



# NW Energy Coalition

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**UE-160799**

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Jeff Killip  
Executive Director & Secretary  
Washington Utilities & Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

**RE: Comments on Behalf of the NW Energy Coalition in docket [UE-160799](#)**

Dear Mr. Killip,

NWEC appreciates the opportunity to respond to Staff's questions. NWEC has a history of advocating for transportation powered by clean fuels. We've provided feedback on utility transportation electrification plans, participated as a member of the consultant team in the development of the [Washington Transportation Electrification Strategy](#), and advocated for the adoption of Advanced Clean Cars II and Advanced Clean Trucks. Most recently, we participated in and presented about energy justice in clean mobility at the UTC's July 2, 2024 workshop for docket [UE-160799](#). We look forward to continuing to engage in this proceeding. Please find our responses to the questions posed in the August 28, 2024 Notice of Opportunity to File Written Comments below.

**1. For all parties: What types of ratemaking tools should the Commission consider for EV charging infrastructure? For each option, please explain why such tools are appropriate:**

**a. A system benefits charge for all customers that create a budget for utilities?**

A system benefits charge for all customers can be utilized to create a budget for EV charging infrastructure and other transportation electrification (TE) related expenditures that help ensure oncoming TE load provides benefits for all. However,

there are pros and cons related to such an approach that the Commission should consider.

### Cons

Legislation is likely required to implement a system benefits charge. For example, the Oregon Legislature passed HB 2165 in 2021 which both established a “monthly meter charge” (i.e., system benefits charge) and created new authority and criteria for the Public Utility Commission of Oregon to consider when approving TE Plans and associated expenditures.<sup>1</sup> The complexity and political nature of requiring new legislation to support a system benefits charge is certainly a con to the creation of one for EV related expenditures in Washington state. Additionally, although likely small (i.e., Oregon’s monthly meter charge is capped at one quarter of one percent of total utility revenues, spread across all customer classes), the creation of a system benefits charge does require that all customers across the utility system contribute. This may create equity issues as some customers are inevitably better suited to contribute than others.

However, if the UTC determines that it may authorize a system benefits charge under its existing statutory authority—similar to the system benefits charge that some Commission-regulated utilities assess to fund conservation programs—then many of the cons related to establishing a system benefits charge for EV expenditures will be alleviated. A review of the 2017 EV Charging Policy statement reveals that this may be the case:

Considering the long-term potential benefits associated with managed EV charging, we believe that EV charging services can be offered under a framework similar to utility conservation programs at a cost commensurate with their benefits. The Commission reviews and approves conservation portfolios under a regulatory framework that emphasizes cost-effective system benefits, requires stakeholder engagement, targets services to low-income customers, provides education and outreach, and facilitates regular planning and reporting. We adopt a similar framework here, with additional consideration for consumer protection, interoperability, and service quality performance in a competitive market.<sup>2</sup>

The only downside we see to this approach is that a UTC-imposed system benefit charge would only apply to investor-owned utility customers, and not both IOUs and

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<sup>1</sup> <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB2165/Enrolled>

<sup>2</sup> UE 160799, Final Policy Statement at 32-33 citing WAC 480-109-100 through -120.

consumer-owned utilities. This could mean that IOU customers are paying disproportionately for the build-out of EV charging infrastructure in the state, which can be used by all EV drivers.

Pros

Although a system benefits charge would be likely be assessed to all customers regardless of their ability to pay, it is also a means to ensure that all customers—including those in named communities—can benefit from EV program expenditures.

It is also possible to design a system benefits charge in a manner that would not assess the charge to the most vulnerable customers on the utility's system. Again, using the Oregon example, HB 2165 requires that one half of revenues collected through the monthly meter charge go towards investments to support TE in underserved communities in specific ways that further equity in the TE space.<sup>3</sup> As the UTC grapples with how to promote equity in the continued rollout of TE investments, earmarking dollars for specific programs to be supported may go a long way to help ensure that all utility customers benefit from EV load and associated investments. Such a construct may be preferable to the prevailing system whereby utilities propose a variety of EV investments and programs in their TE Plans, but do so without the level of clear direction and binding requirements that legislation and subsequent rulemaking can provide. Further, a benefit of establishing a system benefits charge via legislation is that it can be applied more broadly to both investor and consumer-owned utilities in the state. Since consumer-owned utilities are outside the UTC's regulatory purview, this approach would be more equitable.

Overall, if the UTC decides that a system benefits charge to fund EV-related investments is in the public interest, this framework can be used as a platform to ensure equity-related investments are made. NWECC would support such a framework as it could help ensure all utility customers benefit from EV-related investments, not just those with the means to own an EV.

**b. Capital expenses for EV infrastructure recovered in base rates?**

If capital investments and other EV expenditures are known and measurable, it is preferable for them to be recovered in base rates rather than through a separate tariff rider or deferred account. This is because base rates are set holistically in the general rate case format where the utility's total revenue requirement is set at a just and

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<sup>3</sup> HB 2165 Section 2(6).

reasonable level that accounts for costs and benefits across the utility's system. Further, if expenses like those incurred for outreach and education events are recovered through a deferred accounting application, those funds would accrue interest at the utility's authorized rate of return until they are amortized into rates, which would lead to an inequitable result. Finally, the general rate case format ensures that the economic burden of regulatory lag on capital investments is more equitably shared between shareholders and customers, rather than shifted entirely on customers.

**c. Increased incentives for Multi-Unit Dwelling building owners or developers?**

If a system benefits charge is adopted through legislation and includes requirements for specific spending in named communities and hard to reach sectors similar to Oregon's HB 2165, additional incentives for multi-unit dwelling owners are likely not needed. NWECC recognizes that EV charging investments in multi-unit dwellings has historically been a difficult nut to crack. Since the vast majority of charging occurs at home, it is imperative that EV charging investments in these dwellings be made to help ensure parity between those living in multi-unit dwellings and those living in single-family homes with access to charging at the utility's retail rate. The UTC should consider enacting a policy directing utilities to invest in multi-unit dwellings to help ensure the residential customers residing there can access EV charging at or near the utility's retail rate. Since the make ready platform whereby third party EVSE manufacturers install charging equipment means that charging rate regulation falls outside the UTC's regulatory purview, this is an arena where the UTC should consider requirements for utility-owned infrastructure to be installed. This would enable the UTC to oversee the rates used for charging to ensure an equitable rollout of EV charging infrastructure in the state.

From a ratemaking perspective, it is again desirable for multi-unit investments to be recovered through base rates in an ongoing manner for the same reasons articulated above.

**2. For all parties: In a time of upward pressure on utility rates, how can the Commission balance the need for more proactive planning with transportation electrification infrastructure while sufficiently protecting ratepayers and mitigating risks? (i.e. overbuilding or unanticipated costs)**

Rightsizing investment with need (i.e., phased and scalable infrastructure investment). The UTC can encourage utilities to adopt phased investment strategies that align infrastructure growth with demand. By scaling infrastructure incrementally, utilities can avoid overbuilding and reduce the risk of unanticipated costs. This approach allows for adjustments and growth

based on evolving usage patterns and technological opportunities. Additionally, utilities should match charging in places they know when and where it will be used (e.g., fleet and workplace charging). This will help ensure that EV charging infrastructure brings in sufficient revenue to offset costs and will aid the utility in understanding where and when charging is occurring on their system.

Public-private partnerships and alternative funding sources. Encouraging utilities to partner with private sector companies or leverage state/federal grants can reduce the cost burden on ratepayers. For example, private investments in EV charging infrastructure can complement public funding and minimize the need for rate increases.

Supporting and assessing current and planned pilots. Many IOUs have good pilots and/or plan to begin new pilots soon (e.g., Avista’s Community EV Program, PacifiCorp’s Managed Charging Pilot, PSE’s Multifamily Charging Program). The Commission should continue to support the development and implementation of these programs by analyzing them, encouraging information and results of the programs be made publicly accessible, and pushing the utilities to align full implementation with industry best practices.

Robust Stakeholder Engagement and Transparency. The UTC should continue to engage with stakeholders to ensure transparency in the review and decision-making processes. This helps to gather input on how infrastructure plans impact various groups and to build consensus on how to minimize risks and protect ratepayers.

**a. Please provide any known resources or examples demonstrating your proposal.**

We highly recommend that the Commission review Western Resource Advocates’ 2022 paper, “*Overview of Utility Transportation Electrification Plans: Best Practices and Good Examples from Across the Country*”.<sup>4</sup> This 26-page document is intended to be a resource for utilities, regulators, and others by highlighting strong TE program designs from around the country and proposing best practices for different components of a utility TE plans. Below, we list a sample of best practices from this resource that address the question of balancing proactive TE planning while protecting ratepayers and mitigating risks.

- Residential Single-Family charging.
  - *Offer increased incentives for low-income customers:* Utilities should also provide an enhanced rebate for low-income customers, who have less

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<sup>4</sup> [https://westernresourceadvocates.org/wp-content/uploads/2022/04/Overview-of-Utility-Transportation-Electrification-Plans\\_Final.pdf](https://westernresourceadvocates.org/wp-content/uploads/2022/04/Overview-of-Utility-Transportation-Electrification-Plans_Final.pdf)

disposable income to pay for a Level 2 charger and often face more expensive panel upgrades to support Level 2 charging.

- DC Fast Charging
  - *Allow for private market participation before stepping in with utility-owned DCFC stations:* Although utility ownership can be an important tool, the private market should be given an opportunity to compete for locations in a utility-offered DCFC program before stations that are fully owned and operated by the utility are created. Utilities offering rebates or make-ready infrastructure might provide sufficient incentive for charging companies or site hosts to develop charging stations, rendering full utility ownership unnecessary. Private charging providers should be given the opportunity to compete for sites before the utility determines where it is necessary for them to own and operate sites.
  - *Consider the role of other funding sources in deciding where to invest.* Over the last few years, some state programs have chosen to use Volkswagen Settlement funds and other sources of funding to support a DCFC network in their state. The passage of the IIJA in 2021 will also provide funding to state departments of transportation to develop DCFC stations along federally designated alternative fuel corridors. As utilities assess where to focus on DCFC build-out, it is critical they coordinate with state agencies who are also developing these stations, to ensure they are working efficiently to build out a much-needed DCFC network.
- Fleet Charging
  - *Offer flexibility in the ownership of charging infrastructure:* Providing multiple options with different levels of utility and customer ownership of charging infrastructure can make switching to an electric fleet easier for customers. Programs such as initial utility ownership of all charging infrastructure with monthly payments as the customer “buys out” the utility ownership can lower upfront costs for customers, making transitioning to an electric fleet a less daunting financial hurdle.
- Workplace Charging
  - *Consider a requirement for programs to maximize off-peak charging:* While managed charging is typically considered in the residential context, utilities should consider how they can incentivize workplace charging in a manner which comes at lowest-cost hours, particularly in regions with high midday solar energy generation. Encouraging charging during midday off-peak hours can prevent the addition of load to peak times and avoid unnecessary grid impacts.
- Public Level 2 Charging

- *Consider requiring participants to take service on time-varying rates or managed charging programs:* Managed charging has largely focused on the residential charging sector thus far, however for areas with long dwell times, it might make sense to implement for public charging.
  - Electric School Buses
    - *Incorporate managed charging programs with electric school bus fleets:* With defined duty cycles and overnight dwell times available for charging, school buses make excellent candidates for instituting managed charging. Also, managed charging programs can help schools lower their charging costs for their bus fleets and realize increased fuel cost savings. In addition, utilities should consider implementing vehicle-to-grid (V2G) technology for these fleets, given electric school buses' large batteries and regular duty cycles.
3. NWECC doesn't have a response to question 3.
4. **For all parties: Some utilities across the country have implemented (or plan to implement) a flat-rate charging program for EVs. (i.e., For \$35 per month, a customer can charge as much as they want during off-peak hours) Would a similar construct be viable in Washington?**

We are skeptical of this model in general because it is not cost-based and it's not clear how it could be implemented equitably. For example, customers with a plug-in hybrid vehicle, lower range, or older EV would pay the same as someone with a newer vehicle that places higher demands on the system (such as a cybertruck). It also creates a perverse incentive for inefficient use. For example, if a driver receives unlimited charging at a flat rate, they may be more likely to leave their car running or drive more than they otherwise would if they had to pay for charging on a kWh basis. We see this type of subscription model as potentially appropriate for competitive providers, but it's hard to see how this model would be a good fit for regulated utilities, which must provide charging at fair and equitable rates.

- a. If so, what dollar amount would the utility need to recover for such a program to be economically feasible?**

Making this type of rate structure economically feasible for the utility should not come at the expense of making sure that customers are paying fair and equitable rates.

- b. Would this practice be equitable if a discounted flat-rate option was available for low-income EV customers? (i.e., low-income customers could pay \$20 per month**

**for unlimited off-peak charging, whereas other customers would pay \$35 per month).**

While income is an important factor in equity, it is not the only factor at play here. For EV charging, we believe a threshold matter is to make sure that customers are charged based on the amount of energy that they use.

- c. For charging stations with high intensity, but infrequent use, the utility may assess a demand charge which may be passed on to the charging provider and ultimately customers. Do third-party providers absorb significant costs for demand charges?**

NWEC doesn't have this information.

- d. If so, provide the percentage of all chargers subject to a demand charge detailed by utility owned chargers and third-party owned chargers.**

NWEC doesn't have this information.

Respectfully submitted,

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