STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

UPSTATE UTILITIES' PROPOSAL FOR COMMERCIAL MANAGED CHARGING PROGRAM DESIGN CHANGES

The New York Public Service Commission's ("Commission") January 2023 Demand Charge Alternative Order[1] ("DCA Order") adopted a suite of solutions to provide alternatives to the traditional demand-based rate structure for commercial electric vehicle ("EV") use cases. In the DCA Order, the Commission directed the Upstate Utilities[2] to propose a Commercial Managed Charging Program ("CMCP") consistent with the CMCP approved for the Downstate Utilities.[3] Accordingly, in July 2023, each of the Upstate Utilities filed an Implementation Plan for the CMCP.

In subsequent months, the Upstate Utilities consulted with Department of Public Service ("DPS") Staff to further develop the proposal. Accordingly, the Upstate Utilities hereby file this revision to their previously-filed proposals to provide additional information and modify certain aspects of the proposed CMCP design. Specifically, the Upstate Utilities respectfully request that the Commission approve a CMCP that incorporates the following modifications to the CMCP approved for the Downstate Utilities to improve program efficacy and customer engagement in the Upstate Utilities' service territories:

1. Improve the Effectiveness of Peak Avoidance Incentives by Using Average Demand During the Top 10 Hours Each Month.
2. Eliminate the Off-Peak Charging Incentive to Streamline Program Design and Avoid Negative Volumetric Rates.

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[1] 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* (issued January 19, 2023) ("DCA Order").

[2] The Upstate Utilities are Central Hudson Gas & Electric Corporation ("Central Hudson"), Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid"), New York State Electric & Gas Corporation ("NYSEG"), and Rochester Gas and Electric Corporation ("RG&E").

[3] The Downstate Utilities are Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc.

3. Implement a Phased Enrollment Strategy Beginning with Interval Meter Data.

Background

The Commission's DCA Order adopted a suite of operating cost relief solutions to address the impacts of demand charges for commercial EV charging customers. These solutions included a 50 percent Demand Charge Rebate ("DCR") for EV Charging sites, the establishment of a Commercial Managed Charging Program ("CMCP") with use-case-specific adders in Downstate Utility territories, and the development of an EV Phase-In Rate ("PIR") as a near-term tariff-based solution. The DCA Order required the Upstate Utilities to file CMCP proposals consistent with the CMCP approved for the Downstate Utilities within 180 days of the DCA Order. Accordingly, the Upstate Utilities filed Implementation Plans for Commission consideration in July 2023. After consultation with DPS Staff, the Upstate Utilities are jointly filing this revised proposal to address program design needs for the Upstate territories. If the Commission accepts this proposal, the Upstate Utilities anticipate that the Commission will direct them to file revised Implementation Plans that reflect the approved programs.

Upstate Program Design Summary

The Upstate Utilities' CMCP is open to commercial customers taking service on an eligible commercial rate with at least 25kW of nameplate electric vehicle supply equipment ("EVSE") installed. All types of EV charging are eligible, including public charging, fleet and workplace charging, multi-unit dwellings, or any other market segments that take service on an eligible commercial rate.

The core component of the program offering would be a Peak Avoidance Incentive. The Peak Avoidance Incentive would be determined by subtracting the customer's average demand during the top ten peak window hours from their average demand during the top ten of all hours each month.

$$\textit{Peak Avoidance} = \textit{Average(Demand during Top 10 All-Hours)} - \textit{Average(Demand during Top 10 Peak-Window Hours)}$$

This peak avoidance (kW) would be multiped by an incentive rate to calculate a customer's monthly incentive.

*Peak Avoidance Incentive = (Peak Avoidance) * (Incentive Rate)*

This approach provides a more precise alignment with actual demand patterns and the associated grid value, driving customer behavior toward measurable peak reduction.

The initial program launch will utilize interval meter data, which is currently available and reliable. This enables a faster rollout while establishing necessary internal processes and customer portals. In a future phase, enrollment will expand to include EVSE interval data, broadening program access and supporting mixed load sites.

In summary, the proposed Upstate CMCP design is rooted in simplicity, targeted incentives, and phased expansion, positioning the program for effective peak reduction and customer engagement while minimizing unnecessary complexity.

Proposal Components

While substantially similar to the original filings, the Upstate Utilities propose three revised program design components that improve upon what was represented in the Upstate Utilities' Implementation Plans filed in July 2023 and differ from what was approved for the Downstate Utilities.

Proposal Component #1: Improve the Effectiveness of Peak Avoidance Incentives by Using Average Demand During the Top 10 Hours Each Month

The DCA Order required that the Peak Avoidance Incentive be calculated by subtracting the maximum EV demand (kW) during the peak window from the nameplate kW of the EVSE. This design risks not effectively targeting incentives in the Upstate Utility service territories.

First, the Upstate service territories are seeing charging sites regularly operating substantially below their nameplate charging capacity. This could be driven by several factors, but ultimately results in lower utilization than downstate charging sites (see Appendix 1 for an example site). Further, some DCFC have nameplate outputs that cannot be, or are not commonly, reached by vehicles currently on the road.[4] Thus, those chargers are likely to see operation below

[4] For example, many DCFC are capable of reaching 350kW output, but very few vehicles exist capable of receiving 350kW.

nameplate capacity for the foreseeable future. Setting incentive levels based on the total site capacity may therefore over-incentivize sites in the Upstate Utilities' territories.

Additionally, so long as they remain below nameplate kW, an incentive tied to the nameplate kW would provide an incentive to sites that see their maximum demand during the Peak Window (i.e., sites that are not shifting their maximum demand to off-peak hours). Chargers that are inoperable may also still receive incentives, since they would not see any demand. These results would clearly conflict with the Commission's objectives for the program.

To address these concerns, the Upstate Utilities propose calculating the Peak Avoidance Incentive using the average demand during the ten highest-demand hours, instead of the nameplate kW of the EVSE. Each month, the Upstate Utilities would subtract a customer's average demand during the ten highest-demand hours during the peak window from their average demand during the ten highest-demand hours. This approach would provide a measure of the demand reduction that consistently occurs during the peak window. Using the highest ten hours of demand, rather than a single hour, will give a more comprehensive view of demand reduction. This should result in a more stable month-to-month incentive and would be more forgiving to sites that may experience periodic or brief spikes in charging during the peak window. This design more accurately rewards customers for shifting their charging to off-peak windows, particularly at sites in the Upstate service territories.

Proposal Component #2: Eliminate the Off-Peak Charging Incentive to Streamline Program Design and Avoid Negative Volumetric Rates

A straightforward and easily understandable program design is essential for the effective customer engagement and implementation of CMCP. The benefits of the CMCP are primarily derived from peak shifting, rather than reductions in energy consumption or energy supply costs. Thus, the Upstate Utilities recommend concentrating the limited pool of program benefits on incentivizing the most impactful behavior, avoiding peak demand during the Peak Window. Offering both Peak Avoidance (demand-based) and Off-Peak Charging (energy-based) incentives would require trade-offs that could reduce the effectiveness of the Peak Avoidance Incentive. Developing an Off-Peak Incentive would also take value away from the Peak Avoidance Incentive and therefore would be less reflective of the grid value provided by the program.

Integrating an off-peak incentive on top of existing price signals introduces significant administrative challenges and could result in negative volumetric rates. As directed by the Commission in the DCA Order, the PIR will go into effect in October 2025, prior to the launch of the Upstate Utilities CMCP. The PIR will incentivize customers to shift their charging off-peak – the same behavior driven by an off-peak charging incentive. An energy-based incentive through CMCP on top of the PIR would result in very low or negative per-kWh charges during certain windows (see Appendix 2 for an example).

Offering an off-peak charging incentive through CMCP in tandem with the PIR introduces additional complexity for customers as well. Customers could face multi-layered time-varying rates for the PIR, CMCP and TOU Supply Rate. As shown in Appendix 3, customers would have to balance multiple competing price signals against their operating needs. While time-varying price signals are an important tool for energy and load management, overly complex or multi-layered programs and rates can become a barrier to customer engagement.

Given the timing of the Upstate CMCP and PIR implementation, the additional complexity it would cause, and the potential for negative volumetric rates, an off-peak charging incentive would not add value, as it may have prior to PIR. Introducing an off-peak charging incentive would dilute the effectiveness of the peak avoidance incentive, which is more aligned with the actual avoidable costs in the Upstate service territories. The CMCP's success hinges on providing a clear, strong signal to avoid peak periods that customers can easily understand, which the proposed Upstate design achieves.

Proposal Component #3: Implement a Phased Enrollment Strategy Beginning with Interval Meter Data

To expedite program implementation, the Upstate Utilities propose launching the CMCP using interval meter data. Interval meter data is reliable and deployable for the utilities. Additionally, the majority of Upstate DCR customers are already separately metered, allowing a lower barrier pathway to participate in CMCP. The Upstate Utilities estimate that they could launch the CMCP proposed herein within approximately seven months of a Commission Order. This timeline includes building internal and customer-facing processes, such as establishing meter data flows to collect customer data and launching a customer-facing application portal.

After launching the CMCP with interval meter data, the Upstate Utilities propose expanding the program to use EVSE data after an additional eight months. Enrollment through EVSE data will broaden access and support mixed load sites (i.e., sites where EVSE is comingled with non-EV load), however an EVSE data pathway brings additional cost and complexity that will require leveraging data aggregation expertise. The additional steps needed to allow an EVSE data pathway include procuring and onboarding a data aggregation partner, onboarding Network Service Providers ("NSPs"), and updating internal and customer-facing processes. The Upstate Utilities believe launching the program with interval meter data and adding EVSE data in the future is the most expedient implementation pathway.

Program Parameters

In its DCA Order the Commission approved recovery of "CMCP costs from all delivery customers on a one-year lag basis through an existing surcharge mechanism, with modification to the method that costs will be allocated among service classes, and that the CMCP costs should be recovered on a per-kW basis for demand-billed customers and on a per-kWh basis for non-demand-billed customers." The Upstate CMCP design will adopt this cost recovery framework.

The Upstate Utilities plan to propose budgets for specific program term and reporting metrics in their updated implementation plans following an Order.

Conclusion

The Upstate Utilities filed CMCP Implementation Plans in July 2023; however, the Commission has not acted upon on those filings. This proposal supplements and revises the program design presented in the July 2023 filings. If the Commission approves this revised proposal, the Upstate Utilities anticipate that the Commission would subsequently direct them to file revised Implementation Plans that would include additional details on their programs, including revised 3-year program budgets, customer eligibility, and incentive rates. Accordingly, the Upstate Utilities respectfully request that the Commission approve their proposed CMCP design to: (1) use the top 10 demand hours during peak and all month when calculating Peak Avoidance Incentives, (2) eliminate the Off-Peak Charging Incentive, and (3) implement a phased enrollment strategy beginning with interval meter data; and further request that the Commission direct the Upstate Utilities to file implementation plans that reflect the approved program.

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Respectfully Submitted,

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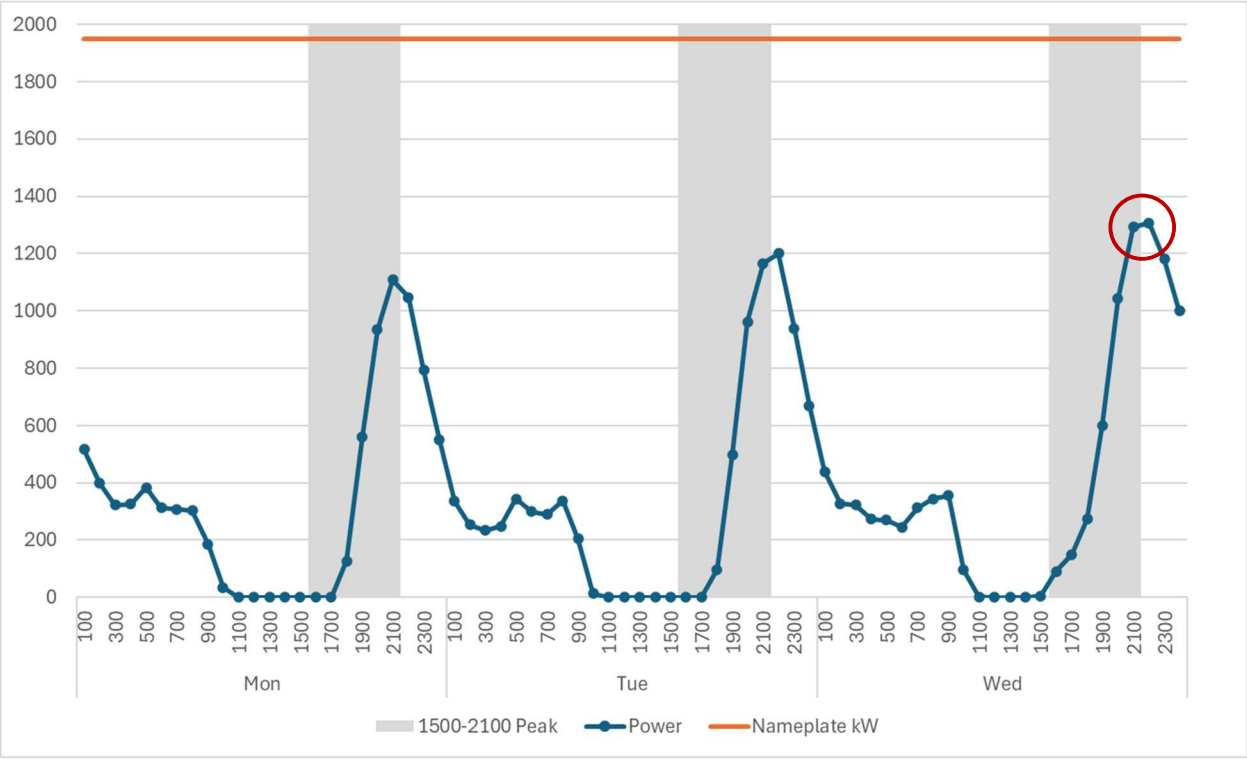
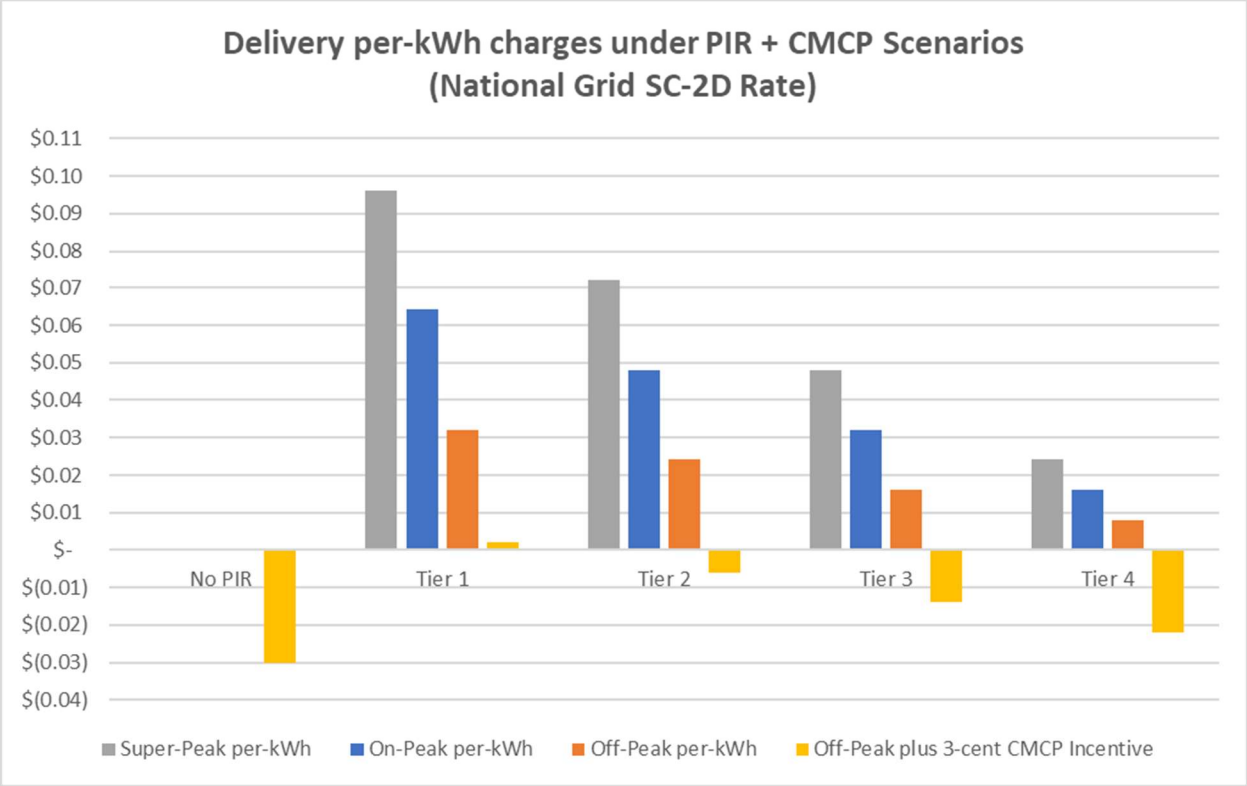
Appendix 1: Customer Example of Challenges When Using Nameplate kW of EVSE

The chart below shows actual loads for a large EV fleet customer of one of the Upstate Utilities. The nameplate kW of their EVSE is understood by the Utility (based upon records from the light-duty make-ready program) to be 1,950 kW. However, the customer's maximum observed demand during all hours was only 1,307 kW and during the Peak Window was 1,292 kW. Using the Order's Peak Avoidance calculation, based upon the nameplate capacity of their EVSE, would suggest this customer avoided 643 kW. This is a far larger – and unsubstantiated – estimate of Peak Avoidance than the alternative method recommended by the Upstate Utilities.



Appendix 2: An Off-Peak Charging or Energy-Based Incentive Leads to Low/Negative per-kWh Delivery Charges During the Off-Peak Window.

The chart below shows illustrative scenarios of per-kWh delivery charges for a Niagara Mohawk customer enrolled in PIR (under rate SC-2D) and a CMCP that includes a 3-cent per kWh Off-Peak incentive (which the Upstate Utilities are recommending against). Since customers on Tier 1 (100%) or Tier 2 (75%) of the PIR recover large portions of Delivery revenue via these per-kWh charges, these low/negative Off-Peak rates could result in customers paying very low overall costs for energy Delivery.



Appendix 3: Customers Would Face Multi-Layered Time-Varying Rates for the PIR, CMCP, & Supply.

The chart below shows an illustrative overlay of the time-varying rates that a Niagara Mohawk customer would encounter if they were enrolled in PIR, TOU Supply, and receiving an off-peak charging (energy) incentive through CMCP. Customers may struggle to understand the various rates and time periods, in addition to operational challenges to balancing their operations against these layered price signals.