NW Energy Coalition
for a clean and affordable energy future

From: JJ McCoy
Senior Policy Associate
NW Energy Coalition

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To: Steven King, Executive Director & Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250

Re: Revised Docket # UE-160082, Avista EVSE Pilot Program

The NW Energy Coalition continues to support, in general, Avista's EVSE pilot program docket (UE-160082) with the March 21 revisions. Please see our earlier comments for more detail on the program. This document will comment specifically on the revisions and the policy issues facing the Commission.

1. **Cost Share for the Premises Wiring Reimbursement Should be Kept Small to Avoid Limiting Participation** – The revised proposal includes 20% site host cost share on premises wiring for simple installations and 35% cost share for installations with payment capabilities. This cost requirement may discourage potential site hosts from participating in the early stages of EV adoption. We would encourage the Commission to be flexible during this pilot, allowing Avista to re-open this provision if it proves to be a barrier. RCW 80.28.360 is silent on any requirements for site host cost share. For purposes of this pilot and data gathering, we support the utility's original proposal without cost sharing. If the Commission desires "skin in the game" from the site host, we would recommend modest shares, no more than 10% or 20%. The cap of $2,000 per port will likely not cover all premises wiring costs in some multi-unit dwelling or workplace settings in any case, since installation costs can vary widely with site conditions. Per California's program, we would also recommend $0 cost share in disadvantaged communities and low-income housing settings as well.

2. **User Payments and Revenues Should be Closely Tracked and Evaluated** – We support the revised proposal's expanded role for user payment capability in multi-unit dwelling and workplace settings. Many site hosts may choose to offer EV charging as a free amenity or recover their energy costs through rent or parking fees. However, as we commented previously, the flexibility to collect payment at the plug may encourage more site host participation and a fairer allocation of costs between host and driver.

It would be entirely legitimate for the site host to recover energy costs and premises wiring costs from the EV drivers, as well as manage parking duration via price signals from the charge port. However, the utility must commit to avoiding site host pricing plans that gouge drivers using ratepayer-subsidized infrastructure. We do not believe it is necessary to establish a regulated rate at this time, but rates and revenues should be tracked and evaluated as part of the pilot program to guide future regulation.

3. **The Commission should set parameters now for Avista's deployment of DC fast charging, since they will affect pricing and cost recovery**. DC fast charging is a necessary component of a complete transportation system that makes the other components (and vehicles) more valuable by enabling inter-city trips. We continue to support the inclusion of DC fast charging as a component of this pilot. However, it would be helpful for the Commission to set terms for this program now. Hawaii's Public Utilities Commission (see decision order 31338) allowed HECO to set DC fast charging rates in its pilot based on its variable costs and operations costs, with fixed costs subsidized by the ratepayers. This would be an acceptable compromise in a time-limited and station-limited pilot program to gather data on utilization and consumer response. In the Washington context, the DC fast charging component would seem to be either:

    a. A behind-the-meter program responsive to HB 1853 in which the infrastructure costs are subsidized by the ratepayers and subject to the 0.25% impact cap, or
    b. A stand-alone utility program (using either ratepayer or shareholder funds) in which all costs are recovered by user payments. In this case, DC fast charge costs would not count toward the 0.25% ratepayer impact cap set in HB 1853. Or perhaps,
    c. A pilot program that blends a) and b), allowing some ratepayer subsidy during the initial data gathering phase to track utilization and consumer response and set terms for an ongoing effort, with cap implications to be determined later based on actual cost and utilization data. (see point #5 and attached rate sheet for more on cost projections).

4. **The per minute rate design on DC Fast Charging is acceptable**. As described by the utility, there are many pricing methods in the market currently, each with pluses and minuses. Current methods include:
    a. Free
    b. Monthly subscription with unlimited charging
    c. Flat rate per charging session
    d. Rate per kWh delivered
    e. Rate per minute
    f. Combination rate per minute + per kWh delivered, and
    g. Monthly subscription with discounted rate per time, energy, or session.

    The amount of energy delivered to a vehicle varies during the course of a charging session (more initially, less as the battery gets full, and much less as the battery approaches 100% full). A per minute rate is an acceptable way to send a price signal for time spent on the device, though the value of that time will vary depending on the vehicle's design and its battery's state of charge.

5. **Avista's Proposed $0.30 / minute DC Fast Charge Price May Be a Bit Too High** – The Utility's workpaper indicates that they chose $0.30 a minute to match an equivalent gasoline price of $3.25 with assumed fuel efficiency of 24 miles per gallon and 3.3 miles per kWh. While certainly a useful comparison, this is undoubtedly the wrong method to set DC fast charge pricing. It should be based on the utility's fixed and variable costs married with utilization projections. Even using Avista's method, however, gasoline currently averages $2.25 per gallon in Washington (link) and passenger car fuel efficiency reached 28 mpg in model year 2015 (link, p. ES3), so the price with those assumptions would be $0.18 a minute.

   Please see the attached rate projection spreadsheet for some thoughts on fixed and variable cost recovery based on Avista's General Service Schedule 11. Much depends on the utilization assumptions, which are probably unknowable at present. They are certainly likely to be small initially and grow over the pilot period. Some takeaways from the projections:

   a. At one charging session per day per port, the proposed $0.30 per minute rate appears sufficient to cover the utility's electric bill (including base charge and demand charges) for the station, but not its capital or operations costs.

   b. At higher utilization, a rate of $0.16 to $0.25 per minute could cover the electric bill and also make some contribution toward the utility's capital and operations costs. The level of this contribution would depend mostly on utilization.

   We would also encourage the Commission to grant Avista flexibility to set DC fast charge pricing within an approved range, to gauge consumer response and maximize utilization, as was granted to HECO for its pilot.

6. **The Utility Should be Encouraged to Install as Much of its Planned Infrastructure as Possible in 2016 to Take Advantage of Federal Tax Credits**. IRS form 8911 allows business and personal 30% tax credits for EV charging infrastructure installations, up to $30,000 per site, but the credit expires Dec. 31, 2016 and may or may not be extended by Congress. This could significantly reduce the cost of Avista's program. The utility should be encouraged to maximize its take-up of the federal tax benefit, which should also be credited in rate recovery and the 0.25% rate impact cap calculation.

Thank you for your consideration, and feel free to contact me at (206) 295-0196 or jj@nwenergy.org if you would like to discuss these issues further.

cc: David Danner, Ann Rendahl, and Philip Jones, UTC
Shawn Bonfield and Rendall Farley, Avista
Chris McGuire, UTC
Lauren McCloy, UTC
Lea Fisher, Public Counsel, AG's Office