EVgo FAST CHARGING

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Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
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Re: Filing UE – 230287 Puget Sound Energy Proposed Modifications to Tariff WN U-60

Introduction

EVgo appreciates the opportunity to submit comments on Puget Sound Energy's (PSE) proposed modifications to Tariff WN U-60 (Tariff) before the Utilities and Transportation Commission (Commission).

EVgo is a leader in charging solutions, building and operating the infrastructure and tools needed to expedite the mass adoption of electric vehicles (EVs) for individual drivers, rideshare and commercial fleets, and businesses. Since its founding in 2010, EVgo has led the way to a cleaner transportation future, and its network has been powered by 100% renewable energy since 2019 through the purchase of renewable energy certificates. As one of the nation's largest public fast charging networks with over 600,000 customer accounts, EVgo's owned and operated charging network includes over 900 fast charging locations, 60 metropolitan areas and 30 states. EVgo has over 80 fast charging stalls at over 45 locations across Washington State, with plans for expansion.

EVgo commends Washington's commitment to accelerate transportation electrification (TE) in a manner consistent with the state's climate policy objectives. The Commission has an important role to play in executing this vision by developing sound regulations, overseeing the development of just and reasonable rates, and reviewing utility TE programs that catalyze the EV market in Washington.

In its *Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services* (Policy Statement), the Commission clarified that utilities' portfolio approach to TE programs should support customer choice and the development of a competitive market for EV charging services.[1] EVgo appreciates PSE's continued interest in supporting TE through the development of tariff offerings that enable the deployment of EV charging infrastructure, and especially through its proposed of new customer-owned tariffs that will catalyze third-party investment in PSE's service territory.

However, while EVgo supports aspects of PSE's proposal, and while utilities play an important role in accelerating market transformation necessary to enable EV adoption, EVgo has concerns about PSE's proposed Tariff filing.

First, as of the February 2023 UTC EVSE Stakeholder meeting, PSE shared that it had only deployed less than half of the public-facing utility-owned charging stations it received approval for in its 2018 TE plan

[1] *Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services,* Docket UE-160799, released June 14, 2016.

filing five years prior.[2] Additional detail is needed on the status of PSE's past pilots to evaluate their success, and more discussion is needed to explain PSE's pace of deployment and if additional investments are warranted at this time.

Second, as proposed, PSE's utility-owned public charging offering in its Tariff does not align with the Commission's Policy Statement regarding utility TE programs and lacks sufficient guardrails to ensure that utility investment will help catalyze, rather than deter, private sector investment in its service territory.

Third, the proposal neglects to include commercial EV rate reforms that are necessary to accelerate TE, and that EVgo has seen implemented elsewhere in Washington – including Avista's service territory.

EVgo encourages PSE to revise its Tariff to complement investments made by the competitive market through make-ready and commercial EV rates instead, in line with what peer utilities have also done in the last several years, and in line with similar comments that EVgo filed to PSE in response to their draft Transportation Electrification Plan in 2020.[3]

The Commission's Policy Statement Provides a Reasonable Standard of Review for Evaluating PSE's Proposed Tariff Modifications

RCW 80.28.365 establishes the process by which the Commission can review and acknowledge utility TE programs.[4] The Commission's Policy Statement also establishes a comprehensive policy framework for regulating utility initiatives to support TE. This Policy Statement provides foundational guidance for Commission review of TE programs; it identifies key program design elements that provide benefits to all utility customers and promotes market transformation while enabling the development of the competitive market for EV charging services. Specifically:

> *While the Commission will allow for flexibility in the specific services offered, the Commission will expect utility programs to offer a balanced portfolio, with attractive offers available under different types of service, to ensure fair access to services and competition in the provision of EVSE. When considering utility proposals, the Commission will rely on staff and stakeholder input to identify "imbalances" in proposed portfolios. The Commission also expects utilities to examine programs offered in other states, and draw on industry best practices and lessons learned by peer utilities. Utilities also should engage in adaptive management of the portfolio, monitor participation rates and propose changes when needed, and tailor outreach and education efforts to achieve broad participation across the portfolio.*[5]

[2] Washington UTC Joint EVSE Workgroup Quarterly Meeting, presentation, February 14, 2023.
[3] EVgo Comments on Draft Transportation Electrification Plan. Submitted to PSE December 4, 2020.

[4] https://app.leg.wa.gov/rcw/default.aspx?cite=80.28.365
[5] Policy Statement at 35.

EVgo strongly agrees with this finding in the Policy Statement and maintains that the Commission has taken a pragmatic approach in establishing guidelines by which proposed utility TE investments can be reviewed and approved. It is prudent for the Commission to evaluate PSE's proposed Tariff modifications based on the established in the Policy Statement.

Additional Clarity is Needed Before Additional PSE Programs are Approved

In a public quarterly Commission EVSE Stakeholder Working Group Meeting in February 2023, PSE shared that it has deployed three out of eight utility-owned public charging stations that it was authorized to deploy in a previous program that the utility filed in 2018.[6] EVgo encourages the Commission to seek more data on the effectiveness of PSE's utility-owned deployments once they are completed prior to authorizing additional ratepayer funding for utility-owned public charging stations.

Additionally, PSE's proposal as drafted lacks sufficient detail. For example, PSE proposes to continue offering an unknown quantity of utility-owned public charging stations with an unknown total budget, presumably at no cost to site hosts, while proposing a new customer-owned EV charger incentive that covers 50% of the cost of customer-side facilities up to $40,000 per fast charging port or $2,000 per Level 2 port.[7] PSE has also not provided any updated estimate of costs for charging stations it seeks to deploy and own under this Tariff offering, including not only costs to install the charging infrastructure, but also plans to administer ongoing operating costs, including operations and maintenance.

Finally, because PSE's proposed program offerings in Schedule 551 do not have proposed budget allocations assigned to them, it is unclear how many chargers PSE seeks to deploy as a part of these programs or what their estimated costs will be – typical components of utility TE filings. To better estimate the impact PSE's proposed Tariff modifications will have on accelerating Washington's TE goals, EVgo seeks greater clarity on the program budgets and potential chargers deployed.

PSE Should Modify Schedule 551 to Mitigate Potential Impacts on the Competitive Market

While EVgo supports several program offerings contemplated in PSE's proposal, the core of EVgo's concern with the proposed Tariff modification centers on PSE's plan to offer utility-owned charging infrastructure and services alongside customer-owned charging infrastructure incentives that target the same market segments in a manner that unduly favors utility-owned charging infrastructure offerings. If utility ownership of EVSE is to continue, sufficient guardrails will need to be put in place to create a framework that encourages, rather than hinders, third party investment in its service territory.

While EVgo agrees that utilities have a critical role to play in accelerating transportation electrification, as drafted, the utility-owned public charging offering in PSE's proposal may conflict with the goals for catalyzing the competitive market for EV charging services contemplated in the Commission's Policy Statement and that will be necessary to support Washington's TE goals. The current proposal is

[6] Washington UTC Joint EVSE Workgroup Quarterly Meeting, presentation, February 14, 2023.
[7] Schedule 551 at 3.

concerning for at least two reasons: first, by offering customers a choice of 1) a customer-owned EV charging solution that requires customers to invest upfront capital and 2) utility-owned EV charging solution that does not require the same customers to provide any upfront capital, PSE's proposal favors its own approach, which may limit customer choice. In the case of public fast charging, this may also deter private sector investment, as third-party electric vehicle service providers (EVSPs) rely upon charger usage to sustain their economics. EVgo maintains that the Commission's Policy Statement was developed expressly to identify and address these utility portfolio "imbalances."

Utilities in Other Jurisdictions are Increasingly Opting for a Make-Ready or Incentive Model

The Policy Statement also encourages consideration of utility programs in other jurisdictions.[8] EVgo regularly engages with utilities across the country and participates in utility TE programs designed to support charging infrastructure deployment. Increasingly, the make-ready and/or rebate model is growing in popularity by utilities and commissions alike.[9] Other states in which regulators have recently approved make-ready/incentive programs that support the EV charging market include, but are not limited to, Illinois,[10] New Mexico,[11] Arizona,[12] New York,[13] New Jersey[14] and California.[15] EVgo strongly recommends that Washington pursue a make-ready only approach, in line with national trends.

Guardrails Should be Put in Place to Safeguard Investments by the Competitive Market

If the Commission finds that a utility-owned public charging option is necessary, EVgo strongly recommends placing additional guardrails and conditions on utility investment to ensure that it complements – rather than competes with – investments made by private EV charging service providers.

These guardrails are increasingly common with utility programs across the country. For example, the New Jersey Board of Public Utilities (BPU) endorsed a "shared responsibility" model, whereby the

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[8] Policy Statement at 35.

[9] This program structure aligns with the program offering in Schedule 551 titled HOST-OWNED PUBLIC ELECTRIC VEHICLE CHARGERS AND SMART CHARGERS AT HOST PUBLIC SITE

[10] https://www.icc.illinois.gov/docket/P2022-0432/documents/335467

[11] New Mexico Public Regulation Commission, Case No. 20 - 00237 - UT, Final Order Adopting Recommended Decision, at 3-4 (Nov. 12, 2021).

[12] A new make-ready program was recently approved in Docket No. E-00000A-21-0104, Tucson Electric Power Company's Comprehensive Transportation Electrification Implementation Plan and Budget, at 15.

[13] Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs; July 16, 2020. CASE 18-E-0138 - Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure.

14 *See* https://nj.myaccount.pseg.com/myservicepublic/electricvehicles and https://www.firstenergycorp.com/help/electric-vehicles/nj-ev/new-jersey-ev/jcpl-ev-driven-program.html.

[15] See California Public Utilities Commission, Decision 20-08-045, p. 22, https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M346/K230/346230115.PDF, and California Public Utilities Commission, Decision 18-05-040, p. 62 https://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442457607.

utilities' role would primarily be to "make-ready" a site for publicly accessible EV infrastructure.[16] Under New Jersey's framework, the utility releases make-ready first and then later will be permitted to apply for specific locations for utility ownership as a provider of last resort in a separate proceeding if they can demonstrate a lack of private sector interest in those areas. As such, electric utilities are able to apply for BPU permission to own and operate charging stations in areas of "Last Resort." To do so, a pre-determined time must pass during which no make-ready applications have been received. The utility must also make the private sector aware that it seeks to deploy charging infrastructure at a specific location and offers up an incentive of up to 50% of the expected capital cost of the charging station for an approved Last Resort location to encourage third-party investment and minimize costs to the ratepayer. After the ownership application is filed with the Board, but prior to the installation of a charger, a private owner may opt to become the owner-operator of the equipment, under comparable terms and conditions to those that the utility had negotiated. Alternatively, the private owner may notify the Board that it intends to request make-ready support in a comparable location such that the utility-ownership is obviated. The BPU has also approved a $166 million make-ready program in Public Service Electric and Gas service territory, with $62 million allocated to fast charging. Such a model would be useful for guiding utility-owned charging infrastructure to areas that may be underserved by the existing EV charging market.

Another option is for utility-owned investments to be limited to gap areas at a quantifiable distance from public charging owned by the private market. In Colorado, the Public Utilities Commission approved Xcel Energy's 2021-2023 Transportation Electrification Plan on the condition that the utility limit its utility-owned public fast charging sites to areas that are not likely to be served by the private market. The utility was also required to work with stakeholders to identify and develop siting metrics, including metrics related to some stated, quantifiable distance between Company-owned fast chargers and privately-owned chargers.[17] Following a stakeholder process and a declaratory order from the Commission, Xcel Energy was ultimately required to site the majority of its utility-owned chargers no less than 10 miles from existing public fast charging infrastructure.[18]

A similar process was undertaken through a legacy program by Arizona Public Service (APS). EVgo supported APS's proposal given that it proposed a limited utility owned pilot of 3-5 stations, all outside a quantifiable distance of at least 31 miles from a station owned and operated by the private sector, focusing on more rural areas of the state whereby usage would likely be insufficient to attract third-party investment.[19] However, even since that limited pilot was approved in 2021, APS has decided to no longer

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[16] State of New Jersey Board of Public Utilities, Docket No. QO20050357, Order Adopting The Minimum Filing Requirements For Light-duty, Publicly accessible Electric Vehicle Charging, October 20, 2020, at 21 - 22; available at https://www.nj.gov/bpu/pdf/boardorders/2020/20200923/8F%20-%20ORDER%20Electric%20Vehicle%20MFRs.pdf.

[17] https://www.dora.state.co.us/pls/efi/efi_p2_v2_demo.show_document?p_dms_document_id=938521 "[T] the Commission requires Public Service to work with stakeholders to develop specific criteria for evaluating public DCFC applications and require the Company to file a report in this instant Proceeding by April 30, 2021, that describes the stakeholder process related to this issue, provides details on the chosen criteria, and explains the process for how they will be used to identify gaps in service."

[18] https://www.dora.state.co.us/pls/efi/efi.show_document?p_dms_document_id=961953&p_session_id=

[19] Direct Testimony of Sara Rafalson, Arizona Corporation Commission, Docket No. 01345A-19-0236, filed October 2, 2020.

seek to expand the utility owned charging pilot and instead has a make-ready proposal in front of its Commission for approval.

EVgo strongly suggests PSE's utility-owned public charging offering be amended to include similar provisions seen in other states, whether through the Provider of Last Resort model or with quantifiable distance metrics from private sector investment as seen in Arizona and Colorado. If amended, the program would be better positioned to complement EV charging service provider investments while limiting the use of ratepayer funds.

EVgo Supports Additional Focus on Rate Design Improvements to Drive EV Adoption

One of the most effective ways for the Commission to support TE in line with state policy goals is developing new beneficial commercial EV rates. The availability of alternatives to traditional commercial rate designs is essential if transportation electrification is to scale. One important application of commercial rates is in the direct current fast charging (DCFC) space, where electricity can be the largest operating cost.[20]

Demand charges, which are typically designed to recover costs from large buildings on commercial and industrial rates, present a significant barrier to the economics of DCFC at this stage of the EV market when utilization of DCFC is low yet nonetheless critical for supporting TE – particularly for drivers that do not have access to home charging. Demand charges comprise over half of EVgo's total electricity costs in PSE's service area, compared to a quarter in Seattle City Light or 0% in Avista where the Commission approved an optional commercial EV time of use rate (Schedule 013) that replaces demand charges with on- and off-peak volumetric rates.[21] EVgo recommends PSE follow Avista's lead in developing a similar rate.

DCFC infrastructure is critical to reach the increasing population of EV drivers and is especially crucial to enable electrification for drivers without access to charging at their residence or workplace such as multifamily residents and renters; drivers utilizing key transit corridors; and light duty vehicle fleets, including car sharing and ride sharing applications. Ensuring that commercial rates support EV charging is a beneficial step that regulators and utilities can take to incentivize private investments in transportation electrification. Regulators in Oregon[22], California[23], Arizona[24], Utah[25], and other Western states have recognized this challenge and have approved a variety of rates specific to commercial EV charging, as well as technology-neutral low load factor rates. These rate designs mitigate the outsized effect of demand charges on DCFC and help accelerate the deployment of EV charging infrastructure and EV adoption.

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[20] https://site-assets.evgo.com/f/78437/x/f28386ed92/2020-05-18_evgo-whitepaper_dcfc-cost-and-policy.pdf
[21] https://www.myavista.com/-/media/myavista/content-documents/our-rates-and-tariffs/wa/wa_013.pdf
[22] https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/oregon/tariffs/rates/045_Public_DC_Fast_Charger_Optional_Transitional_Rate_Delivery_Service.pdf
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[25] https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/rates/006A_General_Service_Energy_Time_of_Day_Option.pdf

Commissions Across the U.S. are Reviewing Proposals to Stimulate Third-Party Investment as Required by the Infrastructure Investment and Jobs Act

The Infrastructure Investment and Jobs Act's (IIJA) revisions to the Public Utility Regulatory Policies Act (PURPA) also requires state public utilities commissions to initiate regulatory proceedings to explore new measures to accelerate transportation electrification.[26] Specifically, IIJA directs public utilities commissions to explore commercial and residential rate design options that promote affordability and equity.[27] Doing so will help ensure that Washington is maximizing the benefit of the public charging stations it seeks to deploy with support from the National Electric Vehicle Infrastructure (NEVI) program in IIJA.

In light of these dynamics, EVgo encourages the Commission to require PSE to file new commercial EV rates as part of its amended tariff offering.

Conclusion

EVgo appreciates the opportunity provide feedback on PSE's proposed Tariff modifications. To accelerate TE in a manner that aligns with state goals and the Commission's Policy Statement, EVgo recommends that the Commission require sufficient guardrails to be put in place surrounding the utility-owned public charging offering in PSE's proposed Schedule 551 until more data can be collected on PSE's previous efforts to deploy utility-owned charging infrastructure or amend it to ensure that any utility-owned EV charging infrastructure complements and does not compete directly with private EV charging providers; EVgo also seeks greater clarity on program budgets and estimates of chargers deployed as a result of implementing offerings in Schedule 551. We look forward to being a resource to the Commission as it continues to support TE across Washington.

Respectfully submitted this 26th day of May,

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[26] See IIJA Section 40431, pp. 620-621. Specifically, the PURPA amendments require utility regulators in every state to initiate proceedings before November 2022 to consider establishing measures, including EV-specific rate designs that: 1) Promote affordable and equitable EV charging options for residential, commercial, and public EV charging infrastructure; 2) Improve the customer experience associated with EV charging, including by reducing charging times; 3) Accelerate third-party investment in EV charging; and 4) Appropriately recover the marginal costs of delivering electricity to EVs and EV charging infrastructure.
[27] *Id.*