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Mal Skowron
Sr. Policy Analyst, North American Charging
Tesla, Inc.
3500 Deer Creek Rd.
Palo Alto, CA 93006
MSkowron@tesla.com

Honorable Michelle Phillips
State of New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case No. 22-E-0236 – Tesla Comments on Demand Charge Rebates and Commercial Managed Charging Programs

Dear Secretary Phillips,

On January 31, 2025, the Public Service Commission (the "Commission") initiated a biennial review of existing demand charge alternative programs and requested stakeholder comments regarding the upstate and downstate utilities' Demand Charge Rebate programs and the downstate utilities' commercial managed charging programs ("CMCPs").¹ We respectfully submit these comments for consideration by the Commission.

Demand Charge Rebate Programs

The Commission's Order Establishing Framework for Alternatives to Traditional Demand-Based Rate Structures (the "Order") indicated that the demand charge rebate will be available until an EV Phase-In Rate is open to customer enrollment.² The Joint Utilities' EV Phase-in Rate proposals, though not part of this biennial review process, were approved by the Commission on October 17, 2024, and will be available for customer enrollment sometime in Q4 2025. Consistent with the Order, once the EV Phase-In Rates are open for enrollment, there is no need for the Joint Utilities to continue to offer the Demand Charge Rebate programs, as the EV Phase-In Rate is Tesla's preferred long-term solution to ensure rates are fair and sustainable, and that demand charges do not unduly disincentivize charger deployment. With the expectation that they will be discontinued by Q4 2025, we do not see value in considering or proposing any modifications to the Demand Charge Rebate programs for the remainder of their availability.

CMCPs

The downstate utilities offer CMCPs which are currently under review. The CMCPs include a per-kWh off-peak charging incentive, a per-kW peak avoidance incentive, and use case-specific adders for transit-fleet and publicly accessible chargers. The value of the per-kW peak avoidance incentives varies seasonally, and the timing of peak windows also vary by location. The intent of these programs is

¹ The upstate utilities are New York State Electric & Gas, National Grid, Central Hudson Gas & Electric, and Rochester Gas & Electric. The downstate utilities are ConEdison and Orange & Rockland. Collectively, they are the joint utilities.

² Case 22-E-0236, Order Establishing Framework for Alternatives to Traditional Demand-Based Rate Structures (January 19, 2023) at 3: "The Demand Charge Rebate and use case-specific adders will be replaced by the EV Phase-In Rate Solution, once the Near-term Solution is available."

to encourage energy consumption during off-peak times and to mitigate the burden of demand charges.³

A variety of charging use cases are eligible to participate in CMCPs, including public, workplace, multifamily, and fleet charging. As discussed by Tesla and other EV charging stakeholders in 2022, when demand charge alternatives were under investigation in this proceeding, different EV charging use cases have different levels of ability to respond to time-based price signals.⁴ It continues to be the case that commercial chargers must be ready and available on-demand to provide power to drivers, regardless of time of day and coincidence with peak windows. Public EV chargers cannot restrict power consumption at peak times without negatively impacting EV driver experience. This is especially true for public DCFC, such as Tesla Superchargers, where fast charge times enable convenient long-distance travel, maximize the number of drivers served, and minimize site congestion. Maintaining a quality charging experience –without power throttling and minimal queueing– is as critical as ever to encourage EV adoption in New York consistent with the state's transportation electrification goals.

Tesla maintains a preference for the EV Phase-In Rate as the best long-term solution to address the issue of demand charges. However, there is merit in continuing the CMCPs for two main reasons. First, the CMCPs are available to both separately-metered and site-host metered charging stations, whereas the EV Phase-In Rate will only be available to separately-metered chargers. The CMCPs provide a demand charge mitigation option for sites with co-mingled loads, which is especially important for multi-unit dwellings ("MUDs"). Second, although the CMCPs have a level of complexity that may be challenging for all customers to engage with, the price signals and incentives included in the CMCP are grid-beneficial and provide a pathway to increased savings. We recommend continuing the CMCPs even after EV Phase-In Rates are available. We do not oppose phasing out the use-case specific adders, as required by the Order, when the EV Phase-In Rates are open for enrollment.⁵

Conclusion

Chargers across New York experience varying degrees of utilization depending on local rates of EV adoption. Tesla expects to continue to build our Supercharger network to both meet driver demand and expand network coverage, which means chargers will continue to have varying degrees of utilization. As a result, from our perspective, market conditions and EV charging business models have not meaningfully changed since the Order was issued in 2023. As a result, the utilities should proceed with the implementation of the Demand Charge Rebate programs and CMCPs. When the EV Phase-In Rate is made available in 2025, the Demand Charge Rebate programs should be phased out.

Thank you for your consideration of these comments. We appreciate the opportunity to participate in this biennial review of demand charge alternative programs and look forward to enrolling in a long-term rate solution when it is made available.

Sincerely,

Mal Skowron
Sr. Policy Analyst, North American Charging
Tesla, Inc.

³ Case 22-E-0236, ConEdison and Orange & Rockland, Immediate Solutions Implementation Plan (March 20, 2023) at 5.

⁴ Case No. 22-E-0236, ChargePoint, Inc., EVgo, Electrify America, LLC, Tesla, Inc., "Industry Comment DPS Whitepaper" (December 5, 2022)

⁵ Order at 3.