



ChargePoint, Inc.

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February 29, 2016

Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

RE: Avista Corp.'s Tariff WN U-28 (New Tariff Schedule 77)

Dear Mr. King,

I am writing this letter on behalf of ChargePoint, Inc. ("ChargePoint"), regarding Avista Corporation's ("Avista") proposed Tariff Schedule 77, implementing an Electric Vehicle Supply Equipment ("EVSE") Pilot Program, docketed in UE-160082. ChargePoint has the world's largest and most open network of EV charging stations, including more than 1,000 charging locations in Washington. We strongly support efforts to advance electric vehicle access to Washington customers. However, because the Washington Utilities and Transportation Commission ("Commission") has not yet established critical policy goals related to electric vehicles, and set uniform procedures, we respectfully ask that the Commission suspend this filing and open a proceeding at its March 10, 2016 Open Meeting.

I. The Commission Should Consider Overarching Policy Concerns Asserted by the State Legislature in H.B. 1853 Prior to Approving Avista's Pilot.

In House Bill ("H.B.") 1853, which became effective on July 24, 2015, the Washington State Legislature provided clear direction that reducing greenhouse gas emissions ("GHGs") in Washington will require "expediting the transition to alternative fuel vehicles, including electric vehicles."¹ H.B. 1853 further states that utilities should be "fully empowered and incentivized to be engaged in electrification of our transportation system."² ChargePoint fully agrees with these legislative objectives. Energy+Environmental Economics ("E3") published an analysis of scenarios that could reduce energy-related GHGs sufficient to meet a 2050 target of 2°C increase in global average temperatures and found that transportation electrification was core to all of them.³ As the owners and operators of the electric grid, utilities have a vital role to play in ensuring that when customers select electric vehicles, the system is ready to meet their needs.

However, even as H.B. 1853 paves the way for utilities to offer customers more electric vehicle options, it also requires the Commission to take certain policy actions that address EVSE programs offered by utilities. These policy actions would be best established in a proceeding that sets the parameters for all utilities' EVSE programs and allows other parties to provide comments with their expertise, including ratepayer advocates, industry, and automakers, as opposed to on an ad-hoc basis, in utility-specific tariff filings. Among the policy decisions H.B. 1853 compels the Commission to make are the following:

¹ House Bill 1853, §1, para. 2.

² *Id.* at para. 3.

³ NANCY E. RYAN & LUKE LAVIN, ENERGY+ENVIRONMENTAL ECONOMICS, ENGAGING UTILITIES AND REGULATORS ON TRANSPORTATION ELECTRIFICATION (2015) 2, available at https://www.ethree.com/documents/E3-NRDC_EVs_Paper_Final_20150129.pdf.

- First and foremost, the Commission “*must* consider and may adopt other policies to improve access to and promote fair competition in the provision of electric vehicle supply equipment.”⁴ The Commission may want to evaluate how business models besides utility-owned EVSE contribute to those objectives. Accordingly, the Commission may wish to order utilities to consider alternatives as part of their programmatic filings. As discussed below, Avista’s proposal sets a precedent of utility ownership.
- The Commission may allow an “incentive rate of return” where EVSE projects are “reasonably expected . . . to result in real and tangible benefits for rate payers . . .,”⁵ but it is unclear what sort of cost-benefit analysis the Commission would apply to gauge whether a utility’s program meets this requirement. Avista’s initial metric—whether billed revenue from EV customers exceeds the program costs—does not measure the comprehensive benefits EVSE provides in the form of air quality improvement and energy security, as Avista later acknowledges.⁶
- H.B. 1853 authorizes an incentive rate of return over the depreciable life of the EVSE equipment, but the Commission has not yet set guidance for utilities on how to determine reasonable depreciation schedules.⁷ Avista’s proposal establishes a 10-year depreciation for EVSE without providing a factual basis.⁸
- Addressing these aspects of H.B. 1853 holistically will position the Commission to make well-reasoned and fact-based recommendations to the State Legislature at the end of 2017. In particular, the Commission will be better positioned to make “recommendations . . . about utility participation in the electric vehicle market” if it is able to analyze multiple models of utility engagement.⁹

II. As Currently Structured, Avista’s Pilot Does Not Meet the Legislative Intent of H.B. 1853 to Promote Choice and Competition.

Unfortunately, as structured, Avista’s filing does not promote customer choice or competition, thus limiting the ability of the Commission to make this finding. Avista has proposed a program in which it would purchase and own all EVSE, and reimburse customers for Level 2 installation costs, up to \$1,000 for residential EVSE and \$2,000 for workplace and public EVSE.¹⁰ It would also pay for required utility distribution system upgrades. Avista intends to select “one or more vendors” for the pilot, and will also select contractors for EVSE installation through a request for qualifications.¹¹ In other words, Avista will select the brands of EVSE that can be installed, own those stations, and upgrade the distribution infrastructure, while EV customers will be responsible for any “make-ready” costs on their sites beyond the rebate Avista will provide.

Respectfully, Avista has crafted a role for itself that is the inverse of the business model that would best effectuate Washington’s goals and laws. There is a clear legislative intent that the Commission should look for EVSE solutions that promote customer access to EVSEs and competitive EVSE markets. ChargePoint has experience with utility ownership models on the ground in other states, and there are several aspects of Avista’s business model that we believe contravene Washington’s legislative intent. Below, we focus on three such areas: utility ownership of EVSE equipment, the “make-ready” rebate proposal, and the prohibition on resale of electricity.

⁴ R.C.W. §80.28.360(1) (2015) (emphasis added).

⁵ *Id.* at para. 3.

⁶ Letter from Avista Corp. to Mr. Steven King, Executive Director & Secretary, RE: Tariff WN U-28 (New Tariff Schedule 77) [“Cover Letter”], sent January 14, 2016, at 12-13.

⁷ R.C.W. §80.28.360(4).

⁸ Cover Letter at 16.

⁹ R.C.W. §80.28.360(5).

¹⁰ Cover Letter at 2, 16-17.

¹¹ Cover Letter at 16.

Utility ownership of EVSE equipment should be carefully scrutinized for competitive impact.

Avista is proposing to purchase EV charging equipment directly from one or more EVSE vendors, and then install, own and operate that equipment on a customer's premise. This model fails to recognize that the customer or site host should have a choice in the technology or services needed for the unique needs of the drivers visiting that location. Customer choice also promotes competition as EVSE vendors compete directly for the customer and improve their products and offerings according to the needs and demands of the market.

Selecting from a single EVSE vendor could also have a damaging effect on the market. If Avista is subsidizing the installation of one vendor's equipment only, all other vendors will struggle to compete in that same market. By owning the EVSE, Avista is able to offer customers a zero-cost alternative to purchasing a charging station directly from a competitive vendor—while using ratepayer funds.¹² This also allows the utility, rather than the market, to “pick winners” which may lead to stranded assets if the chosen technology cannot actually compete in a fair market.

Furthermore, utility ownership of EV charging equipment is not necessary to achieve the objectives of the pilot, including demand response. Avista could qualify equipment in the pilot to ensure that the charging stations are capable of smart charging and demand response, without needing to own the equipment or purchase from one single vendor. Avista also does not need to own EVSE to study customer charging behavior, as there are industry-recognized alternatives that allow for information exchange between utilities, site hosts, and charging network providers.

The make-ready rebate proposal fails to address a significant barrier for charging station deployment.

Avista has proposed to reimburse customers for premises wiring and installation on EVSE sites, up to \$1,000 for residential sites and \$2,000 for other sites. However, the costs associated with premises wiring and installation can be difficult to predict, particularly in retrofits. As the US Department of Energy noted in a November 2015 report on the costs of EV charging infrastructure, “installation costs are highly variable.”¹³ In fact, the cost of installation is often higher than the cost of the EV charging equipment, therefore making installation costs a significant barrier to charging station deployment.

Charging for the charging service is legal under Washington state law.

Avista asserts that state law prohibits EVSE customers from reselling electricity.¹⁴ However, Avista may be misconstruing the actual limitation, particularly if—as ChargePoint proposes—individual customers own the EVSE equipment rather than Avista. According to state law, the Commission “shall not regulate the rates, services, facilities, and practices of an entity that offers battery charging facilities to the public for hire; if: (1) That entity is not otherwise subject to commission jurisdiction as an electrical company”¹⁵ Additionally, state law does not prohibit the sale of electricity where an electrical company offers EVSE as a regulated service—it simply authorizes the Commission to regulate the rates and practices associated with resales.¹⁶

This state law has been important to enabling charging station owners to set pricing for charging as a service without being regulated as a utility. In order for a station owner to optimize use of their stations,

¹² California Public Utilities Commission, Application 15-02-009, Prepared Testimony of Charles J. Cicchetti on Behalf of ChargePoint, Inc., filed November 30, 2015, at 11.

¹³ NEW WEST TECHNOLOGIES, LLC, U.S. DEPARTMENT OF ENERGY VEHICLE TECHNOLOGIES OFFICE, COSTS ASSOCIATED WITH NON-RESIDENTIAL ELECTRIC VEHICLE SUPPLY EQUIPMENT (2015) 3, *available at* http://www.afdc.energy.gov/uploads/publication/evse_cost_report_2015.pdf.

¹⁴ Cover Letter at 16.

¹⁵ R.C.W. §80.28.320 (2011).

¹⁶ *Id.*

those station owners may seek to align pricing schemes with the unique behavior of EV drivers that visit their site. For example, a workplace customer may want to provide free charging for employees as an employee benefit but charge a small per kwh fee to guests. A retailer may seek to provide a free charging session for an amount of time commensurate with the dwell time most likely to ensure optimal shopping time in their store. After that initial dwell time, the retailer may seek to charge a fee in order to encourage the customer to move their vehicle once they've finished their shopping experience. Multifamily housing may seek to establish pricing for tenants to encourage occupancy but also needs to provide charging for guests in public parking lots, which may require different pricing schemes. All of these choices enable a better driving experience.

Alternative programs have been approved in other states.

There are alternative utility programs underway in other parts of the country that could be considered as models for Avista. The California Public Utilities Commission ("CPUC") recently approved an EVSE pilot program by Southern California Edison ("SCE") that is structured in a way that addresses these three areas of concern.¹⁷ Instead of owning the EVSE, SCE will fund distribution grid upgrades and "make-ready" components, and provide customers rebates for the EV charging equipment and network that the customer chooses to install.¹⁸ Rebating the charging equipment, rather than the installation costs, provides customers with certainty, as charging equipment costs can be understood and anticipated through research. Besides the competitive benefits and reduced risk to ratepayers on stranded assets, an added benefit of this business model—which ChargePoint has found to be true in practice—is that customers are more engaged in the process of researching, selecting, and operating EVSE when they have some "skin in the game" with the cost of the EVSE.¹⁹ As noted above, this model also allows SCE to qualify equipment through the rebate in order to ensure demand response capabilities, but ultimately allows the site hosts to choose from a list of multiple vendors, rather than a single vendor. Additionally, this vendor qualification is "rolling" which means that as vendors develop new products, those products can also be qualified into the programs, assuring customers that they have access to the most up-to-date technology.

Other utilities have chosen to simply offer rebates for charging equipment and not cover any of the installation costs. Puget Sound Energy has a residential charging program underway that follows this model. Others utilities offering rebates include [Georgia Power](#), [Los Angeles Department of Water and Power](#), [NIPSCO](#), and [Austin Energy](#).

The Oregon legislature is also considering HB4036, which now as amended requires the Oregon Public Utilities Commission to set direct utilities to file applications to invest in charging equipment or offer rebates for charging stations while "reasonably protecting customer choice, competition, and innovation." Similar language is being considered in Utah in SB115. Washington should consider alignment with these other states by ensuring that customer choice and competition are a part of Avista's program.

III. Avista's Pilot Includes Several Forward-Thinking Elements That Should Be Acknowledged and Retained.

¹⁷ See generally California Public Utilities Commission, Application 14-10-014, Decision ("D.") 16-01-023, issued January 14, 2016. The Indiana Utility Regulatory Commission also recently rejected a \$12.3 million utility-owned EVSE pilot but authorized \$3 million in distribution grid upgrades with multiple EV and non-EV benefits. Cause No. 44478, February 11, 2015 Decision, at 3, 19-20, available at https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed_Cases/ViewDocument.aspx?DocID=0900b631801c2948.

¹⁸ D.16-01-023 at 5, 8-9.

¹⁹ *Id.* at 15.



Despite these critiques, ChargePoint wishes to applaud Avista for moving quickly in recognition of the legislative and environmental imperatives for transportation electrification. There are several aspects to Avista's filing and pilot that are worth acknowledging. Avista's filing recognizes that low levels of accessible charging infrastructure in its service territory negatively impacts EV adoption,²⁰ and it has constructed an appropriately sized pilot that places Level 2 and DC Fast Charging infrastructure in a range of locations to address that challenge. Avista's pilot further demonstrates foresight by incorporating networked, smart charging technologies in many locations.²¹ Smart charging can allow site hosts to practice load management and track utilization, while also enabling drivers to use mobile devices to locate the charging stations and see whether they are currently in use, which reduces range anxiety. Finally, Avista's stated willingness to consider demand response and ancillary services is a critical step to fully actualizing EV value to the distribution grid.²² Avista should provide the Commission with quantifiable metrics to ensure that it is able to successfully evaluate this aspect of the pilot.

IV. ChargePoint Requests That the Commission Suspend the Tariff and Open a Proceeding.

Ultimately, Avista's filing was premature because the Commission has not engaged in the policy discussion that H.B. 1853 contemplates. Because Avista's tariff is the first EVSE program filed since H.B. 1853 was enacted, it will set a precedent—good or bad—for other Washington utilities. The Commission should make precedential decisions based on a full, factual record.

Accordingly, we respectfully ask the Commission to suspend Avista's tariff filing and open a proceeding.

Sincerely,

A handwritten signature in black ink that reads "Anne Smart". The signature is written in a cursive, flowing style.

Anne Smart
Director, Government Relations and Regulatory Affairs
ChargePoint

cc:
Chairman David Danner
Commissioner Ann Rendahl
Commissioner Philip Jones
Chris McGuire, Staff
Lauren McCloy, Staff

²⁰ Cover Letter at 11.

²¹ Cover Letter at 2.

²² Cover Letter at 18-19.