

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

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

Proceeding to Establish Alternatives to)
Traditional Demand-Based Rate Structures for) Case 22-E-0236
Commercial Electric Vehicle Charging)

JOINT UTILITIES’ REPLY COMMENTS ON ELECTRIC VEHICLE CHARGING

The Joint Utilities¹ submit these comments² in reply to those of other stakeholders on the Public Service Commission’s questions concerning establishment of a commercial tariff or other solutions to facilitate faster charging for light-duty, medium-duty, heavy-duty, and fleet electric vehicles (EVs).³ The Joint Utilities support technology-agnostic, cost-of-service based electric rates combined with targeted, transparent, flexible, and timebound incentive solutions to provide operating cost relief for EV charging station owners.⁴

¹ The Joint Utilities are Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric and Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., Rochester Gas & Electric Corporation, and Long Island Power Authority operated by PSEG Long Island, LLC.

² Reply comments are due June 3, 2022. Cases 18-E-0138 *et al.*, *Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure* (EV Proceeding), Notice Extending Reply Comment Period (issued May 27, 2022).

³ EV Proceedings, Notice Soliciting Comments (issued April 21, 2022), p. 1 (citing Public Service Law § 66-s).

⁴ EV Proceeding, Joint Utilities Initial Comments on Electric Vehicle Charging (Joint Utilities Comments) (filed May 23, 2022).

The Joint Utilities presented the following four guiding principles for the Commission’s evaluation of proposals to speed deployment of infrastructure to support faster charging:⁵

- Considering the needs of all customer groups by managing costs to mitigate unnecessary cost shifts
- Encouraging grid beneficial charging behavior through innovation in business models and technology
- Allowing flexibility to adapt to market conditions and the provision of targeted, right-sized incentives
- Maintaining simplicity, transparency, and ease of implementation.⁶

The Joint Utilities apply these principles below to evaluate whether stakeholders’ proposals will optimize achievement of the State’s EV and clean energy goals while limiting potential adverse effects.

I. Solutions to Speed Fast Charger Deployment Should Consider the Needs of All Customer Groups by Managing Costs to Mitigate Unnecessary Cost Shifts.

The Joint Utilities agree with many stakeholders’ assertions that demand charges/price signals are a vital component of cost-based rates. Advanced Energy Economy/Alliance for Clean Energy New York (AEE/ACE NY) requested that the Commission “consider how to fairly spread the costs across all customers rather than commercial customers alone.”⁷ This approach reflects that the EV program is one piece of New York’s policies supporting clean energy initiatives that benefit all customers. AEE/ACE NY also noted that any solution must “send

⁵ The Joint Utilities note that demand charges are applicable to direct current fast chargers (DCFC) as well as some Level 2 chargers.

⁶ EV Proceeding, Joint Utilities Comments, pp. 2-5.

⁷ EV Proceeding, Advanced Energy Economy/Alliance for Clean Energy New York Initial Comments on the Notice Soliciting Comments in the Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging (AEE/ACE NY Comments) (filed May 23, 2022), p. 8.

appropriate and actionable price signals to customers that align their optimal charging behavior with interests of other utility customers,”⁸ and “should reflect cost causation.”⁹ Similarly, Electric Era Technologies, Inc. recognized that eliminating demand-based pricing would “shift the cost of these grid upgrades from the developers and users of EV charging stations to other consumers, who may not be able to afford any increases in their electricity bills.”¹⁰ Revel recommended that the Commission “keep demand-based price signals and offer economic relief to charging station operators through other non-tariff means.”¹¹

Other stakeholders recognized that demand charges send important price signals but nevertheless seek to reduce or eliminate demand charges in tariffs as the only cost-relief option. The Joint Utilities recognized stakeholders’ cost concerns in their initial comments¹² but assert that such rate-design based solutions are suboptimal compared to solutions that would provide cost relief *and* maintain appropriate price signals.¹³ For example, the Alliance for Transportation Electrification (ATE) noted that “demand charges are a fair and efficient means of recovering the costs utilities incur...but can raise issues when included in rates paid by charging station operations.”¹⁴ PowerFlex Inc. noted that rates should align with grid needs so EV adoption does not become a cost burden to electric customers and that demand charges encourage grid-

⁸ *Id.*, p. 2

⁹ *Id.*

¹⁰ EV Proceeding, Letter to Secretary Phillips (Electric Era Comments) (filed May 23, 2022), p. 2.

¹¹ EV Proceeding, Letter to Secretary Phillips (Revel Comments) (filed May 23, 2022), p. 2.

¹² EV Proceeding, Joint Utilities Comments, pp 3-5.

¹³ *E.g.*, Con Edison notes in its Initial Comments filed in supplement to those of the Joint Utilities that a Commercial Managed Charging Program with existing rates and targeted adders would provide an optimal operating cost relief mechanism in its service territory, EV Proceeding, Consolidated Edison Company of New York, Inc. Initial Comments on Electric Vehicle (filed May 23, 2022) (Con Edison Comments).

¹⁴ EV Proceeding, Comments of Alliance for Transportation Electrification (ATE Comments) (filed May 23, 2022), p. 8.

beneficial behavior, but asserted that demand charges should not be so high so as to discourage EV charging stations installations.¹⁵ ChargePoint recommended reductions in demand charges and increases in volumetric charges for at least ten years.¹⁶ Tesla similarly supported shifting DCFC charging customers to rates with reduced or no demand charges.¹⁷ The Metropolitan Transportation Authority (MTA) suggested that utility rates should be set such that commercial electric vehicle fleet (CEVF) owners do not incur higher costs than when operating diesel and compressed natural gas vehicles on a cost per mile basis.¹⁸

The rate-design based solutions proposed by the above parties are too broad-brushed and inflexible, do not reflect cost causation, and are inferior to targeted, transparent, flexible, and timebound non-rate design based incentive solutions. Targeted incentive-based operating cost relief as outlined in the Joint Utilities' and Con Edison's initial comments¹⁹ can support EV fast charger installation while retaining the beneficial price signals in demand charges. Rate-design based solutions also result in shifting more costs from EV charging station operators to other customers compared to incentive-based solutions.²⁰ The bill impact of incentive-based cost relief programs can be smaller than that of rate-design based solutions and more spread out both

¹⁵ EV Proceeding, Letter to Secretary Phillips (PowerFlex Comments) (filed May 23, 2022), pp. 3-4.

¹⁶ EV Proceeding, Comments by ChargePoint, Inc. (filed May 23, 2022), p. 4.

¹⁷ EV Proceeding, Letter to Secretary Phillips from Tesla (filed May 24, 2022), p. 2.

¹⁸ EV Proceeding, Response to Notice Soliciting Comments on Behalf of Metropolitan Transportation Authority (MTA Comments) (filed May 23, 2022), p. 6.

¹⁹ See notes 4,12, and 13 *supra*.

²⁰ EV Proceeding, Con Edison Comments, p. 16.

over time and across all customer groups, rather than concentrated in that year in a single service class.²¹

Electrify America suggested an inequity exists between residential customers who charge their vehicles at home and residents of multi-unit dwellings in urban areas who rely on public chargers. Electrify America claimed demand charges are “the largest differentiating factor between effective electricity rates billed by the utility to residential and to commercial EV customer accounts.”²² While the disparity between at-home and public charging may be a barrier to more equitable EV adoption, moving away from cost-reflective utility rate design likely would create further inequities among utility customers and create disincentives for efficient investment and innovative transportation technologies. Targeted, transparent, incentive-based operating cost relief as outlined in the Joint Utilities’ and Con Edison’s²³ initial comments can address this concern without moving away from cost-reflective, demand-based delivery rates.

Proposals for rate-design based solutions are not aligned with appropriate and established rate design principles as discussed in the Joint Utilities’ initial comments²⁴ and do not reasonably manage cost shifts while promoting access to benefits, *i.e.*, availability of fast charging to all customer groups. Optimal solutions should instead seek to target incentives to reach only the

²¹ Con Edison estimates its Commercial Managed Charging program under evaluation could have around one-tenth the bill impact on the commercial service class – and one-fifth the bill impact across all service classes – compared to a rate-based solution modelled after California utilities’ subscription rates (assuming a three-year program with costs amortized over ten years).

²² EV Proceeding, Letter to Secretary Phillips from Electrify America (Electrify America Comments) (filed May 23, 2022), p. 4.

²³ See notes 4, 12, and 13, *supra*.

²⁴ EV Proceeding, Joint Utilities Comments, pp. 10-12.

charging stations that need them and thus avoid inadvertent or unexpected cost shifts to other utility customers.

II. Solutions to Speed Fast Charger Deployment Should Encourage Grid Beneficial Charging Behavior through Innovation in Business Models and Technology

The Joint Utilities note the widespread support for solutions that encourage innovation and grid beneficial behavior. For example, Electric Era pointed out that demand-based pricing encourages load shifting in ways that is good from “both a grid resiliency and an environmental standpoint.”²⁵ The New York Power Authority (NYPA) indicated that partnerships between a ride-sharing company and public fast charging could spread demand costs among more users, increasing utilization and helping reduce the impact of these costs.²⁶ The Joint Utilities support solutions that leverage price signals to encourage the adoption of innovative business models and technologies that enable grid-beneficial behavior.

III. Solutions to Speed Fast Charger Deployment Should Allow Flexibility to Adapt to Market Conditions and the Provision of Targeted, Right-sized Incentives

The Joint Utilities support many commenters’ attention to the need for flexibility to right-size operating cost relief based on diverse EV charging business models and use cases and in response to changing utilization rates. AEE/ACE NY endorsed the need for “[f]lexibility and adaptability to tailor incentives with market growth” and recommended that “the Commission should also remain cognizant of the differences inherent in certain EV charging use cases.”²⁷ For

²⁵ EV Proceeding, Electric Era Comments, p. 2.

²⁶ EV Proceeding, Initial Comments of the New York Power Authority on the Public Service Commission Notice Soliciting Comments (NYPA Comments) (filed May 23, 2022), p. 3.

²⁷ EV Proceeding, AEE/ACE NY Comments, pp. 8, 7.

instance, the City of New York pointed to an impending influx of EVs in the City.²⁸ The level of operating cost relief for station operators must be flexible to respond to such growth and resulting changes in utilization rates.

These statements also align with other parties' recognition that a single rate design-based solution cannot adequately address different business models and instead solutions should employ a flexible approach. For example, ATE noted that the "Commission should not rush to any particular judgment or one-size-fits-all solution on this topic until more use cases with actual data emerge with greater market maturity."²⁹ Revel similarly noted that fleet and publicly accessible stations have different needs and therefore likely benefit from different solutions³⁰ and further stated that "The charging landscape is rapidly evolving and a tariff-based approach will likely be too slow to adapt to changing market conditions."³¹ VGIC also supported a range of solutions including rate design and programmatic managed charging as a solution that is not one-size-fits-all.³² Finally, Electrify America stated that "Transportation electrification policymaking is not a one-size-fits-all exercise. It is important to consider different segments within the EV charging landscape using objective criteria such as charging level, dwell time, and charging use case."³³

²⁸ EV Proceeding, Comments of the City of New York on the Establishment of a Commercial Tariff for Electric Vehicle Charging (filed May 23, 2022), p. 14.

²⁹ EV Proceeding, ATE Comments, p. 14.

³⁰ EV Proceeding, Revel Comments, p. 5.

³¹ EV Proceeding, Revel Comments, p. 7.

³² EV Proceeding, Letter to Secretary Phillips from the Vehicle-Grid Integration Council (VGIC Comments) (filed May 23, 2022), p. 2.

³³ EV Proceeding, Electrify America Comments, p. 2.

ChargePoint claimed that “EV Charger utilization will always need to stay relatively lower than other commercial use cases given the trade-off between customer utilization, also known as load factor, and customer experience so that customers will not need to wait in line to fuel their vehicles, which would discourage EV adoption.”³⁴ The Joint Utilities recognize that providing enough fast chargers to limit customer wait times may mean lower utilization than otherwise. However, the Joint Utilities note that operating costs are a long-term barrier due to "low" utilization only in some cases. Such cases include chargers that are unable to benefit from collocating with complementary load or unable to diversify charger use to include anchor fleets that provide a base level of utilization. Other stations are also unable to find innovative ways to add electric use in a way that does not add to peak demand (such as through charger use pricing) and/or are not able to generate additional revenue (such as through advertising on public chargers). Moreover, “high” utilization for EV chargers (approximately 30 percent) is, in densely populated urban areas, unlikely to cause long lines that negatively impact customer experience. At this utilization level, existing demand rates will likely result in lower operating costs than volumetric-only rates, and at minimum will not render stations unviable.³⁵ The Joint Utilities support offering operating cost relief to charging stations that remain economically unviable but are necessary to establish a widespread public charging network across the State. Such relief should be flexible so that utilities can design solutions to encourage a transition to economically sustainable station operations with support that is targeted, time bound, and

³⁴ EV Proceeding, ChargePoint Comments, pp. 4-5.

³⁵ RMI’s recent study, *EV Charging for All*, (available at <https://rmi.org/insight/ev-charging-for-all/>) found that demand-based rates for charging were beneficial at utilization rates above 30 percent and further found that “as increasing EV adoption drives up utilization rates, the impact of demand charges on [Electric Vehicle charging stations] becomes manageable” (p. 45).

promotes charging access for all utility customers, *e.g.*, managed charging programs and/or targeted incentive adders.

The Joint Utilities support VGIC’s statement that a single rate may not address the needs of fleet and public charging and flexible solutions, like managed charging, “should be encouraged to accommodate as wide a range of EV charging use cases as possible.”³⁶ The MTA stated high utilization does not necessarily relieve the impact of demand charges for fleets and instead recommended a separate tariff for CEVF owners based on time-of-use pricing and that provides relief from utility demand charges.³⁷ Both managed charging and demand-based time of use rates can benefit fleets because they reward operators for shifting charging times off-peak, which is possible for fleet operators who manage their charging load schedules. Such incentive revenue and/or bill savings would help improve Total Cost of Ownership for electrified fleets.

IV. Solutions to Speed Fast Charger Deployment Should Maintain Simplicity, Transparency, and Ease of Implementation.

Stakeholders generally support approaches that are simple, transparent, and relatively easy to implement. On the one hand, NYPA relied on a tariff’s ability to “provide predictable O&M costs” because “Having foreseeable O&M expenses would allow EV charging networks, fleet operations, and other potential EV charging customers to make informed decisions whether to invest in EVs.”³⁸ The Joint Utilities agree that predictable O&M expenses would aid in the acceleration of fast charger deployment but advocate for transparent solutions that are not based

³⁶ EV Proceeding, VGIC Comments, p. 2.

³⁷ EV Proceeding, MTA Comments, pp. 3-4. It is not clear whether the MTA’s recommended time-of-use rate is a demand-based rate or a volumetric rate.

³⁸ EV Proceeding, NYPA Comments, p. 2.

on rate design, and asserted in initial comments that solution approaches should be transparent so the costs and benefits of the solution are clear to charging station operators.³⁹

The Joint Utilities look forward to continued exploration and development of such approaches as this market segment develops.

V. Conclusion

The Joint Utilities support existing technology-agnostic, cost-of-service based electric rates with targeted, transparent, flexible, and timebound incentive solutions to address operating cost relief for electric vehicle (EV) charging station owners.

Dated: June 3, 2022

Respectfully submitted,

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

By: */s/ Susan Vercheak*

Susan Vercheak*
Associate General Counsel
Consolidated Edison Company of New
York, Inc.
4 Irving Place
New York, New York 10003
Tel.: 212-460-4333
Email: vercheaks@coned.com
*Admitted in New Jersey only

**CENTRAL HUDSON GAS AND
ELECTRIC CORPORATION**

By: */s/ Paul A. Colbert*

Paul A. Colbert
Associate General Counsel –
Regulatory Affairs
Central Hudson Gas and Electric
Corporation
284 South Avenue
Poughkeepsie, NY 12601
Tel: (845) 486-5831
Email: pcolbert@cenhud.com

³⁹ EV Proceeding, Joint Utilities Comments, p. 5.

**NIAGARA MOHAWK POWER
CORPORATION d/b/a NATIONAL
GRID**

By: /s/ *Carlos A. Gavilondo*

Carlos A. Gavilondo
Assistant General Counsel
National Grid
300 Erie Boulevard West
Syracuse, New York 13202
Tel: (315) 428-5862
Email: carlos.gavilondo@nationalgrid.com

**LONG ISLAND POWER AUTHORITY
BY ITS SERVICE PROVIDER
PSEG LONG ISLAND**

By: /s/ *Robert G. Grassi*

Robert G. Grassi
Assistant Counsel – Regulatory
PSEG Long Island
333 Earle Ovington Blvd, Suite 403
Uniondale, New York 11553
Tel: 516-419-2238
Email: Robert.Grassi@pseg.com

**NEW YORK STATE ELECTRIC &
GAS CORPORATION and
ROCHESTER GAS AND ELECTRIC
CORPORATION**

By: /s/ *Amy A. Davis*

Amy A. Davis
Senior Regulatory Counsel
89 East Avenue
Rochester, NY 14649
Tel.: (585)771-4234
Email: amy.davis@avangrid.com