



State of New York

New York Public Service Commission

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

Response to Whitepaper and Joint Utilities (JU) Proposed Solution

The Metropolitan Transportation Authority (MTA) is sharing the following comment in response to the Department of Public Service (DPS) Staff's September 1, 2022, Whitepaper Regarding Alternatives to the Traditional Demand Charge for Commercial Customer Electric Vehicle Charging (Whitepaper). This comment also addresses the related concepts and proposed solutions presented during the November 4, 2022, stakeholder session organized by DPS staff. The MTA has reviewed these materials trying to evaluate how the proposed 'solution' provides "use-case specific incentives to support [the] economics of EV charging."¹ As the largest transit fleet operator in New York State (NYS), the MTA believes its own use-case is appropriate for DPS Staff and the Public Service Commission (PSC) to consider when determining if the Whitepaper satisfies Public Service Law (PSL) section 66-s.

As discussed herein, although the Whitepaper nominally discusses the challenges and barriers for electric vehicle (EV) fleet operators, the MTA finds that it does not satisfy PSL section 66-s. To resolve this oversight, and to further encourage accelerated EV transitions, the PSC should require that the State's investor-owned utilities implement a rate solution in the near term that either temporarily eliminates the traditional demand charge component or greatly reduces it. Furthermore, the PSC should require that the future phase-in solution also meaningfully removes cost barriers for EV fleet operators.

Staff Whitepaper Regarding Alternatives to the Traditional Demand Charge for Commercial Customer Electric Vehicle Charging

- The MTA agrees with the statement which the Whitepaper draws from the Guidehouse Report that, in the short term, "EV charging demand is anticipated to be a relatively small portion of overall load, [so] increased EV charging is less likely to drive system peaks than other customer classes."² The New York Independent System Operator, Inc.'s (NYISO) *2022 Gold Book Baseline Forecast*³ corroborates this. Its New York Control Area (NYCA) Baseline Summer Coincident Peak Demand Forecasts project that aggregate EV load will account for less than 0.5% of total NYCA peak through 2025, and less than 2% though 2030.
- If EVs are not contributing to peak demand in a substantial, qualifiable way, and are not putting undue wear and tear on the power network or requiring new capital investment, the rationale for meaningful demand charge relief is valid and strong. Given NYS has prioritized the adoption of zero emission fleets at transit agencies such as MTA, it is even more important that the proposed solution is effective in removing the economic barriers that restrain transition from internal combustion fleets to electric.

¹ Case 22-E-0236, *Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging*, Commercial Demand Charge Alternatives Whitepaper – Stakeholder Session (Nov. 4, 2022).

² Case 22-E-0236, *supra*, Department of Public Service Whitepaper Regarding Alternatives to the Traditional Demand Charge for Commercial Customer Electric Vehicle Charging (Sept. 1, 2022) ("Whitepaper").

³ 2022 Load & Capacity Data, NYISO (Apr. 2022), <https://www.nyiso.com/documents/20142/2226333/2022-Gold-Book-Final-Public.pdf/cd2fb218-fd1e-8428-7f19-df3e0cf4df3e>.



- Despite this, the Commercial Managed Charging Program proposed by Con Edison and Orange and Rockland offers only a negligible adjustment to the demand charge schemes that are already in place. In the case of the MTA, this adjustment would do very little to defray the sharp escalation in operating costs it would face if running an electric bus fleet in New York City (NYC).
- MTA posits that other states’ regulators have also previously concluded that EV load is unlikely to place undue stress on power network peaks for the next few years. Accordingly, they have put in place alternatives to traditional demand charges. California and Florida, both of which have less stringent greenhouse gas (GHG) goals than NYS, and which the MTA referenced in its prior comments, provide two of the better-known examples. These are set out in the comparison table below. The table also includes the ‘solution’ – the Commercial Managed Charging Program - proposed by the JU.

	California	Florida	JU’s Proposed ‘Solution’ for NYS
GHG Emissions Target	80% reduction in GHG emissions versus 1990 levels by 2050 ⁴	TBD	85% reduction in GHG emissions versus 1990 levels by 2050 ⁵
Alternative to Traditional Demand Charge	100% discount for 5 years	100% discount for first three years, 90% discount in Year 4, 80% in Year 5...	No discount / full demand charge to be paid for vast majority (88%) of the charging time. If fully compliant with complex charging management program: <ul style="list-style-type: none"> • Potential 9% discount for 8% of charging time • Potential 46% discount for 4% of charging time

- The comparison is striking in that the JU’s proposed ‘solution’ for NY offers only a fraction of the cost relief provided in the other two states. Even then, this assistance is dependent on fleet operators in NYS developing a sophisticated energy management capability and having high flexibility to charge outside of the CSRP windows that, in Con Edison’s case, are specific to various parts of the City, which is not a prerequisite for accessing the full demand charge holiday provided for in the other two states. The fact that NYS GHG legislation is more demanding than both Californian and Floridian statutes makes this comparison more arresting still.
- The MTA disagrees, therefore, with the JU’s statement that the Managed Charging Program it proposed “Provide[s] simple solutions matched with customers’ needs and readiness of the market that will contribute to meaningful EV growth.” As MTA stated in its Response to Notice Soliciting Comments of May 2022, “MTA estimates that the current fuel costs of its electric bus fleet far exceed

⁴ Executive Order B-55-18, California (Sept. 10, 2018) <https://www.ca.gov/archive/gov39/wp-content/uploads/2018/09/9.10.18-Executive-Order.pdf>

⁵ CLCPA, page 11, <https://legislation.nysenate.gov/pdf/bills/2019/S6599>



those of competing technologies, such as compressed natural gas and diesel bus fuel, on a cost per mile basis.”⁶ Our pre-pandemic analysis indicated that all electric bus cost of fuel per bus mile is 2x-3x higher than per bus mile cost of traditional fuels. The incentives the proposed solution offers are wholly inadequate in reducing these existing cost barriers that constrain the MTA’s ability to convert its fleet, and do not even partially meet the MTA’s needs. Indeed, the MTA suggests the proposed ‘solution’, which requires significant investment in energy management capability, would be as effective at creating new barriers for fleet operators seeking to transition to an electric fleet as it would be at removing existing ones.

- MTA posits that the factors above reflect the limited opportunity the JU had to investigate the many different fleet use cases across their service territories. The MTA does not see evidence in the proposed ‘solution’ that the JU considered MTA’s own use case, for example. The MTA refers stakeholders to the Guidehouse Report that the Staff Whitepaper draws from for its content. MTA believes that the Whitepaper as well as the Guidehouse report focus on the economics of publicly accessible DCFCs to the detriment of commercial and transit fleets. The economics of operating a fleet is however very different from the economics of operating a public DCFC station. This is why MTA believes that the Whitepaper did not give enough consideration to fleet and specifically to transit fleet use cases.
- In its assessment of the Whitepaper, the PSC must consider the State’s climate policy as set out in the Climate Leadership and Community Protection Act (CLCPA). The CLCPA requires, by statute, that State agencies, such as the PSC, “in considering and issuing permits, licenses, and other administrative approvals and decisions . . . shall consider whether such decisions are inconsistent with or will interfere with the attainment of the statewide greenhouse gas emissions limits established in article 75 of the environmental conservation law.” Moreover, “[...] to the extent practicable, invest or direct available and relevant programmatic resources in a manner designed to achieve a goal for disadvantaged communities to receive forty percent of overall benefits of spending on clean energy and energy efficiency programs [...] in the areas of [...] pollution reduction [...] transportation [...] development [...].”⁷
- Rather than benefitting disadvantaged communities, MTA’s preliminary modeling finds that the recommended ‘solution’ would result in far higher cost to operate an electrified fleet, when compared to the MTA’s current predominately diesel and gas vehicles. Such a major cost escalation will undoubtedly harm the MTA’s ability to provide services in Potential Environmental Justice Area (PEJA) communities, possibly resulting in cutbacks, increased customer fares, and deferrals of other customer service-oriented initiatives for people who depend upon the MTA for transportation. Therefore, rather than benefitting disadvantaged communities, the proposed ‘solution’ may well have a negative impact upon them.

For reasons such as these, it is the MTA’s position that the Whitepaper does not adequately address the fleet sector of the EV charging market as required by PSL section 66-s. To resolve this oversight, the PSC should require that the State’s investor-owned utilities implement a rate solution in the near term, that either temporarily eliminates the traditional demand charge component or greatly reduces it, as other

⁶ Case 22-E-0236, *supra*, Response to Notice Soliciting Comments on Behalf of Metropolitan Transportation Authority (May 24, 2022) at 3.

⁷ CLCPA, pages 16, 19, <https://legislation.nysenate.gov/pdf/bills/2019/S6599>.



jurisdictions have done. Furthermore, the PSC should require that the future phase-in solution meaningfully remove cost barriers for fleet operators. This may include establishing a particular rate for electrified fleets that will make operating costs for electrified transit fleets comparable or lower than those for diesel or natural gas fleets.