

November 21, 2016

Washington Environmental Council's comments for Docket UE-160799

Dear Washington Utilities and Transportation Commissioners:

The Washington Environmental Council (WEC) submits the following comments in response to the Washington Utilities and Transportation Commission's (Commission) Notice of Rulemaking and Opportunity to comment on policy issues related to the implementation of RCW 80.28.60. We appreciate the Commission's thoughtful effort in developing this rule and interest in receiving continued feedback. This rule was enabled by the path breaking law (HB 1853) the Washington State Legislature enacted in 2015 to allow investor owned utilities (IOUs) to earn a rate of return from capital investments in electric vehicle supply equipment (EVSE).

WEC is a statewide non-profit with over 62,000 members and has a long-term commitment to advance state policy to use energy efficiently, transition to renewable energy, and set limits on global warming pollution. The urgency of our mission has never been more apparent than now. 2016 is on pace to be the hottest year on record and 15 of the 16 hottest years on record have come in this century. Washington is already experiencing the destructive effects of global warming in the form of droughts, wildfires, floods, storms, and heatwaves. These incidents promise to increase in severity and frequency in the years ahead without action. Important co-benefits may also be realized from reducing global warming through transportation electrification, including avoided toxic air and water pollution, better fuel economy, and the greater deployment of renewable energy through increased energy storage capacity. We are keen to get moving on the path towards making this crucial progress.

WEC played an instrumental role in advocating for the passage of legislation in 2008 that required Washington to get on a long-term greenhouse gas (GHG) emission reduction trajectory, with benchmarks to achieve in 2020, 2035, and 2050. As the consumption on road gasoline represents Washington's single largest source of GHGs, the widespread electrification of transportation modes is a tremendous opportunity to meet this legal requirement. According to a study by the Northeast States for Coordinated Air Resource Management, the penetration of EVs in Washington's light duty vehicle fleet must reach 47% by 2050 in order for the state to meet its legally required GHG reduction target in that year. Considering the slow rate of fleet turnover and the need to achieve near and medium term GHG reduction benchmarks as well, the deployment of electric vehicles (EVs) must accelerate immediately. We also support and encourage IOUs to pursue electrification opportunities across the broad spectrum of transportation modes in accordance with this rule. These include vans, long haul trucks, transit systems, and port machinery. This would further reduce emissions and realize the co-benefits described above.

WEC applauds Avista Utilities for acting fast once HB 1853 was enacted to develop an EVSE pilot program at a cost of \$3.1 million. We look forward to seeing more Washington IOUs implement

programs once the Commission finalizes this rule and clarifies lingering questions on the scope and permissibility of investments. In order to do our part to assist in this effort, we offer some answers to the following four questions posed in the Commission's request for comments:

1) Whether a rule or policy statement is necessary to implement RCW 80.28.360

The Commission should provide a policy statement that provides a clear interpretation of how IOUs can proceed with investment decisions to receive a rate of return. We believe it is important for the Commission to make the following issues clear in the policy statement:

1) An incentive rate of return is available for all EVSE investments in areas that are reasonably deemed to apply to the two-hour charging interval specified in the law. The scope of locations allowed for EVSE investments should extend beyond residential dwellings. EV drivers would benefit from the certainty of access to EVSE in public places where they may spend two hours or more, such as shopping centers, restaurants, recreation facilities, places of worship, and learning institutions.

2) EVSE investments in public places should qualify for an incentive rate of return even if there is a chance the equipment could be used by non-rate payers. This is important to make explicit because ratepayers will derive benefits from use of the equipment regardless of the user. These benefits should be found in the description of factors calculated as part of the total resource cost test.

3) Investments that are ineligible for the incentive rate of return because they would serve users for less than the two hour interval should be considered eligible for the standard rate of return. Offering this flexibility would open the opportunity for EVSE investments in a broader range of transportation electrification equipment, such as DC Fast Chargers.

2) How the Commission will consider whether an investment is eligible for the incentive rate of return

The Commission should evaluate investments based on their consistency with statutory intent. The law makes a strong statement that state policy incentives to encourage EVSE infrastructure offers the greatest return on investment for reducing GHGs, especially given the state's progress in reducing emissions in electric power generation. Any consideration of eligibility should evaluate how effectively the investment is consistent with this statement.

Moreover, eligible investment projects should include all of those which are reasonably deemed to apply to the two-hour minimum charging interval required by the law, including residential and appropriate non-residential locations as specified above. In particular, we encourage the Commission to facilitate EVSE investments that scale up the application of renewable energy generation to power EVs. For instance, IOUs under this rule should be able to recover their costs from investments in charging equipment powered by small distributed energy sources.

3) How other relevant statutes and Commission rules and standards apply to utility investment in EVSE

The appropriate application of the total resource cost test is critical to ensure the benefits of EVSE investments are fully accounted for. In conducting the test, we recommend that the Commission consider the following benefits:

- Downward pressure on electric rates from additional electricity sales from using existing power generation assets.
- Net fuel cost savings from switching from electricity to gasoline: According to U.S. DOE's E-gallon website, the average price of electricity in Washington is over three times cheaper than gasoline on a per gallon equivalent.
- Avoided greenhouse gas emissions: The monetary benefit should be calculated according to the Environmental Protection Agency's estimate on the social cost of carbon. The value of the avoided emissions may be monetized through a low carbon fuel standard, if the Legislature chooses to create one in the future.
- Improved air quality from reduced air toxics emissions as more conventional fuel powered vehicles are replaced by EVs.
- Increased electric grid flexibility with systematically managed EV charging opportunities, demand response programs, and the more effective integration of variable renewable energy.

4) Whether the Commission should consider or adopt other policies to improve access to electric vehicle supply equipment and allow a competitive market for charging services to develop

We recommend that the Commission adopt a rule requiring IOUs to make investments that ensure access to EVSE to low-income communities within their service territory. We believe such a rule is necessary because every Washingtonian deserves to enjoy the benefits of EVs, from cleaner air to reduced fuel and maintenance costs. We believe that increasing access to low-income communities can be achieved through a number of ways including conducting appropriate community outreach, mapping of demographic data, and an analysis of the local economy and traffic patterns.

Conclusion

We thank the Commission for considering our comments and are grateful for the progress our state is making to develop a 21st Century automotive fleet. We recognize that electric utilities must be active and engaged partners in this effort. We are excited to work them as the state continues to align incentives with action. Please do not hesitate to contact me if you have follow up questions to any of the ideas and statements we have provided in this document.



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Sincerely,

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