



STATE OF WASHINGTON
DEPARTMENT OF COMMERCE
STATE ENERGY OFFICE

1011 Plum St SE • PO Box 42525 • Olympia, Washington 98504-2525 • (360) 725-3111

April 7, 2014

Mr. Steven V. King
Executive Director & Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Docket UT-131585 - Electric Vehicle Charger Incentive Program Proposed by
Puget Sound Energy, Inc. (PSE)

Dear Mr. King:

This letter updates the October 25, 2013, comments of the State Energy Office in support of the proposal by PSE to offer an incentive to customers who purchase an electric vehicle and install a Level 2 charger at their homes. Since the original filing PSE has strengthened its proposal by developing a more specific set of research questions that would be addressed with the information collected as a result of this program. As a new program, it may be appropriate to establish a participation cap in addition to the sunset date already included in the proposal.

The State Energy Office shares the concern expressed by the Northwest Energy Coalition regarding recovery of the EV incentive program through the conservation rider. In particular, recovering the incentive amounts through the conservation rider seems unnecessary for a utility such as PSE that operates under a decoupling mechanism. Those incentive amounts should instead be treated as an offset to revenues in the decoupling calculations. The actual expenditures by PSE for program administration and evaluation could be recovered as PSE has proposed, taking care to ensure that they are tracked separately from expenses related to traditional energy conservation programs.

The proposed incentive is a broad-based mechanism to encourage adoption of electric vehicles and use of Level 2 charging systems. As PSE gains experience in serving this end use, it should look for ways to focus its efforts on those customers for whom charging facilities are a barrier to the transition to electric vehicles. For example, a program to provide incentives to apartment owners or business owners to install shared charging facilities might be more effective as a supplement or eventual replacement to the current proposal. Without these chargers, many apartment residents lack opportunities for home charging – even slow charging with 110V.

Workplace charging may also provide the only viable opportunity for charging for others. The chargers would also serve a larger pool of potential customers.

In addition to the tariff filing, PSE submitted a request for a waiver of WAC 480-100-223, which restricts the types of advertising expenditures that electric utilities may include in customer rates. PSE does not concede that any promotion of electric vehicles would constitute advertising to select or install electric appliances or equipment but submits the petition as a precaution.

WAC 480-100-223 should not be interpreted as prohibiting the promotion of electric vehicles by electric utilities. The rule defines promotional advertising to include “advertising to encourage any person or business to select or use the service or additional services of an electric utility, to select or install any appliance or equipment designed to use the electric utility's service.” Promotion of electric vehicles would arguably fall within this definition, but the rule exempts “advertising which promotes the use of energy efficient appliances, equipment, or services.” Electric vehicles are energy efficient appliances or equipment. For example, a 2014 Nissan Leaf has an EPA fuel efficiency rating of 114 miles per gallon of gasoline equivalent, which is double the efficiency of a 2014 Toyota Prius, which is itself among the most efficient gasoline-powered passenger vehicles available in the United States. It should be noted that this interpretation of the promotional advertising rule would not prevent the Commission from examining a utility's expenditures to promote the use of electric vehicles.

The Commission would rightly be concerned about promotional efforts that result in greater use of natural resources or pressures to increase rates for other customers. Promotion of electric vehicles raises neither of these concerns. Electric vehicles increase the use of electricity, but this effect is more than offset by the avoided consumption of petroleum products. PSE's revenue and cost analysis shows that the additional load from new electric vehicles does not result in upward rate pressure. A new electric vehicle would contribute \$770 of net margin over its useful life, \$600 of which would be returned to the customer through the charger incentive.

The State Energy Office urges the Commission to approve PSE's proposed electric vehicle incentive and to examine other steps that electric utilities might take to increase the use of electricity in the transportation sector.

Sincerely,

/s/ Tony Usibelli

Tony Usibelli
Director
State Energy Office