

STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

In the Matter of Proceeding to)
Establish Alternatives to)
Traditional Demand-Based Rate)
Structures for Commercial
Electric Vehicle Charging.

Case 22-E-0236

CON EDISON AND O&R BIENNIAL REVIEW COMMENTS

I. Overview

On January 31, 2025, the Commission requested comment on whether the existing “Immediate Solutions”¹ remain necessary unless “(1) market conditions have improved; (2) EV charging business models have changed such that relief from traditional demand charges is no longer needed; or (3) other compelling evidence is provided.”² Consolidated Edison Company of New York, Inc. (Con Edison) and Orange and Rockland Utilities, Inc. (O&R) (together, the Companies)³ have implemented their Commercial Managed Charging Program (CMCP) and the Demand Charge Rebate Program (DCR)⁴ as Immediate Solutions.

While there has been progress in EV charging buildout,⁵ neither market conditions nor the EV charging business model have changed enough to overcome the Commission’s rebuttable presumption.

The Companies note the operating cost support that best benefits all utility customers can be provided by the CMCP, which also provides value by shifting EV charging behavior. The Companies suggest that the review determine that:

- 1) Immediate Solutions, specifically CMCP, remain necessary and that current CMCP incentive levels are aligned with grid value and appropriately sized for customers on traditional commercial rates.

¹ Case 22-E-0236, Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging, Notice Commencing Review Process and Soliciting Comments (issued January 31, 2025), p. 2.

² Notice Commencing Review Process, p.2; citing Case 22-E-0236, Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging, Order Establishing Framework for Alternatives to Traditional Demand-Based Rate Structures (Demand Charge Alternatives Order) (issued January 19, 2023), p. 39.

³ The Companies are filing these comments separately from Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, and Rochester Gas and Electric Corporation (the Upstate Utilities) since the Companies have gained experience, data, and lessons from their CMCPs over the past year.

⁴ As directed by the Commission, the Companies will offer a new EV Phase-In Rate by October 17, 2025, providing a new source of operating cost support for many charging sites. At that time, the DCR program will be terminated. Case 22-E-0236, Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging, Order Implementing Electric Vehicle Charging Rates for Commercial Customers (issued October 17, 2024). As required by the Commission, the Companies offer to provide additional operating cost support until an EV Phase-In Rate becomes available.

⁵ As of April 1, 2025, 13,425 L2 and 623 DCFC charging plugs have been installed through the PowerReady Make-Ready program in Con Edison and O&R service areas combined.

2) CMCP incentive levels be modified for charging stations enrolled in the EV Phase-In Rate because market distortionary effects⁶ are likely. To avoid market distortions from the introduction of the EV Phase-In Rate, the Commission should approve an update of the program incentives for public Direct Current Fast Charging (DCFC) stations and Level 2 (L2) customers to the Standard Incentive level, rather than the current Enhanced Public Incentive level. Due to the limited time offering of the DCR program, it should remain in place unchanged until the EV Phase-In Rate is implemented to maintain market stability.

II. Background

The CMCP incentivizes eligible commercial charging stations. The Companies offer Standard Incentive levels for peak avoidance to all charging stations other than public stations. Public L2 stations are eligible for a higher Enhanced Public Incentive level for peak avoidance, and public DCFC stations are eligible for a higher Enhanced Public Incentive level for peak avoidance if they are not enrolled in the DCR program. Public DCFC stations enrolled in the DCR program are eligible for a reduced incentive level for peak avoidance. The CMCP also offers use case-specific adders for Public L2 and Transit stations, which will phase out once the EV Phase-In Rate becomes available.

The DCR program provides a 50% rebate on demand charges for public DCFC with a Charging Ratio of at least 50%.⁷ As directed by the Commission, DCR will phase out once the Companies begin to offer the EV Phase-In Rate.

⁶ Market distortionary effects can include negative electric delivery costs, where the DCR together with CMCP incentives can result in the customer receiving a net payment which more than offsets the delivery portion of their bill.

⁷ The Charging Ratio is calculated as the ratio of the maximum potential simultaneous EV charging load to the maximum potential sitewide load (including both EV charging and other site load). Case 22-E-0236, Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Charging, Joint Utilities Immediate Solutions Program Design (Filed March 20, 2023), p. 4.

III. Commercial Managed Charging Program Comments

A. Whether immediate solutions are still necessary

The Commission should find that the CMCP is necessary in the Companies' service territories because market conditions and business models have not changed. In recent years, infrastructure costs have been relatively flat for L2 installations and increasing for DCFC installations,⁸ and a Con Edison internal rate of return (IRR) analysis shows a Public DCFC positive business case continues to rely on both make-ready and operating cost incentives.⁹ Additionally, the Companies have not seen any new business models for EV charging buildout through their PowerReady Make-Ready incentive programs.

The CMCP encourages and ingrains grid-beneficial behavior in the EV charging market. The CMCP combines operating cost support with price signals that encourage changes to EV driver charging behavior by providing incentives for charging at times that are beneficial for the grid, thereby expanding grid flexibility. The flexibility in electric load that the CMCP provides is growing in value and evolving with the energy system, as described in a recent report prepared for the New York State Energy Research and Development Authority and the New York Department of Public Service.¹⁰

At this early stage in the EV charging market, continuity in the broad availability of the CMCP and right-sized incentives are both important to cost-effectively ingrain grid beneficial behavior in charging station operators. As a previous analysis shows, the benefits that a CMCP

⁸ Con Edison data from the Make-Ready program shows market conditions result in average eligible costs per kW of DCFC charger installation increasing at a compound annual growth rate of 29.9% in a two-year time frame that approximately matches the period since the Demand Charge Alternatives Order was filed (comparing data from second half of 2022 to second half of 2024). Data over the same period for average eligible costs per plug for L2 charger installation have stayed flat, with a compound annual growth rate of 0.3%.

⁹ Con Edison analysis found that make-ready incentives and a delivery cost commensurate with a load factor of roughly 25% on a standard delivery rate are required for a public fast charging site to achieve an internal rate of return (IRR) that results in a viable business case for the charging site developer and operator. Analysis assumes public DCFC site with 10 150 kW chargers receiving PowerReady incentives at the 90% incentive tier for customer and utility side costs, with a 15% required IRR; a payback period range of 5 to 15 years was considered with the needed load factor of 25% falling in the middle of the range.

¹⁰ "New York's climate policy goals will drive fundamental change in the power system by 2040, increasing the need for – and value of – grid flexibility." The report goes on to note that "the portfolio of grid flexibility measures could avoid \$2.9 billion annually in power system costs by 2040, of which \$2.4 billion could be returned to consumers", of which "EV charging represents the single largest opportunity for grid flexibility." The Brattle Group. New York's Grid Flexibility Potential - Volume I: Summary Report. Prepared for NYSEEDA and NY DPS. (January 2025). <https://www.brattle.com/wp-content/uploads/2025/02/New-Yorks-Grid-Flexibility-Potential-Volume-I-Summary-Report.pdf>.

provides to the electric delivery system through increased grid flexibility far exceed program implementation and incentive costs.¹¹ Moreover, previous analysis shows that “conservative estimates suggest that infrastructure cost moderation benefits of the managed charging program exceed \$1 billion in present value through 2030.”¹² In addition to the grid value, the Companies’ CMCP also provides operating cost support, which is especially important for EV charging stations that are not eligible for the EV Phase-In Rate or choose to participate in CMCP in lieu of the EV Phase in Rate.¹³

B. Whether modifications are necessary to currently available solutions

The Companies recommend: (1) no modifications for customers on a traditional commercial rate; and (2) for customers enrolling in the EV Phase-In Rate, adjusting incentive levels for public stations currently receiving Enhanced Incentives. Going forward, the CMCP should work effectively with the new EV Phase-In Rate and continue to create value for the grid. Program incentives should be based on three principles: (1) right-sizing incentive levels to provide a strong price signal to influence charging behavior while not creating market distortionary effects, (2) maintaining incentive levels to be within the grid value of the charging behavior, and (3) providing the most efficient and beneficial operating cost support through grid benefits along with market support, such as alignment with grid flexibility price signals through the CMCP.

The Companies evaluated the current incentive levels for customers on a traditional commercial rate and customers on the EV Phase-In Rate using an effective \$/kWh framework. The Companies calculated effective annualized delivery costs net of CMCP incentives on a range of commercial rates and the EV Phase-In Rates at different load factors, based on the 2025

¹¹ Case 22-E-0236, Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging, Joint Utilities Comments on Staff Whitepaper on Alternatives to the Traditional Demand Charge for Commercial Customer Electric Vehicle Charging (Joint Utilities’ Comments on Staff Whitepaper) (filed December 5, 2022), pp. 23-24.

¹² Joint Utilities Comments on Staff Whitepaper, p. 20.

¹³ Some charging sites are ineligible due to various factors such as the station’s load factor and comingling of load behind the meter.

tariff and draft EV Phase-In Rate rates.¹⁴ The methodology and results are described in Appendix A.

First, current program incentive levels should be maintained for customers receiving service on a traditional commercial rate because the analysis shows that the Enhanced Public Incentive for both DCFC and public L2 use cases produces results without market distortion, and are sized within the grid value of the charging behavior.

Second, the Companies found that the program incentives for public charging stations enrolled in the EV Phase-In Rate should be adjusted because the level of operating cost support provided by the new EV Phase-In Rate with the Enhanced Public Incentive levels for CMCP result in negative effective delivery costs at lower load factors, creating a market distortionary effect (see Appendix A, Figure 1). For these public sites, the Companies recommend offering the Standard Incentive for public charging stations enrolled in the EV Phase-In Rate rather than the current Enhanced Public Incentive. The Standard Incentive level offers a sufficiently robust price signal to both encourage grid beneficial charging behavior and provide adequate operating cost support without distorting market impacts.

The IRR analysis for a public DCFC station described above provides an additional market reasonableness check on the incentive levels. The analysis shows that with the public level of make-ready incentives covering 90 percent of utility and customer-side make-ready costs, and effective \$/kWh delivery costs similar to those on standard delivery rates at 25% load factor, the resulting Internal Rate of Return is reasonable, but not excessive, making the fast-charging charging business case viable.

These proposed incentives were developed using the draft EV Phase-In Rate, which has not yet been finalized. Fine-tuning of incentive levels may be necessary when the final EV Phase-In Rate tariff is available.

¹⁴ The analysis was based on an in-progress draft of the EV Phase in Rates; the EV Phase in Rate tariff amendments have not yet been finalized. As such, this analysis is for illustrative purposes only and is not meant to be definitive.

IV. Conclusion

For the reasons discussed above, the Companies request that the Commission continue the existing Immediate Solutions as modified herein.

Dated: April 1, 2025

**CONSOLIDATED EDISON COMPANY OF
NEW YORK, INC. and ORANGE AND
ROCKLAND UTILITIES, INC.**

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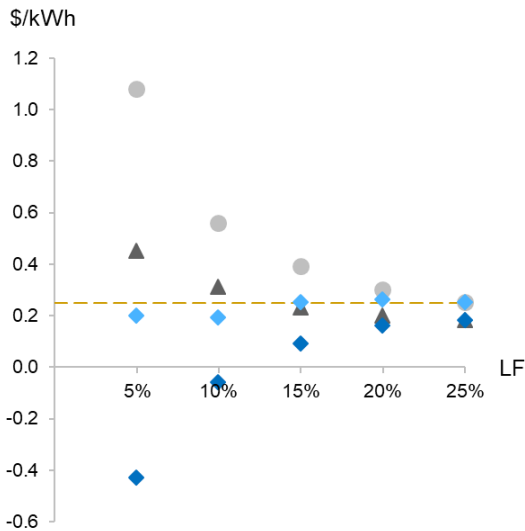
Appendix A: Con Edison Effective Cost Analysis

The following graphs show the effective delivery cost, on a per kilowatt-hour basis, across combinations of rates, charging station type, and CMCP incentives. Each graph represents a charging station type and shows the effective delivery cost at different rates with and without CMCP incentives. The effective costs include the current standard commercial rate with and without CMCP incentives (gray circle and gray triangle, respectively) and the preliminary EV Phase-In Rate with and without CMCP incentives (light blue and dark blue diamonds, respectively). The graphs also include a horizontal dashed yellow line to denote the target delivery cost at 25% load factor for that station type.

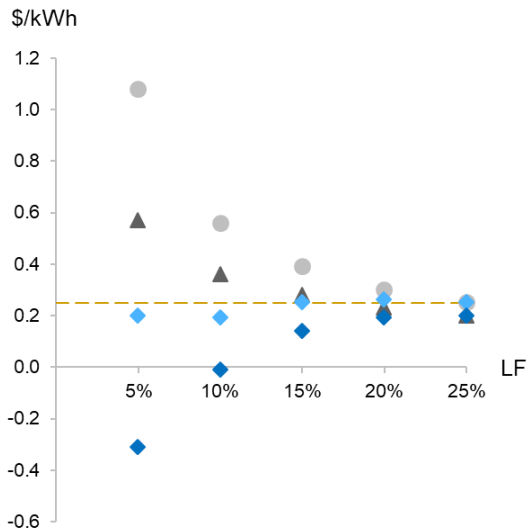
Figure 1: Con Edison effective delivery cost as a function of load factor (LF), assuming current Public Enhanced DCFC and L2 incentive levels for both Service Class (SC) 9 Rate I and EV Phase in Rate (PIR) customers.

- SC9 Rate I
- ▲ SC9 Rate I + SCC
- ◆ PIR Rate I
- ◆ PIR Rate I + SCC
- SC9 Rate I @ 25% LF

Public DCFC



Public L2



Modeling assumptions:

- This analysis followed the same assumptions used in the Joint Utilities Comments on Staff Whitepaper, updated to reflect current rates and CMCP incentive levels.¹⁵
- The utilization profile used for both Public DCFC and Public L2 use cases was the “Public On the Go” load profile.
- The analysis used the 2025 Con Edison tariff and the preliminary Phase-In Rate rates.
- The analysis assumes a 1,500 kW station where EV load is comingled with other site load and low tension service.

¹⁵ Joint Utilities Comments on Staff Whitepaper, pp. 43-44.