July 23, 2018

VIA ELECTRONIC FILING

Hon. Kathleen H. Burgess
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

RE: Case 18-E-0138 – Joint Petition for Immediate and Long Term Relief to Encourage Statewide Deployment of Direct Current Fast Charging Facilities for Electric Vehicles – Comments of the City of New York

Dear Secretary Burgess:

Pursuant to the Notice published in the May 23, 2018 edition of the New York State Register (ID. No. PSC-21-18-00044-P), the City of New York (“City”) hereby offers these Comments in support of the Joint Petition filed on April 13, 2018 in the above-referenced proceeding by the New York Power Authority, New York State Department of Environmental Conservation, New York State Department of Transportation, and New York State Thruway Authority (together, the “Petitioners”).

In the Joint Petition, Petitioners seek New York State Public Service Commission (“Commission”) approval of rate relief measures for Level 3 direct current fast charging equipment (“DCFC”) in order to promote the adoption of electric vehicles (“EVs”) in New York State. Specifically, Petitioners request that the Commission, inter alia, direct New York’s investor-owned utilities, including Consolidated Edison Company of New York, Inc. (“Con Edison”), to modify their respective service classification (“S.C.”) 2 or Small-General non-demand metered tariffs to accommodate DCFCs. Petitioners also request that the Commission authorize Con Edison to redirect Business Incentive Rate (“BIR”) discounts to the S.C. 2 or non-demand rates applicable to DCFCs. 1

1 These Comments are limited to the requested rate relief applicable to the Con Edison service territory. The City offers no comment on proposals in the Joint Petition relating to the other New York investor-owned utilities.
The City is committed to promoting EV adoption, as well as efforts to expand EV charging infrastructure in New York. Electrification of on-road transportation is a key component to achieving the City’s established objectives of creating a resilient and low-carbon energy supply, best air quality among all large U.S. cities, and reducing greenhouse gas (“GHG”) emissions by 80 percent below a 2005 baseline by 2050, as set forth in One New York: The Plan for a Strong and Just City.\(^2\) Importantly, an analysis of the City’s GHG emissions inventory found that, in 2016, vehicles accounted for 15.54 MtCO\(_2\)e GHG emissions, or approximately 30% of total City emissions.\(^3\) Electrifying these vehicles therefore would produce significant environmental benefits in the form of GHG emissions reductions as well as reducing criteria air pollutants (including fine particulate matter closely associated with asthma). In furtherance of this goal, a robust quick charge network would make EV adoption easier for fleets, for-hire vehicles, and everyday drivers, particularly in New York City where dedicated charging opportunities at homes and workplaces are limited.

There are numerous difficulties facing the mass-adoption of EVs, including the economics of deploying DCFCs in New York City and elsewhere in the State. Quick charging stations are most financially viable when they are well-utilized, but utilization necessarily will be low at the outset as the EV market develops. However, continued cost and rate pressures on quick charging infrastructure at this stage of market development would create a “chicken and egg” situation where potential buyers avoid EVs because of the lack of necessary infrastructure to support such vehicles, and developers avoid investing in quick charging infrastructure because of low EV adoption.\(^4\) This issue is amplified in a dense urban environment like New York City, where many customers are unable to locate charging stations at home and are therefore more reliant on publicly-available charging stations.

Based on the need to spur investments in public quick charging infrastructure at this early stage of EV market development, the Joint Petition’s proposal to shift DCFC customers to non-demand-metered rates is meritorious and warrants consideration by the Commission. Existing data suggests that DCFCs in New York operate on extremely low load factors (between 2 and 4 percent), with the highest average usage occurring during mornings, and exhibit intermittent (and


\(^4\) The Joint Petition notes that “range anxiety” resulting from the lack of available public charging stations is a significant factor currently preventing buyers from adopting EVs in greater numbers. Joint Petition at 8-9.
random) consumption. Based on these usage patterns, a rate that utilizes demand as a primary billing determinant does not accurately reflect the type of service provided to DCFCs. Instead, a non-demand-metered rate arguably would be more appropriate for such low-load-factor DCFCs whose usage does not coincide with system peak.

Moreover, evidence presented in the Joint Petition suggests that demand charges currently account for half of the economic cost of DCFCs, and eliminating the demand charge could make investments in DCFC infrastructure economically viable. To the extent that coordinated action is necessary at this point in time to ensure that adequate investments are being made in quick charging infrastructure to support a future transportation sector with a larger proportion of EVs, providing rate relief for DCFCs would be a positive step toward that paradigm.

The City recognizes that, as EV adoption increases and quick charging stations exhibit greater utilization, non-demand-metered rates may no longer be appropriate. Thus, although rate relief is appropriate at this time to kickstart the EV marketplace, the Commission should continue to monitor the levels of EV adoption in the State. In the future, further modifications to the rate structures for quick charging stations may be necessary to ensure that non-participating customers are not unduly forced to cross-subsidize quick charging infrastructure.

Regarding the BIR, the City previously supported Con Edison’s proposal to provide a BIR for publicly accessible EV quick charging stations. In its BIR Comments, the City noted that incentivizing early stations would provide necessary initial infrastructure, and would generate customer experience, siting, construction and operation learnings that would improve long-term economics. To that end, a BIR (and other temporary incentives) would provide a limited-term reduction in operating costs to enable market growth to a point where charging stations would be self-sufficient without the need of a subsidy.

Expanding the BIR program to non-demand metered rates for DCFCs, as proposed in the Joint Petition, is a logical next step in spurring initial investments in quick charging infrastructure in New York City. As the Commission stated in the BIR Order, “the rate discount is intended to encourage development of public charging stations in the New York City area” and “the availability of public EV quick charging stations in Con Edison’s territory is important to provide

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5 Joint Petition at 12.
7 The Commission issued an Order on April 24, 2018 authorizing the BIR for EV charging stations. See Case 17-E-0814, supra, Order Approving Tariff Amendments (issued April 24, 2018) (“BIR Order”).
customers with convenient charging options, increasing EV adoption.” However, evidence and analysis presented in the Joint Petition suggests that, even with the availability of non-demand rates for DCFCs, additional support is necessary for DCFCs in the Con Edison service territory to achieve a charging rate below the gas equivalency rate for operating an EV.9

Offering the BIR discount to DCFCs taking service under Con Edison S.C. 2 would enable those charging stations to offer lower charging rates, thereby encouraging customers in the Con Edison service territory to adopt EVs in lieu of gasoline vehicles. This is consistent with the Commission’s stated purpose for the BIR program. Moreover, because the BIR program is limited, incentives would not persist indefinitely. Instead, applying the BIR discount as proposed in the Joint Petition would provide additional support to quick charging stations in New York City until the EV market is robust enough for DCFCs to be self-sufficient.

It is the City’s understanding that, unlike the existing BIR program applicable to charging infrastructure served under S.C. 9, Petitioners’ BIR discount proposal would not require DCFC developers to obtain additional federal, State or local economic incentives in order to be eligible for a rate discount. The City has heard anecdotal evidence from charging infrastructure developers that the government subsidy requirement makes it difficult for developers to fully participate in, and benefit from, the BIR program. To the extent that this constitutes a barrier to EV charging infrastructure proliferation, adopting Petitioners’ proposal would remove that barrier and encourage the development and installation of DCFCs.10

Ultimately, the more vehicles are electrified, the more New Yorkers will have cleaner air and lower rates of hospitalizations due to asthma and other respiratory issues. The Joint Petition offers several potential solutions that could help address the issue of under-developed EV charging infrastructure (particularly in New York City), and encourage increased adoption of EVs, consistent with both the Commission’s and the City’s stated policy objectives. For those reasons, the City supports the Joint Petition and respectfully recommends that the Commission: (1) direct Con Edison to modify its non-demand-metered rates to accommodate DCFCs, as set forth in the Joint Petition; and (2) expand Con Edison’s BIR discount program to encompass DCFCs taking service under such rates.

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8 BIR Order at 7.
9 See Petition Appendix C.
10 In the BIR Comments, the City noted that it currently is determining how it can use a combination of capital funding already allocated to quick charging hubs, future funding allocations, and the value of City-owned sites to meet the BIR program’s requirement that a program participant first receive government economic assistance. The City remains committed to assisting developers in meeting such a requirement, if applicable here.
The City looks forward to working further with the Commission, Con Edison, and other interested parties to increase electric vehicle penetration in New York City. Please contact us with any questions.

Respectfully Submitted,

/s/ Justin J. Fung

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