WASHINGTON ENVIRONMENTAL COUNCIL

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FROM: Sasha Pollack
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The Washington Environmental Council

March 30, 2017

TO: Steven V. King
Executive Director
Washington Utilities & Transportation Commission

Re: UE-160799

Thank you for the opportunity to comment on the draft policy and interpretive statement on the implementation of RCW 80.28.360, which encourages utility leadership in transportation electrification.

Washington Environmental Council (WEC) is a nonprofit, statewide advocacy organization that has been driving positive change to solve Washington's most critical environmental challenges since 1967. Our mission is to protect, restore, and sustain Washington's environment for all. On behalf of our over 62,000 members statewide, we are pleased to submit comments on docket UE-160799. As stated in our previous comments on this docket, WEC has been engaged in advocating for state level policy action to increase energy efficiency, transition to renewable energy, and set limits on global warming pollution. Because Washington State has the nation's second cleanest electricity grid, its tailpipe emissions make up a higher portion of air pollution than the national average. For this reason, we are especially enthusiastic about the potential of transportation electrification to improve environmental health and reduce the impacts of global warming.

We appreciate the Commission's diligent effort to incorporate public input on the broad range of issues involved in implementing RCW 80.28.360 in the draft policy statement. We believe the draft was thoroughly and thoughtfully prepared, and closely resembles how we believe the law should be implemented in order to be consistent with legislative intent and broader State policy objectives. We encourage the Commission to issue a final policy statement after gathering additional comments. Utilities and other key stakeholders will benefit from clear and detailed guidance from the Commission to help interpret how they may interact with and be affected by a law that will be transformative for transportation sector technologies.

In the following pages, we offer comments in response to select questions that were posed by the Commission, as well as some key overarching issues in the draft policy statement that we believe remain to be addressed.

Thank you for considering our comments. If you would like to discuss this further, please contact me by email at sasha@wecprotects.org or by phone at 206-631-2610.

Sincerely,

Sasha Pollack

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Responses to UTC Staff Questions

Question 1: ***What is the definition of Electric Vehicle Supply Equipment (EVSE)?***

In section 3 of the findings and intent language of RCW 80.28.360, the Legislature expresses the goal of having utilities engage in the electrification of our 'transportation system'. We believe use of the word 'system' implies an expansive definition of the 'EV' portion of the term 'EVSE'. Extending beyond those EV's that can operate on public roads such as cars, vans, trucks, shuttles, and buses, the definition should include forms of commercial and industrial ground transportation such as trains, farm machinery, and cargo handling equipment. Furthermore, we support the inclusion of aviation and maritime transportation sector technologies in the definition of EVs. The scale of emission reductions required to prevent the cascading effects of global warming requires these vehicles to eventually become powered by clean alternative fuels such as electricity.[1]

Regarding the 'supply equipment' portion of EVSE, we believe any form of hardware, lines, and wiring assembled to provide charging for the above defined EVs should be included in the definition. In cases where this supply equipment is used to meet other kinds of loads besides EV charging, we believe the portion of the investment serving other demand loads should not be eligible for an incentive rate of return. The law states that the incentive rate is only available on capital investments for qualifying EVSE. Equipment that also serves other kind of loads such as street lighting should be treated as a non-qualifying EVSE capital investment for the purposes of rate setting.

Question 2: ***What criteria should the Commission use to determine whether a portfolio is balanced?***

In answering this question, we refer to sections 1 and 2 of the findings and intent language of RCW 80.28.360 which explicitly states the importance of reducing carbon emissions and improving air quality. We believe these are the two overarching principles that should guide determinations of whether a portfolio is balanced. Within this frame, we agree with the Commission's expectation that utilities must provide fair access to services and competition in the provision of EVSE.

We believe the goal of improving air quality should be achieved by focusing on areas in our state with the lowest rates of compliance with mobile source air toxics rules. We applaud the Commission for proposing to require a utility carve out for low-income customers. A recent study by Yale University found that a person's race and income were the top determinants of their exposure to unhealthy levels of air pollution.[2] Therefore, enormous social benefits can be derived from requiring targeted air quality improvements as part of a balanced portfolio. Further, we agree with the Commission's finding that low-income consumers are less likely to personally own an EV for the time being. Although in the near

[1] http://web.stanford.edu/group/efmh/jacobson/Articles/I/WashStateWWS.pdf
[2] https://www.scientificamerican.com/article/people-poor-neighborhoods-breate-more-hazardous-particles/

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future we expect that to change as continued cost reductions and growth in the use of second-hand EVs broadens ownership participation. We urge the Commission to monitor these market changes and we support its current plan to encourage utilities to consult with appropriate stakeholders in the creation of programs that electrify transportation services used in low-income areas. We are glad the Commission recognizes the importance of ensuring such programs do not compete with existing offerings for low-income programs with similar goals.

While we appreciate the Commission's acknowledgement that it is not well-positioned to quantify the benefits of reducing criteria air pollutants in low-income areas, we do not believe this is necessary to achieve targeted air quality improvements through electrification. We encourage the Commission to access the readily available resources at the Washington State Departments of Ecology and Health to identify areas in the least compliance with mobile source air toxics rules. Using this data, the Commission may work with utilities and stakeholders to determine which mobile sources might be electrified through EVSE investments to increase compliance and improve air quality. Here we anticipate the possibilities to include providing charging to commercial and industrial transportation vehicles.

We recognize that the principle of reducing carbon emissions may be met by utilities through numerous strategies. This can include designing programs to leverage the ability of EVs to reduce emissions from electricity generation through peak load shaving and the utilization of local renewable energy. Utilities may also install EVSE in locations that attract more electric car drivers such as retail shopping centers. The installation of EVSE such as DC fast chargers on public highways can increase the 'range confidence' of EV drivers, and thus encourage longer distance trips and more purchasing of EVs.[3] We strongly support the Commission's intent to collaborate with the Washington State Department of Transportation to evaluate such options and ensure the efficient deployment of EVSE based on the integration of key data.

In the early phases of implementing RCW 80.28.360, we believe the Commission should adopt a flexible and principles driven definition of a balanced portfolio to allow EVSE investments to rapidly accelerate and related infrastructure markets to mature. In general, we believe a balanced portfolio should include a diversity of electrification approaches such as those mentioned above as well as proposals that aim to effectively meet both principles of improving air quality and reducing carbon emissions.

Question 3 — ***What specific policies should the Commission adopt regarding the interoperability of utility-owned charging infrastructure?***

We believe it is crucial for EVSE infrastructure to serve different charging connectors that work for all EVs in service. This will increase driver confidence in charging accessibility and encourage the greater use of EVs. Therefore, the Commission should adopt those policies that optimize the functionality of EVSE infrastructure. In this regard, we believe the Commission is on the right track by requiring utilities to include an interoperability analysis in their EVSE build out proposals and by planning to make interoperability a key component of the Commission's analysis of programs.

[3] http://www.westcoastgreenhighway.com/electrichighway.htm

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Question 5 — *Regarding the creation of a single joint stakeholder group to participate in the review of utility charging service program design.*

WEC supports the creation of such a single joint stakeholder group. We believe it would be useful from a learning and information sharing standpoint for the breadth of stakeholders engaged in EVSE build out to meet as one entity. The benefits of creating such a working group could allow for best practices to become more easily shared and ensure greater interoperability of EVSE infrastructure. An EV driver traveling from Spokane (served by Avista) to Bellevue (served by Puget Sound Energy) and stopping in Yakima (served by Pacific Power) along the way should have the comfort of knowing they can charge their EV at any of these points. Such a trip may be better facilitated through the coordination of information that would occur in a single stakeholder group.

Additional comments

Accounting for the social cost of carbon

In point number 93 of the draft policy statement, in the section pertaining to the social cost test of utility programs, we recommend that the Commission modify the language to require utilities to consider the environmental benefits that are quantifiable but not monetized.

Namely, we believe the Commission should require utilities to include the social cost of carbon (SCC) in calculating the avoided costs of transportation electrification as directed by Governor Jay Inslee. In 2014, Governor Inslee issued Executive Order 14-04 on Carbon Pollution Reduction and Clean Energy Action. The order requires state agencies to consider the cost of externalities, including the SCC, in the acquisition of public buildings and vehicles. The Governor's order requires state agencies to use the SCC estimates developed by the U.S. Environmental Protection Agency, which currently values it at $39 per ton. Applying this value in social cost test calculations for Commission regulated utility EVSE investments would help account for the destructive economics effects of global warming in Washington State from wildfires, droughts, floods, heat waves, and other extreme weather events. Moreover, the amount of avoided emissions has the potential to be significant. For example, according to 2014 data, a unit of gasoline that is displaced by the energy equivalent of electricity generated by Puget Sound Energy reduces carbon emissions by about a factor of three. Compared to the even cleaner statewide average utility electricity mix, that number increases to a factor of 5.8.[4]

We urge the Commission to consider the strong foundation of state law that exists for compelling state agencies to use their regulatory tools to address global warming. Section 1 of the findings and intent language in RCW 80.28.360 states that the transportation sector is Washington's largest contributor of carbon emissions. Further, the Legislature wrote in the code that state policy can achieve the greatest return on investment in reducing these emissions by expediting the transition to alternative fuel vehicles, including EVs. We know that including the SCC will better reflect the benefits of avoiding carbon emissions and strengthen the market for EVSE investments. This will accordingly expedite the necessary transition to EVs.

[4] http://planwashington.org/blog/archive/by-the-numbers-reducing-carbon-emissions-in-washington-state/

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Recognizing the Commission's role as a state agency regulating economic activity, we believe the Commission has the authority to include the economically significant SCC in utility cost tests for EVSE programs. Until such a time that the Legislature enacts a market mechanism that monetizes the SCC through a carbon pricing scheme, we believe the Commission must take this step to ensure our State makes sufficient progress towards meeting its numerous statutory objectives and findings concerning carbon emissions.

Promoting environmental beneficial electrification

Additionally, in reference to point number 69 of the draft policy statement, we agree with the general principle asserted by Proterra that the Commission should promote 'environmentally beneficial electrification'. Thus, we do not believe the Commission should assign the same weight to increased load from EVs that produce benefits such as clean air as it does to load increases not due to EVs. We understand the Commission's concern with the impact of any increased load on utility conservation efforts required by RCW 19.285, otherwise known as the 'Energy Independence Act'. However, in the declaration of policy statement of this Act we find the goals to include harnessing local renewable energy, making our state energy independent, and protecting clean air. As the Legislature has pointed out, transportation electrification in Washington State achieves the crucial benefit of cleaner air. It can also, as the Washington State Department of Commerce has found, support the generation of local renewable energy and promote energy independence. [5]

[5] http://www.commerce.wa.gov/growing-the-economy/energy/transportation-and-fuels