December 14, 2018

VIA ELECTRONIC FILING

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

Re: Case No. 18-E-0138: Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure.

Dear Secretary Burgess,

Tesla, Inc. ("Tesla") thanks the Public Service Commission ("Commission") for the opportunity to provide comments in response to the November 20, 2018, *Consensus Proposal to Encourage Statewide Deployment of Direct Current Fast Charging Facilities for Electric Vehicles* ("Consensus Proposal") filed by Consolidated Edison Company of New York ("ConEd") on behalf of Central Hudson Gas & Electric Corporation ("Central Hudson"), ConEd, New York State Electric & Gas Corporation ("NYSEG"), New York Power Authority, New York State Department of Environmental Conservation, New York State Department of Transportation, New York State Energy Research and Development Authority, New York State Thruway Authority, Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid"), Orange and Rockland Utilities ("ORU"), and Rochester Gas and Electric Corporation ("RGE"), ("Joint Utilities et al.").

Access to convenient public charging is an important factor for many drivers considering the purchase of an electric vehicle ("EV"). Significant public charging investments will be required for New York to achieve its goal of 800,000 zero emissions vehicles sales by 2025. As discussed throughout this proceeding, demand charges represent a significant barrier to the deployment of direct current fast charging ("DCFC"). Tesla appreciates the ongoing efforts of stakeholders, the Commission and Commission Staff to find ways to spur charging investments in DCFC, and appreciates the work and effort that went into creating the Consensus Proposal by the Joint Utilities et al.

The Consensus Proposal represents an important first step to addressing cost barriers for DCFC deployments. Tesla recommends that the Commission continue a collaborative stakeholder process in this matter to better understand the implementation and potential impacts of the Consensus Proposal. Moreover, Tesla recommends that the Commission explore additional options and actions

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that fit within the thoughtful principles outlined by the Joint Utilities et al,[1] that utilities and stakeholders can pursue to increase access to charging and EV adoption more broadly, including deployments of Level 2 charging in multi-unit dwellings and workplaces, rate design options for EV charging operators and EV drivers, and utility education and awareness programs.

While the Consensus Proposal will improve the economic viability of DCFC stations receiving credits under the program, there are several areas that warrant additional discussion and consideration. One area is whether the cumulative plug caps are sufficient or if they could lead to implementation issues and unintended consequences. Several of the utility plug caps are modest and could potentially be exhausted very early in the program. Charging stations are increasingly being built with more plugs, which could thereby effectively make the program very short-term despite nominally running through 2025. Moreover, the program is limited to new stations, which potentially puts existing network operators or stations at a disadvantage, particularly if new charging operators enter the market and receive the incentives and program caps are quickly exhausted. Additional consideration of mechanisms or rate designs that can be more broadly applied are necessary to ensure DCFC station development continues into the future.

Additional details about the implementation of the plug caps would also be beneficial to better understand how chargers installed above annual caps are treated. For example, Central Hudson has a program cap of 34 plugs in 2019, which then increases to 68 plugs in 2020 and 100 plugs thereafter. If 32 plugs are installed in 2019 and then an operator installs an 8 plug station before the end of the year, would they only receive credit for 2 plugs in 2019, or would all 8 plugs receive the 2019 credit?

The Central Hudson, NYSEG, RGE and National Grid proposals also tie the eligibility timeline to the remittance of contribution in aid of construction (“CIAC”). While this is reasonable, additional clarity is needed for sites that do not require CIAC. Would the sites need to be energized within one year of following the utility communicating the results of the study?

Relatedly, Central Hudson proposes a limitation to their program that gives them the ability to determine eligibility of a DCFC station based on the station’s siting in order “to limit and/or avoid infrastructure constraints and/or system reliability impacts…”[2] Tesla recommends removing this limitation because it is unnecessary and inconsistent with Central Hudson’s tariff. Utilities conduct system studies during the new service request process to identify whether infrastructure upgrades will

[1] Consensus Proposal at pg. 5. Principles include: 1. Keeping DCFC stations on the appropriate electric rate schedule, which includes demand charges, so that operators are encouraged to manage their demand levels to manage bills (as well as electric system impacts) when incentive sunset at the end of the term. 2. Provide limited-term cost relief for DCFC station operators to address the short-term economic challenges associated with initial low charging utilization levels. 3. Design a program of the appropriate size and cope to encourage the development of the DCFC infrastructure in line with supporting ZEV goals.
[2] Consensus Proposal. Central Hudson Program, Appendix A at pg. 2.

be required for the DCFC station to take service. Charging station operators are required to pay for any upgrade costs above the allowance amount. Per Section 5.A (Leaf 23) of Central Hudson's Tariff, applicants are required to pay or agree to pay in writing "…the material and installation costs relating to any portion of the distribution line, service line and appurtenant facilities other than Account 368 (transformers) or Account 370 (meters), that exceeds the portion which the Company is required to provide hereunder without a contribution from the applicant…"

Stakeholders can also benefit from additional discussions about whether the Consensus Proposal sends an appropriate signal. Being designed primarily as a fixed incentive per plug sends companies a signal to construct stations, but outside of ConEd and ORU's proposals, the proposals don't encourage high utilization of stations. The effective incentive levels of the ConEd and ORU's proposals are somewhat proportional to a station's operation because of the inclusion of variable incentive components. These components take the form of term-limited demand charge reductions and bonuses for stations that are highly utilized. The design encourages operators to increase utilization of their stations, while still sending a signal to operators to manage their demand. Applying similar mechanisms statewide can strike a balance between fixed and variable cost considerations for operators, as well as overall costs for the Consensus Proposal. Tesla also appreciates and is supportive of the tariff changes proposed by ConEd and ORU that removes the requirement that stations also be recipients of State, local, or other government incentives to qualify given the current lack of such incentives.

Tesla thanks the Joint Utilities et al. for their leadership and development of the Consensus Proposal. We appreciate the opportunity to provide these comments and for the Commission's consideration. Tesla looks forward to continue working with stakeholders to find ways to increase EV adoption and access to charging in NY more broadly to ultimately transition New York to an electrified transportation system.

Sincerely,

Patrick Bean
Sr. Managing Policy Advisor, Tesla Inc.