July 23, 2018

VIA ELECTRONIC MAIL

Honorable Kathleen H. Burgess, Secretary  
New York State Public Service Commission  
Three Empire State Plaza, 19th Floor  
Albany, New York 12223-1350

Re: Case 18-E-0138 – Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure

Dear Secretary Burgess:

On April 24, 2018, the New York Public Service Commission (the “Commission”) instituted a proceeding on electric vehicle supply equipment and infrastructure.¹ The goal of the proceeding is generally to determine the role of electric utilities in encouraging greater penetration of electric vehicles (“EVs”) and electric vehicle supply equipment (“EVSE”) in New York State in order to meet the greenhouse gas reduction targets set forth in New York’s State Energy Plan.² PSEG Long Island, as the Service Provider to the Long Island Power Authority (“LIPA”), is submitting these comments in support and furtherance of the Commission’s goals and to propose a solution to facilitate increased EV and EVSE penetration in New York State.

PROCEDURAL BACKGROUND

On April 13, 2018, the New York Power Authority, New York State Department of Transportation, New York State Thruway, and New York State Department of Environmental Conservation (“Petitioners”) submitted to the Commission a Joint Petition to Encourage Statewide Deployment of Direct Current Fast Charging (“DCFC”) Facilities for Electric Vehicles (the “Joint Petition”).³ The Joint Petition was published in the New York State Register on May 23, 2018.⁴

The Joint Petition requested two forms of relief: (1) that the Commission direct investor-owned utilities to immediately modify their tariffs such that DCFC customers would qualify for

¹ Case No. 18-E-0138, Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure, Order Instituting Proceeding (issued and effective April 24, 2018).
³ The Joint Petition was posted in the Department of Public Service’s Document and Matter Management system on April 13, 2018, under Case No. 18-E-0138.
Service Classification 2 (“SC-2”), a service classification with no demand charges, in order to improve the economic viability of DCFC facilities in support of the public policy goal of rapidly increasing EV adoption and (2) that the Commission commence a proceeding to establish principles to guide investor-owned utilities in redesigning rates applicable to DCFC accounts and in the development of broader EV implementation plans.

**COMMENTS**

I. **LIPA and PSEG Long Island Support the Public Policy Goal of Increasing EV Adoption to Reduce Greenhouse Gas Emissions and Support Petitioners’ Request for a Proceeding to Provide Guidance on the Role of Electric Utilities in Meeting this Goal.**

LIPA and PSEG Long Island support the goal of adopting efficient rate designs and electric utility programs to encourage EV deployment throughout New York State. We support the Petitioners’ request for the Commission to establish a generic proceeding to consider appropriate EV rate designs.

LIPA and PSEG LI’s EV-related policy objectives include supporting New York’s zero emission vehicle and emissions reduction targets; seeking to empower competitive EV and EVSE markets; maximizing net benefits to Long Island electricity consumers; and encouraging efficient use of electric grid assets.

To achieve these goals, PSEG Long Island has already begun implementing the following initiatives:

- Launched workplace charging rebate program;
- Added EVs and chargers to PSEG Long Island’s vehicle fleet;
- Proposed a residential smart charging rate in PSEG LI’s Utility 2.0 Plan; and
- Launched a customer EV outreach and engagement campaign.

II. **LIPA and PSEG Long Island Agree that Demand Charge Relief for DCFCs is Necessary to Meet the State’s Greenhouse Gas Emission Reduction Targets and Offer an Alternative Solution for Demand Charge Relief.**

Petitioners cite extensive evidence that demand charge relief is necessary to increase DCFC penetration in order to overcome potential EV consumers’ anxiety about vehicle driving range and lack of available public charging infrastructure, which has been a barrier to more widespread adoption of EVs.  

LIPA and PSEG Long Island agree that overcoming consumer concern about range anxiety is an important obstacle which must be overcome in order to increase EVSE penetration

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5 Joint Petition, at 8-9 and accompanying footnotes.
and consumer adoption of electric vehicles. Consumer access to a comprehensive network of fast convenient public charging stations (high power Direct Current Fast Chargers - “DCFC”) is critical for overcoming consumer range anxiety.

We recognize that initial DCFC charger installations will be challenged by low utilization rates. High voltage draws when being used – combined with existing demand tariff rates – make the economics of DCFC owners’ business cases challenging.

a. PSEG Long Island and LIPA are developing a “set point” approach that will mitigate the risk of high demand charges during periods of low DCFC utilization.

In recognition of these challenging business cases, which could lead to insufficient DCFC charging stations being installed in our service territory, PSEG Long Island has developed an innovative DCFC “set point” incentive to complement our existing EV initiatives and to lead to development of the infrastructure necessary to support greater adoption of EVs.

The plan under consideration would (1) put fast charging stations on a standard commercial electric rate (including demand charges) and (2) provide a monthly off-tariff rebate to the DCFC-customer that effectively caps the delivery and power supply portions of the electric bill to the fast charger facility at a pre-determined $/KWH set point. While further analysis will need to be undertaken to establish the actual set-point cap, a reasonable set-point should allow the charging station owner to offer a price to the EV-customer which would be comparable to the gasoline equivalent price. On a monthly basis, the actual consumption and associated bill would be compared to the set-point $/KWH cap and the customer would be provided a refund equal to the difference. A further description of this concept was submitted as Appendix D to our recently filed Utility 2.0 Plan.

As with Petitioners’ proposal to put DCFCs on SC-2 rates, the set point approach mitigates one of the primary risks preventing higher DCFC penetration: economic losses caused by the combination of low utilization and high electricity demand charges. However, the set point approach offers several additional benefits, as described in the following sections.

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7 Id.
b. The set point approach is cost effective because it matches the size of the incentive to the need of each DCFC.

The set point approach avoids subsidizing profitable stations because the incentive decreases automatically as utilization increases. As a result, the amount of the incentive for each charging station is matched precisely with the size of the economic loss caused by low utilization. This happens naturally because, as overall utilization of the charging station increases, so will the DCFC customer’s load factor, and as a result the average $/KWH paid by the owner will approach and ultimately fall below the set-point $/KWH cap. In contrast, the Joint Petition proposes to put all DCFCs on SC-2 energy-only rates, which would produce a low effective rate for all DCFCs without differentiation.

c. The set point approach is relatively simple to implement and administer and easy for DCFC station owners to understand.

The set point approach, as proposed by PSEG Long Island, is structured as a rebate rather than a rate and tariff change, which makes it simple for utilities to implement and administer. DCFCs will remain on standard demand-metered rates based on their usage and load characteristics, and the rebate will be paid as an off-bill incentive for a set term. This avoids the need for modifications to the utility’s billing system, tariffs, and rate code eligibility.

The set point approach is also easy for DCFC station owners to understand and will result in predictable electric rates. In contrast, SC No. 2 rates fluctuate monthly (Power Supply Charge) and seasonally (Delivery Rate). Such volatility in EV rates may undermine the goal of accelerating deployment of EVs. The fixed effective $/KWH cap proposed in the set point approach mitigates these swings and provides greater certainty to the DCFC market.

The set point approach also provides for a smooth transition for utilities and DCFCs at the conclusion of the incentive. In contrast to the Petitioners’ proposal, since DCFCs will remain on standard rates, participating utilities will not be in the position of needing to move DCFCs from SC-2 back to standard rates at the expiration of the incentive. In addition, because the set point incentive declines naturally as utilization increases, stations will gradually become self-sustaining as they reach targeted levels of utilization, avoiding a potential shock to the market from (and resulting resistance to) a sudden loss of incentives. By comparison, putting all DCFCs on SC No. 2 rates could set an unreasonable market expectation that the generic case will result in a similar energy-only rate or other permanent incentives and could make it difficult for utilities to return DCFCs to demand-based rates when incentives are no longer needed.

CONCLUSION

PSEG and LIPA suggest that the Commission consider the use of flexible policies such as the set point incentive we proposed in our Utility 2.0 filing, as an interim measure that utilities may elect to address range anxiety issues until the market becomes more mature and EVs and charging stations become more prevalent across New York State. We look forward to
continuing discussion on this proposal with the Department of Public Service staff as part of the Utility 2.0 review process.

Respectfully submitted,

[Signature]

Robert G. Grassi
Senior Regulatory Counsel

PSEG Long Island LLC
Through its operating subsidiary,
Long Island Electric Utility Servco LLC
As agent of and acting on behalf of
Long Island Lighting Company d/b/a LIPA