction in distribution upgrade costs, control power consumption, and offer insights for grid planning. *See* Weave Grid Comments at 6–7; MCR Comments at 7–8. Active managed charging would also provide EDCs with better visibility of the EV chargers in an EDC's system and help improve the safety, reliability, and power quality of the electric distribution grid. *See* PPL Comments at 3–4.

Finally, PECO agrees with the commenters asking the Commission to consider innovative metering technologies for EV-specific rates. *See, e.g.*, Duquesne Comments at 5. Metering technology has several benefits, including the gathering of important consumption and usage data. Equipped with this knowledge, EDCs can disaggregate charging information and gather data to design more effective rate structures. *See* PPL Comments at 3–4.

Considering the foregoing, PECO suggests that the Commission modify Section 69.3553 as follows, to provide electric distribution companies the necessary flexibility in considering approaches to time variant rates, managed charging, and metering technologies:

To promote efficient use of electric-vehicle charging infrastructure and to manage electric grid demand, ~~public utilities~~ electric distribution companies should consider ~~variable~~ rates for electric-vehicle customers that encourage consideration of load factors and charging time adjustments to accommodate system needs. Such potential rates structures include but are not limited to time-of-use rates, off-peak subscription plans, off-peak incentives, automatic control devices, and utility-managed charging, based on the time of day and the level of demand on the electric grid. ~~This means that electric-vehicle charging rates should be higher during peak demand hours and lower during off-peak hours.~~ We recommend that electric distribution companies develop electric-vehicle distribution rates with cost-of-service principles that incentivize increased network capacity utilization of the distribution system and that electric distribution companies explore innovative uses of technology in support of those rates. Electric distribution companies should also take into consideration rates for direct current fast chargers, including demand charges, to manage electric grid stress during peak hours. We also recommend that electric distribution companies develop electric-vehicle charging default service generation rates that, at a minimum, properly reflect the cost of generation services during times of system stress. These default service generation rates may include use of time-of-use rates that use on and off-peak periods which appropriately incentivize the movement of charging consumption to off-peak periods or periods of less system stress. . . .

3. Proposed Filing Requirements

a. Filing Deadlines and Minimum Filing Requirements

Several commenters request that the Commission impose specific deadlines for filing EV-specific rates. Electrify America seeks to impose a requirement that EDCs file demand charge alternative proposals in a dedicated proceeding by September 1, 2024, and ensure that a new long-term rate solution is effective no later than December 31, 2025. *See* Electrify America Comments at 7. AEU would have EDCs file EV-specific rate proposals 90 days after the final EV Rate Design Policy Statement is adopted, with a 60-day comment period to follow. *See* AEU Comments at 9. Charge Ahead, while it does not offer a specific recommendation, asks the

Commission to include a time frame in which EDCs should file EV charging rates. *See Charge Ahead Comments at 5.*

Furthermore, CAUSE-PA provides an explicit list of elements it believes EDCs should address in their rate designs, such as how the proposed rate design advances equity, a stakeholder engagement plan, and incentive program coordination. *See CAUSE-PA Comments at 2–3.*

As PECO indicated in its Informal Comments in the EV Charging Rate Design Working Group, EDCs need flexibility when designing rates to accommodate the unique characteristics of each service territory. *See Docket No. P-2022-3030743, PECO Informal Comments in the EV Charging Rate Design Working Group at 3–4.* EDCs service a variety of EV customers whose charging needs and profiles differ. *Id.* In order to adequately account for each market segment, while also ensuring compliance with ever-evolving regulatory policies, EDCs require sufficient, and possibly significant, amounts of time to develop appropriate rate designs. *Id.*

Additionally, the potential benefits of time shifting EV charging loads are a function of an EDC's ability to host on-peak charging loads and the penetration and concentration of EVs within the EDC's service territory. Artificial time-based deadlines and rate design requirements unreasonably restrict an EDC's ability to design rates in a way that is most beneficial to its customers, and it may result in EDCs incurring recoverable costs to implement new EV charging rates years prior to any distribution system need for such rates. Thus, PECO recommends that the Commission avoid setting deadlines or minimum filing requirements that are more prescriptive than those required for any other EDC rate design proposal.

b. Filing Synchronization

PECO supports the commenters that seek additional guidance from the Commission on filing synchronization. *See OCA Comments at 3; CAUSE-PA Comments at 3.* The OCA and

CAUSE-PA note that EV-specific default service rates fall under traditional default service program proceedings, while EV distribution rates would be considered in the context of base rate proceedings. Yet, the EV Rate Design Policy Statement is silent on which procedural path (or paths) to use. *Id.*

Rather than restricting EV-specific default service and distribution rate filings to their respective proceedings, as proposed by the OCA, PECO encourages the Commission to consider allowing EDCs to file EV-specific rates separately if they deem it necessary. EDCs should have the procedural flexibility to either propose and review EV charging rates consistent with Commission precedent, as suggested by PPL, or to file EV-specific rates based on the specific needs of their individual customers. PECO reiterates the need for flexibility as EDCs begin to develop EV-specific rates.

c. EV Rate Design Restrictions

PECO objects to the imposition of specific EV rate-design restrictions proposed by commenters. For example, CAUSE-PA requests that TOU rates remain optional and seeks to prohibit whole-home EV rates. *See* CAUSE-PA Comments at 3. MCR, on the other hand, encourages whole-house rates to avoid the need for expensive upgrades, and the OCA offers an example of such a program offered by El Paso Electric. *See* MCR Comments at 5–6; OCA Comments at 9–10.

As PECO discussed above, the need for flexibility is paramount. EV rate designs that may be appropriate for one service territory may not be appropriate for others. Each service territory differs both demographically and economically, and grid characteristics often vary between jurisdictions. For these reasons, EV-specific rate designs should not fall into a “one size

fits all” model. Rather, they should be tailored to the unique needs of each EDC and its customers.

4. Separate EV Charging Rate Class

PECO disagrees with IECPA/Walmart’s recommendation that the Commission encourage EDCs to develop and implement rates specifically for EV charging customers, which the Company interprets to require a distinct rate class for EV charging customers. *See* IECPA/Walmart Comments at 3. IECPA/Walmart’s proposal would be too prescriptive at this stage and goes against the need for flexibility. PECO believes the consideration of separate EV charging rate classes—which depends on an EDC’s cost of service, load profile, and other demographic and economic considerations—is more appropriate in individual EDC proceedings.

5. Direct Current Fast Charging (“DCFC”) Rates

Electrify America, the Joint Fuel Retailers, the Electrification Coalition, and ATE ask the Commission to prioritize elimination or mitigation of demand charges for DCFC stations but disagree on the duration of such rates. Electrify America argues that demand charges assessed on energy consumption rather than quantity of electricity used at DCFC stations poses economic challenges, thus compelling the use of volumetric rates. *See* Electrify America Comments at 4–6. The Joint Fuel Retailers, Electrification Coalition, and ATE echo Electrify America’s cost concerns. *See* Joint Fuel Retailers Comments at 2; Electrification Coalition Comments at 2; ATE Comments at 3. However, Electrify America seeks to impose long-term rates (e.g., 10 years), while the Electrification Coalition and ATE recommend short term mitigation of demand charges. *See* Electrify America Comments at 8; Electrification Coalition Comments at 2; ATE Comments at 3.

PECO does not take a position on whether EDCs should specifically consider volumetric rates or the appropriate term for rates designed for DCFCs. Rather, PECO again emphasizes that the EV Rate Design Policy Statement should not be overly restrictive by requiring specific rate designs or terms.

6. EDC Ownership of Chargers

The Joint Fuel Retailers and AEU express concern and opposition to any suggestion that that the EV Rate Design Policy Statement allow charging stations to be owned by EDCs. They both request that the Commission limit and/or restrict EDC-ownership of EV charging stations. *See* Joint Fuel Retailers Comments at 4; AEU Comments at 3. AUE, however, acknowledges that this is “a larger issue that should go through the proper regulatory or legislative process and not be decided in this Policy Statement.” *See* AEU Comments at 3.

PECO agrees with AEU that this is not the proper forum to discuss EDC ownership of EV charging stations and notes that EAP’s suggestion to modify Section 69.3552 by replacing “the actual costs of providing charging infrastructure and services, including” with “cost-of-service principles as well as” would mitigate any concerns that the EV Rate Design Policy Statement could be interpreted as endorsing EDC ownership of charging stations. *See* EAP Comments at 6.

7. Role of the Competitive Market

In response to the Commission’s proposed Section 69.3551, RESA/NRG suggests adding language stating that “electric distribution companies shall make available to the competitive market the needed processes and systems and avoid designs which may impede competitive market development.” *See* NRG/RESA Comments at 3. Suggested revisions to this section also

include language that prohibits EDCs from withholding “access to information, systems, and processes necessary for electric generation suppliers to offer such products.” *Id.*

PECO requests that the Commission reject these proposed changes. RESA/NRG’s recommendation could be interpreted to require EDCs to provide submeter and other customer usage data to suppliers, which presents both practical and privacy concerns. First, PECO does not have the present ability to provide submeter data to suppliers. To do so would require modification of the Commission’s current Electronic Data Exchange Working Group standards, which the Company believes is more appropriate to explore in a separate proceeding.

Second, even if that capability existed, PECO would be providing customer data without knowing how that information would be used. Suppliers have not demonstrated that they are incapable of offering types of services without access to specialized data or, more importantly, how they will keep that data private. Rather than requiring EDCs to provide suppliers with unfettered access to EV customer data, PECO suggests that the Commission treat load for EVs the same as the load for any other residential or commercial use: under existing Release of Information regulations with customer authorization for release of their data.

Last, the restrictions proposed by RESA/NRG are not appropriate for a policy statement, which should be providing non-prescriptive guidance. PECO believes RESA/NRG’s proposals would inhibit EDC implementation of EV rates without benefiting consumers and should therefore be rejected.

8. Fairness and Equity Considerations

Section 69.3554 of the EV Rate Design Policy Statement states that “rates should not discriminate against certain types of electric vehicles or drivers.” *See* EV Rate Design Policy Statement, Annex A at 2. In response, EAP proposes revising the language to state that rates

should not be unduly discriminatory, noting that there may be instances where rate designs will necessarily be more beneficial to some groups over others. *See* EAP Comments at 7–8.

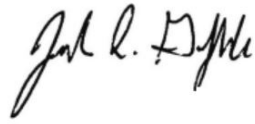
PECO recognizes and supports the need for non-discriminatory EV charging rates. However, EAP is correct that rate designs may effectively discriminate against customers even if that was never the intent. For example, Duquesne states that there may be instances where EV-only rates utilize vehicle telematics or charging station data, but not all vehicle stations or charging stations may meet the technical requirements to provide data. *See* Duquesne Comments at 4. PPL also provides an example of a rate design that could require customers receiving service under EV-specific rate schedules to agree to requirements for EV metering, electric vehicle supply equipment, and/or telematics. *See* PPL Comments at 3–4. But if the vehicles or stations are not able to facilitate this technology, customers would be unable to receive service under that specific rate schedule.

PECO acknowledges that these restrictions could exist, but such limitations on participation may be necessary and appropriate for EDCs to design the most effective rates. PECO does not believe these types of restrictions constitute discrimination and supports EAP’s recommendation that discrimination under Section 69.3554 should be modified by the word “unduly.”

III. CONCLUSION

PECO appreciates the opportunity to provide reply comments on this matter and looks forward to continuing to work with the Commission and interested stakeholders on the proposed EV Rate Design Policy Statement.

Respectfully submitted,



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