Advocates for the West
Affiliated Tribes of Northwest Indians
AirWorks, Inc.
Alaska Housing Finance Corporation
Alliance to Save Energy
Alternative Energy Resources Organization
American Rivers
A World Institute for a Sustainable Humanity
Beneficial State Bank
BlueGreen Alliance
Bonneville Environmental Foundation
Centerstone
Citizens' Utility Board of Oregon
City of Ashland
City of Seattle Office of Sustainability & Environment
Climate Solutions
Community Action Center
Community Action Partnership Assoc. of Idaho
Community Action Partnership of Oregon
David Suzuki Foundation
Drive Oregon
Earth and Spirit Council
Earth Ministry
Ecova
eFormative Options
Emerald People's Utility District
EnergySavvy
Energy Trust of Oregon
Enhabit
Environment Oregon
Environment Washington
HEAT Oregon
Home Performance Guild of Oregon
Home Performance Washington
Housing and Comm. Services Agency of Lane Co.
Human Resources Council, District XI
Idaho Clean Energy Association
Idaho Conservation League
Idaho Rivers United
Interfaith Network for Earth Concerns
League of Women Voters Idaho
League of Women Voters Oregon
League of Women Voters Washington
Montana Audubon
Montana Environmental Information Center
Montana Renewable Energy Association
Montana River Action
National Center for Appropriate Technology
Natural Resources Defense Council
New Buildings Institute
Northern Plains Resource Council
Northwest Energy Efficiency Council
NW Natural
NW SEED
OneEnergy Renewables
Opower
Opportunities Industrialization Center of WA
Opportunity Council
Oregon Environmental Council
Oregonians for Renewable Energy Progress
Pacific Energy Innovation Association
Pacific NW Regional Council of Carpenters
Physicians for Social Responsibility Oregon Chapter
Physicians for Social Responsibility Washington Chapter
Portland General Electric
Puget Sound Advocates for Retired Action
Puget Sound Cooperative Credit Union
Puget Sound Energy
Renewable Northwest Project
Save Our Wild Salmon
Sea Breeze Power Corp.
Seattle City Light
Seinergy
Sierra Club
Sierra Club, Idaho Chapter
Sierra Club, Montana Chapter
Sierra Club, Washington Chapter
Smart Grid Northwest
Snake River Alliance
Solar Installers of Washington
Solar Oregon
Solar Washington
South Central Community Action Partnership
Southeast Idaho Community Action Agency
Spokane Neighborhood Action Partners
Student Advocates for Valuing the Environment
Sustainable Connections
The Climate Trust
The Energy Project
The Policy Institute
Trout Unlimited
Union Of Concerned Scientists
United Steelworkers of America, District 12
US Green Building Council, Idaho Chapter
Washington Environmental Council
Washington Local Energy Alliance
Washington State Department of Commerce
Washington State University Energy Program
YMCA Earth Service Corps

NW Energy Coalition
for a clean and affordable energy future

From: JJ McCoy
Senior Policy Associate
NW Energy Coalition

November 23, 2016

To: Washington Utilities & Transportation Commission
Steven V. King, Executive Director

Re: UE-160799

Thank you for the opportunity to comment on a potential policy statement regarding RCW 80.28.360, which authorizes Washington utilities to accelerate transportation electrification by installing charging infrastructure.

We appreciate the efforts of the Commission, its staff, Gov. Jay Inslee, and bill sponsor Rep. Chad Magendanz to address this important issue. The NW Energy Coalition fully supports a greater utility role in transportation electrification as endorsed by our membership (link). The largest share of Washington's carbon emissions come from transportation, which is also the least energy efficient sector of our economy. By electrifying vehicles and equipment of all types, Washington utilities can leverage their low-carbon energy sources to reduce emissions, improve air quality, lower fuel costs for their customers, put downward pressure on utility rates, and provide flexible resources to the electricity grid which may be amenable to demand response programs and help integrate variable renewable generation.

Our responses to your questions are on subsequent pages. 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.

Regards,

JJ McCoy

CC: Tony Usibelli, Peter Moulton, Brian Young, Dept. of Commerce
Charles Knutson, Chris Davis, Keith Phillips, Governor's Office

General Statements

Commission Rules Should Support Broad Transportation Electrification Efforts – It's worth repeating that House Bill 1853 (2015) made several very strong findings and statements that should fully authorize electric utilities to pursue broad-based transportation electrification. We believe that the Washington Utilities & Transportation Commission's policy statement should reflect the spirit of those findings. In particular, the Legislature found that "expediting the transition to alternative fuel vehicles, including electric vehicles" provides the "greatest return on investment in reducing greenhouse gas emissions." Further, utilities "must be fully empowered and incentivized to be engaged in electrification of our transportation system," and the "legislature intends to provide a clear policy directive and financial incentive to utilities for electric vehicle infrastructure build out." We hope that the utilities will adopt (and the Commission will support) comprehensive strategies for the sector, including not just passenger vehicles but also transit buses, work fleets, short haul vans and shuttles, light and heavy rail, non-road equipment (such as forklifts), port electrification, etc.

Role of Non-Incentivized Programs – Several provisions of RCW 80.28.360 authorize a 2% incentive rate of return on charging infrastructure capital spending, subject to rate impact and dwell time restrictions. The law is silent, however, on whether a regulated utility can pursue additional infrastructure work for the *standard rate of return*, perhaps with fewer restrictions. Utility staff have raised the possibility that the utility could pursue additional transportation electrification programs (such as DC fast charging, where the dwell time is likely to be less than 2 hours) also on a fully regulated basis without asking for the incentive rate of return, earning instead the standard return. The NW Energy Coalition agrees that utilities should be permitted to pursue a variety of transportation electrification efforts that have real and tangible ratepayer benefits, only claiming the extra incentive on the subset of programs that meet the specific terms of RCW 80.28.360.

Gross vs. Net Rate Impact Cap – RCW 80.28.360 is silent on whether the 0.25% rate impact cap should be applied with respect to gross capital cost impacts or applied net of offsetting new rate revenue from transportation. As with decoupling, this new revenue can put downward pressure on rates by spreading utility fixed costs over more kilowatt-hours. We would recommend applying the rate impact cap on a net basis, as this will reflect that actual net bill impact to customers.

Answers to UTC Staff Questions

Question *– Whether a rule or policy statement is necessary to implement RCW 80.28.360.*

We believe that a policy statement would be helpful to provide utilities with greater regulatory certainty. In approving the 2016 Avista EV charging pilot, the Commission raised considerable uncertainty about the eventual boundary lines and rate recoverability of Avista's program. Major questions were left unanswered by both the law and the Commission. They include:

- Whether the 0.25% rate impact cap applies with respect to gross capital and operating costs, or whether it applies net of offsetting incremental rate revenue from EV charging. NW Energy Coalition would recommend a net impact approach here.

- Which types of utility investments are recoverable in rates at either a standard rate of return or the incentive rate of return (see table below for some initial thoughts there).

- What cost tests will be applied to utility investments.

- Whether any fees assessed at the plug for either Level 2 or DC Fast charging are a regulated utility rate, and if so, whether that rate may be partially subsidized by ratepayers. If subsidized, it is unclear what share of capital costs, operating costs, energy costs, and demand charges would need to be recovered from the end-user and what share may be socialized in rates. Hawaii's commission, for example, specifically allowed the utility to recover energy and operations costs at the plug while socializing capital costs for its DC fast charging pilot.

- Whether utilities may contract with a limited set of providers (and possibly just one) after an RFP process or whether the qualification process must be open to all equipment and network service providers who meet the utility's standards. A related question is whether the utility or the site host owns the end point equipment and controls pricing at the plug.

Question *– How the Commission will consider whether an investment is eligible for the incentive rate of return.*

By the terms of HB 1853, the incentive rate of return is allowed:

- If the investment results in "real and tangible benefits to rate payers", and
- If the investment is behind the customer meter and located where vehicles are expected to be parked more than 2 hours.

As for benefits, the Commission should consider a total resource cost test framework and a societal cost test framework to show the benefits to rate payers. These benefits may include:

- ***Downward pressure on rates*** due to incremental energy sales using existing utility assets (benefit to all rate payers, whether they drive an EV or not);
- ***Greater grid flexibility*** with managed charging opportunities, demand response opportunities, potential for variable renewable integration, etc. (benefit to all ratepayers);
- ***Net fuel cost savings*** from switching from gasoline to electricity (benefit to rate payers who drive EVs or ride electric transit buses, vanpools, car share, etc);
- ***Avoided greenhouse emissions*** (global benefit which also benefits rate payers. If these avoided emissions are monetized via a carbon offset protocol or low-carbon fuel standard framework, then the incremental revenue benefits all rate payers, whether they drive EVs or not); and
- ***Air quality improvements*** from avoided air toxics emissions (largely local benefit to rate payers who face air pollution in the utility's service territory).

As for the location and parking dwell times, the following table attempts to show where transportation electrification may fit under the terms of HB 1853 and where it may not. We

would encourage the Commission to adopt a flexible approach, allowing the incentive rate of return where the terms clearly apply and allowing for a standard rate of return where they do not.

	Behind Customer Meter?	>2 Hour Dwell Time?	Incentive Rate of Return?	Regular Rate of Return?
Passenger vehicles				
Level 1 or Level 2 charging				
Single- or multifamily residential	Yes	Yes	Yes	
Business fleet	Yes	Yes	Yes	
Workplace (employee)	Yes	Yes	Yes	
Public (e.g. retail or workplace / visitor parking)	Yes	Sometimes yes	Yes	
City street parking	Possibly	Sometimes	Yes?	
Utility stand-alone venture* at public site (e.g. retail or workplace / visitor parking)	No	Sometimes yes	No?	Yes?
DC fast charging				
At customer site (e.g. public parking, retail)	Probably yes	Usually no	No?	Yes?
Utility stand-alone venture*	No	Usually no	No	Yes?
Transit or school bus				
En route quick charge or trolley	Yes	No	No?	Yes?
Depot charging	Yes	Yes	Yes	
Short-haul shuttles and vans (fleet)	Yes	Probably	Yes	
Light or heavy rail	Yes	No	No	Yes?
Non-road equipment (e.g. forklifts)	Yes	Probably	Yes	
Port electrification	Yes	Yes	Yes	

* Note that if the utility were to operate a stand-alone public charging venture (Level 2 or DC Fast) with a regulated price, then arguably the distinction between the "public at large" and "electric customers" is meaningless, since any vehicle that rolls up to the station would be a direct utility customer.

Question *– How should other relevant statutes and Commission rules and standards apply to utility investment in EVSE?*

Ownership ~ Certainly, utility investments will go through the normal asset planning and rate review. We believe that, just as with renewables, it is important to keep flexible on ownership of the assets involved. In some cases, it may make sense for the utility to own and operate the asset. In others, it may make sense for a third party to own the asset but for the utility to participate through rebates on installation costs and equipment. Utilities should be free at this stage to pilot test a variety of modes of their choosing.

Planning Cycle ~ In Oregon, the Public Utility Commission's draft rule (link) contemplates two-

year cycles for utility transportation electrification plans, which would be acknowledged by the Commission much like an integrated resource plan (IRP). Ultimately, the outputs (load forecasts, etc.) of the transportation plan would feed into the IRP as well. Under Oregon's proposed structure, utilities would update their overall transportation electrification plan every two years but be free to propose individual programs (for example, targeting different vehicle or equipment segments) on an *ad hoc* basis as available within the plan goals. The Washington UTC should consider a similar structure, as it would provide a regular basis on which to evaluate and acknowledge utility transportation electrification efforts. Utilities operating in both states may also appreciate the parallel structure in their filings.

Question *– 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.*

Low-Income Access – We recommend that the Commission improve access to EV charging with rules directing the utilities to reach low-income customers with charging service, as has been adopted in California. A variety of creative programs targeting low-income consumers have been proposed in recent months, including public electric car share services for low-income communities and partnerships with medical transport services or public housing authorities to electrify their fleet and shared ride vehicles. County transit agency vanpools and other transit modes should also be a priority for utilities to reach low-income communities, as they can be expected to have cost and air quality benefits in highly impacted communities. Port and industrial equipment electrification will also be expected to have disproportionate air quality benefits in low-income communities and should be prioritized. The Commission could help ensure that the benefits of Transportation Electrification are spread more equitably with a rule strongly encouraging approaches that have positive equity effects.

Analogy to Line Extension Allowances – The Commission should consider how extensions of power supply to parking structures and "make ready" investments to support vehicle charging are similar to line extension allowances currently offered for new service to buildings and residences. The cost and revenue dynamics are directly analogous. New service for transportation imposes some incremental costs, but also provides incremental demand and revenue to support existing infrastructure. Currently, line extension allowances allocate those costs and benefits between the new and existing customers in a variety of ways. Utilities should be able to pursue investments in transportation service extensions in similar ways.

Market Competition for Charging Equipment – The NW Energy Coalition is not particularly concerned about competition issues for transportation charging. To start, HB 1853 tasks the Commission to consider "policies to improve access to and promote fair competition in the provision of electric vehicle supply *equipment*" [emphasis added]. The law does not speak to services. EV charging equipment appears to us to be a robustly competitive market, with dozens of major manufacturers in the space, including Siemens, Bosch, General Electric, Schneider Electric and others. A Google search (link) on Home Depot's website shows 39 products available today, ranging from $400 for a simple 20A home wall plug up to $6,500 for a 4-plug, pedestal mounted commercial station suitable for workplace or fleet charging. We are confident that utilities will have a suitable range of products to choose from using standard RFP procedures, as borne out by the Avista pilot, which had 18 respondents.