In the matter of possible modifications to the Arizona Corporation Commission’s Energy Rules

Docket No. RU-0000A-18-0284


Comments of the Southwest Energy Efficiency Project & Western Resource Advocates on the Staff Draft Implementation Plan for Electric Vehicles

The Southwest Energy Efficiency Project (SWEEP) and Western Resource Advocates (WRA) appreciate the opportunity to provide these comments on the Commission Staff’s March 25, 2019, Draft Implementation Plan for Electric Vehicles (EV).¹

We would like to thank Commissioners and Commission Staff for their work that led to the adoption of the Commission’s EV Policy Statement in December 2018.² We would also like to recognize Commissioners and Commission Staff for convening stakeholders to solicit input on EV implementation.

SWEEP and WRA largely support the Commission Staff’s Draft Implementation Plan (“Draft Plan”). Below we provide comments and clarifications on a select number of the Draft Plan’s policy statements. Attached herein as “Appendix A” are suggested edits to the Draft Plan that reflect our recommendations discussed below.

SWEEP and WRA will also file comments in early May on the EV legal topics that have been raised by the Commission. Our attorneys will contend that furnishing EV charging services and electricity for EV charging for transportation is not, “furnishing gas, oil, or electricity for light, fuel, or power.”³ In addition, entities that provide EV chargers and EV charging services are not “clothed with a public interest” under the eight factors articulated in Natural Gas Service Co. v. Serv-Yu Cooperative, Inc., 70 Ariz. 235 (1950). Therefore, such entities should not be considered Public Service Corporations (PSCs) as defined in the Arizona Constitution, and should not be regulated as PSCs by the Commission.

³ Arizona Constitution, Article 15, Sec. 2.
Comments on Policy Statement #1:

SWEEP and WRA recommend that:

- EV pilot programs be filed no later than July 1st, 2019, (instead of June 1st) to allow for adequate time between the May Open Meeting and when EV pilot filings are due.
  
  o See suggested edits to Policy Statement 1(A).

- New language be added to encourage PSCs, as part of their EV pilot filings, to develop, propose, and implement appropriate and effective rate designs for EV charging.
  
  o See new language proposed as Policy Statement 1(B).

- New language be added to clarify that EV pilot investments in infrastructure should be addressed in a PSC’s next rate case.
  
  o See our new language proposed as Policy Statement 1(D).

Comments on Policy Statement #2:

SWEEP and WRA recommend that:

- New language be added to clarify that educational outreach programs should be developed “and implemented.”
  
  o See suggested edits to Policy Statement 2.

Comments on Policy Statement #3:

SWEEP and WRA recommend that:

- New language be added to clarify that best practices should also be developed for “make-ready and charging infrastructure that receives Arizona ratepayer or public funding.”
  
  o See suggested edits to Policy Statement 3(A).

- New language be added to state that developed best practices should be based on open “and clear” standards and that best practices ensure “ease of use,” “safety,” and “reliability” (in addition to the other attributes described by Commission Staff). We also recommend explicitly stating the purpose for the “interoperability” best practice for charging infrastructure implemented with ratepayer or public funding.
  
  o See suggested edits to Policy Statement 3(A)(i).

- The language of Policy Statement 3(A)(ii) be modified so that the credit card reader requirement apply to new charging infrastructure implemented with ratepayer or public funding, and not to existing or private-market charging infrastructure.
The language of Policy Statement 3(A)(v) be modified to recommend that industry best practice be followed when setting a minimum requirement for highway charging in recognition that (1) we do not have enough information about the potential applications for DCFC charging across all vehicle types and sizes to define a 200kW minimum standard at this time, (2) the majority of non-Tesla EVs on the road today receive a maximum instantaneous charge of 50kW, and (3) a 200kW minimum DCFC power requirement could add unnecessary additional infrastructure costs that ratepayers would bear (like the cost of additional transformers). We further recommend that a separate minimum requirement that also follows industry standard be established for other use cases including transit or school buses, fleet charging, and shared mobility/rideshare charging.

See suggested edits to Policy Statement 3(A)(v).

Comments on Policy Statement #4:
SWEEP and WRA recommend that:

- New language be added to encourage PSCs to develop optional rate design tariffs for charging during times when pricing is “low” and “when excess solar generation is available” (as these times could be different from times when negative pricing occurs, and negative pricing is still an occasional phenomenon concentrated primarily during certain spring months).


- New language be added to encourage PSCs to develop optional rate design tariffs for workplace, fleet charging, and electrified mass transit.


SWEEP & WRA Comments on Policy Statement #5:
SWEEP and WRA recommend that:

- New language be added to encourage PSCs to offer turnkey services to all customers with a special emphasis on those who are underserved, and to offer those services in a manner that does not undercut the private market.

  See new language proposed as Policy Statement 5(B).

SWEEP & WRA Comments on Policy Statement #7:
SWEEP and WRA recommend that:

- New language be added so that the benefits and system impacts of EVs also be documented in future utility integrated resource plans.
See new language proposed as Policy Statement 7(A).

SWEEP & WRA Comments on Policy Statement #9:

SWEEP and WRA recommend that:

- New language be added to direct the Commission to work with “Areas or Councils of Governments” in addition to the other governmental bodies identified by Commission Staff.

See suggested edits to Policy Statement 9.

Addition of New Policy Statement (labelled Policy Statement #10):

SWEEP and WRA recommend that:

- A new policy statement be added to direct PSCs to coordinate and jointly develop, with stakeholder input, a joint, long-term, comprehensive transportation electrification plan for Arizona, that would be filed by December 31, 2019, for Commission review and approval.

See new language proposed as Policy Statement 10.

Thank you for the opportunity to submit these comments.

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APPENDIX A: Recommended Edits by SWEEP and WRA


I. Introduction

This document reflects the Arizona Corporation Commission’s ("Commission") approach to the implementation of the Electric Vehicles, Electric Vehicle Infrastructure, and the Electrification of the Transportation Sector in Arizona Policy Statement ("Policy") that was adopted at the December 2018 Open Meeting (Decision No. 77044). It is intended to provide guidelines to Public Service Corporations ("PSCs") regulated by the Commission how to best implement the Policy.

Commission Staff ("Staff") hosted an Electric Vehicle ("EV") Stakeholder meeting on March 14th, 2019 and will host another meeting on March 26th, 2019 to discuss the implementation of the Policy. The March 14th Stakeholder Meeting served as an opportunity for the EV Stakeholders to give Staff recommendations on how to best implement the Policy. At that meeting Staff received comments from regulated utilities, businesses, advocacy groups, and the public. Based on the discussion at the March 14th meeting and the comments filed to the docket, Staff developed a draft Implementation Plan ("Plan") to serve as the basis for discussion at the March 26th meeting. At the March 26th meeting Staff anticipates receiving additional EV Stakeholder feedback on the Plan. With the feedback from the March 26th meeting and the comments filed to the docket, Staff will produce a revised Plan. It is Staff’s goal to present the proposed Plan to the Commission at the April 2019 Open Meeting for discussion, consideration, and possible approval.

II. Policy Statements and Implementation Plan

1. Public Service Corporations can play an integral role in promoting Electric Vehicles, Electric Vehicle Infrastructure, and the Electrification of the Transportation Sector in Arizona, to benefit Arizona ratepayers and the electric system, and their participation should be encouraged as set forth herein.

A. All PSCs are encouraged to propose initial EV pilot programs to the Commission by no later than July 1st, 2019. In their proposals the regulated entities are encouraged to focus on the deployment of EV infrastructure, charging stations, charging patterns, EV fleet charging, make-ready infrastructure, rate designs, incentives, and customer education and outreach. Staff intends to present recommendations on the proposed pilot programs submitted to the Commission at the Commission’s August 2019 Open Meeting. The pilot programs will continue until further order by the Commission.

A-B. As part of the EV pilot programs, PSCs are encouraged to develop, propose, and implement appropriate and effective rate designs applicable to EV charging to pursue grid benefits while encouraging customer adoption of EVs. To accomplish this, PSCs are expected to propose optional rate design tariffs to
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encourage customers to charge vehicles during off-peak hours or at times when excess solar generation is available and prices are low or negative, thereby creating overall system benefits. The Commission may choose to adopt interim rates for EV charging in the EV pilot programs.

C. Cost recovery for all approved EV pilot programs shall be addressed in the Company’s next rate case. PSCs may request an accounting order to track all pilot program investments.

B.D. PSC EV pilot investments in EV infrastructure, including make-ready and charging infrastructure, shall be addressed in the next rate case for each regulated utility, similar to other capital expenditures.

2. Public Service Corporations are encouraged by the Commission to develop and implement educational and outreach programs (subject to Commission oversight) as they relate to Electric Vehicles, Electric Vehicle Infrastructure, and the Electrification of the Transportation Sector and may request cost recovery for Electric Vehicle programs including education and outreach programs.

A. Education and outreach programs should be done with Commission oversight. PSCs may seek cost recovery for education and outreach programs in the Company’s next rate case. PSCs may request an accounting order to track these costs.

3. Public Service Corporations and stakeholders will develop best practices for Commission consideration that include consumer protections.

A. Current best practices for PSCs and for make-ready and charging infrastructure that receives Arizona ratepayer or public funding should include at a minimum the following:

i. Charging infrastructure should be based on clear, open technical standards to ensure ease of use, interoperability (so that all EVs are able to use charging infrastructure implemented with ratepayer or public funding), safety, reliability, customer switching capability, and minimum risk of stranded assets.

ii. New charging infrastructure implemented with ratepayer or public funding should provide payment options with credit card readers as a minimum to ensure universal customer access.

iii. Charging infrastructure should be available to various vehicle and customer segments such as government buildings, houses of worship, residential homes, mutt-dwelling units, and across a broad spectrum of vehicle types.
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iv. Electric vehicle infrastructure equipment, software and services should be procured directly and in bulk through a fair and open Request for Proposal process to maximize cost effectiveness and ensure a competitive market.

v. DC fast charging stations intended for highway charging should be consistent with industry standards, e.g. 150kW or higher, to minimize the risk of assets becoming obsolete. DC fast charging stations for other purposes, e.g., transit or school buses, fleet charging, or shared mobility/rideshare charging, should be consistent with industry standards, e.g. 50kW or higher. DC fast charging stations should be designed and installed in a manner that enables upgrades to higher power levels in the future.

4. Public Service Corporations should maximize electric grid benefits through appropriate rate designs applicable to EV charging. To accomplish this, PSCs are expected to propose optional rate design tariffs to encourage customers to charge vehicles during off-peak hours or at times when excess solar generation is available and prices are low or negative, thereby creating overall system benefits.

A. PSCs are encouraged to:

i. Propose rate design tariffs that incentivize customers to charge vehicles during off-peak, and to take advantage of periods of low or negative pricing, or at times when excess solar generation is available.

ii. Develop optional rate design tariffs for workplace, and fleet charging, and electrified mass transit that encourage light-, medium- and heavy-duty vehicle charging at times that would improve the integration of variable resources and the electric system’s operational flexibility.

iii. Propose rate design tariffs that alleviate or address the issues that non-regulated entities face when deploying DC fast charging stations, including for low load factor public fast charging.

iv. Work with the non-regulated entities in developing DC fast charging rate design tariffs.

5. Public Service Corporations could deploy EV charging stations in identified areas of inadequate coverage, such as but not limited to, rural and low-income areas, multi-dwelling units, interstate corridors or highways, and other areas. If the Public Service Corporation deploys EV charging stations, the prudent costs of this infrastructure may be included in rate base.

A. In deploying EV charging stations, PSCs are encouraged to explore deployments in areas of inadequate coverage such as rural and low-income areas, multi-dwelling units, interstate corridors or highways, other under-served areas, school...
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and transit buses, and to fill other important gaps in the EV charging infrastructure market.

B. If the market segment where the EV charging stations infrastructure is are proposed has other providers and is competitive, the PSC should provide information to the Commission and Staff on the degree of competition in the particular market and the need for PSC charging stations infrastructure. PSCs are not prohibited from offering EV charging stations to customers and may install and seek recovery for chargers owned by the PSC. PSCs should be able to propose turn-key solutions for end users in other market segments, in a manner that supports consumer choice and helps to reach a wide range of utility customers while also supporting a competitive marketplace. This could be accomplished by assuring that any costs that are recovered from ratepayers as a whole are the same as would be recovered by investments in make-ready infrastructure and rebates for a private sector charger, with any additional cost recovery from the site hosts themselves, and by ensuring that site hosts have the option to choose which chargers will be installed.

6. Public Service Corporations should be encouraged to adopt pilot programs to obtain valuable information on the deployment of EV infrastructure and charging stations, customer charging patterns, and the need for rate designs and incentive programs. Participating utilities are expected to file quarterly updates on such programs with the Commission in this docket.

A. A report containing information gathered from pilot programs should be filed in this docket on a quarterly basis to allow the Commission and Staff to evaluate the effectiveness of the EV pilot programs and to make further recommendations on the issues covered.

7. The proliferation of EVs will have an impact on certain infrastructure needs and expenses of Public Service Corporations. This information should be included in PSC their Integrated Resource Plans in the future.

A. PSCs should include EV infrastructure plans, needs and costs in their future Integrated Resource Plans and the associated customer and grid benefits and impacts of EV charging on the electric system.

8. Public Service Corporations should work with non-regulated entities to determine the location of charging and DC fast charging infrastructure where joint investment and ownership may be appropriate.

A. Where under-investment in low utilization charging infrastructure is directly caused by the high cost of make-ready infrastructure, combined with low
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utilization of charging due to currently low adoption of EVs, it may be appropriate for PSCs to bear fund and seek cost recovery for the cost of the make-ready infrastructure, while non-regulated entities will bear any additional costs.

B. Where joint investment with non-regulated entities is appropriate, PSCs may be permitted to do so.

C. PSCs are encouraged to work with developers where make-ready infrastructure during new construction may be appropriate.

D. PSCs are encouraged to coordinate with non-regulated entities to ensure public health, safety and reliability in the maintenance of charging stations and related infrastructure.

9. The Commission will work with the Governor’s Office, the legislature, and the Maricopa Association of Governments, other Areas or Councils of Governments, and other State agencies such as Arizona Department of Transportation, Arizona Department of Environmental Quality, and Chambers of Commerce to promote Electric Vehicles, Electric Vehicle Infrastructure, and the Electrification of the Transportation Sector in Arizona.

A. In addition to the above listed agencies Staff recommends that the Commission work with Congress and Federal agencies where appropriate.

10. Public Service Corporations shall coordinate and jointly develop, with stakeholder input, a joint, long-term, comprehensive transportation electrification plan for Arizona, to be filed by December 31, 2019, for Commission review and approval. This plan should include all pilot program activities and lessons learned from 2019. The comprehensive plan shall incorporate goals and metrics for evaluating success, and the utilities shall report publicly on a semi-annual and annual basis on their progress, achievements, budget, and expenditures.

11. Commission Staff will continue discussions with stakeholders on the issue of Electric Vehicles, Electric Vehicle Infrastructure, and the Electrification of the Transportation Sector through future stakeholder meetings and will report to the Commission on a quarterly basis with recommendations for the Commission’s further consideration.

12. Commission Staff will work with stakeholders to develop details on implementation on a company by company basis to present for Commission consideration at future open meetings.