



April 1, 2021

VIA ELECTRONIC FILING

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

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

Dear Secretary Phillips:

Pursuant to the Notice Requesting Comments issued in the above-referenced proceeding on March 22, 2021, Multiple Intervenors, an unincorporated association of approximately 60 large industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State, hereby submits these Comments to the New York State Public Service Commission (“Commission”) concerning: (1) the Residential Electric Vehicle Managed Charging Proposal, submitted by Niagara Mohawk Power Corporation d/b/a National Grid (“Niagara Mohawk Proposal”); (2) the Mass Market Managed Charging Program Proposal, submitted jointly by New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation (“NYSEG and RG&E Proposal”); and (3) the Electric Vehicle Managed Charging Proposal, submitted by Central Hudson Gas & Electric Corporation (“Central Hudson Proposal”). All three proposals were filed herein on December 4, 2020.

The three proposals have the same fundamental design – a program that would last from 2021-2025 to encourage mass-market electric vehicle (“EV”) owners to charge their EVs during off-peak periods. (Niagara Mohawk Proposal at 3; NYSEG and RG&E Proposal at 4-5; Central Hudson Proposal at 1.) The proposals differ, however, in their costs and cost allocation and recovery approaches. The Central Hudson Proposal, for instance, would impose no incremental costs on customers. The passive component of the program, consisting of an alternative rate design and bill credit, is revenue neutral, and the active component of the program, consisting of a program similar to existing demand response programs, has costs that would be recovered through the utility’s existing Non-Wires Alternatives program budget. (Central Hudson Proposal at 4.)

In contrast, the Niagara Mohawk Proposal and the NYSEG and RG&E Proposal would entail incremental costs, which the utilities propose to recover from all customers, not merely the mass-market customers that would be eligible to participate in the managed charging programs. (Niagara Mohawk Proposal at 20; NYSEG and RG&E Proposal at 15.) The Niagara Mohawk

Proposal estimates approximately \$18 million in incremental costs. (Niagara Mohawk Proposal at 24.) Niagara Mohawk proposes initially to recover incremental costs from program participants – *i.e.*, mass-market customers. (*Id.* at 20.) The utility, however, also proposes to recover incremental costs from all customers through a surcharge “to the extent [it] is unable to recover program costs from program participants.” (*Id.*) The NYSEG and RG&E Proposal estimates \$7.4 million and \$4.4 million in incremental costs for these utilities’ customers, respectively. (NYSEG and RG&E Proposal at 15.) NYSEG and RG&E propose to treat these incremental costs as a regulatory asset and recover them from all customers over 10 years. (*Id.*)

In the interest of equity, Multiple Intervenors recommends that any incremental costs be allocated to service classes participating in the managed charging programs, consistent with cost-causation and beneficiaries-pay principles. A cost-causation methodology identifies the factors that cause a utility to incur costs, and allocates those costs to the service classes responsible for their incurrence. Under a beneficiaries-pay approach, costs are allocated to the service classes benefiting directly from an expenditure. Fundamentally, both principles ensure equity by avoiding an asymmetrical situation where costs are socialized but direct benefits accrue only to a limited subset of customers.

Here, the proposed managed charging programs are explicitly designed solely for mass-market service classes. Under a cost-causation methodology, these service classes would be responsible for the costs. Similarly, the direct program benefits accrue only to mass-market customers as these are the only customers eligible to participate in the programs. Such customers would receive incentive payments, charging management devices, and decreased energy bills, as applicable. Importantly, any system benefits arising from managed mass-market managed charging almost certainly would be limited to the distribution system. Only customers taking service at lower voltages would realize those benefits. In short, mass-market customers cause the costs and enjoy the direct benefits of the programs. It would be inequitable to require customer classes that cannot participate in or benefit directly from the programs to nevertheless pay for them. Multiple Intervenors is not opposed to mass-market EV programs; however, any program costs need to be allocated equitably instead of socializing costs to all customers, including those ineligible to participate. Accordingly, Multiple Intervenors urges the Commission to rule that incremental costs, if any, from the three programs be allocated solely to mass-market service classes.

In any event, Multiple Intervenors also submits that there need not be any incremental costs associated with the proposals. The Central Hudson Proposal is a notable example. (Central Hudson Proposal at 4.) Central Hudson’s Geothermal Rate Impact Credit (“GRIC”) provides an additional model for consideration. The GRIC is paid to residential customers to offset the costs of owning a heat pump, thereby incentivizing adoption of the technology.¹ This credit is funded via the residential revenue decoupling mechanism (“RDM”) using the increased delivery revenues

¹ Cases 17-E-0456 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric Service, Order Adopting Terms of Joint Proposal and Establishing electric and Gas Rate Plan (issued June 14, 2018) at 54-56.

associated with heat pumps.² EVs are in many ways analogous to heat pumps – both increase electric usage, both are used predominantly by mass-market customers, and their adoption furthers the Commission’s and State’s climate objectives. A mass-market service class RDM funded rate design would thus be appropriate here. Moreover, it would avoid the cost allocation issues addressed above, and thus would be far more equitable than an allocation that ignores cost causation and beneficiaries pay principles. Therefore, Multiple Intervenors recommends that the three Proposals employ such a funding mechanism if approved herein.

Multiple Intervenors appreciates this opportunity to provide this feedback, and respectfully urges the Commission to adopt the recommendations and positions set forth in these Comments.

Respectfully submitted,

MULTIPLE INTERVENORS

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cc: Active Parties (via e-mail)

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² *Id.* at 55.