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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Florida Power & Light Company's	)	Docket No. 20200170
Petition for Approval of Optional Electric	)	
Vehicle Public Charging Pilot Tariffs	)	Date Filed: November 30, 2020

COMMENTS OF EVgo SERVICES LLC;

NOVEMBER 20, 2020 MEMORANDUM (STAFF RECOMMENDATION)

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NOVEMBER 20, 2020 STAFF RECOMMENDATION

EVgo Services LLC (EVgo) hereby submits to the Public Service Commission (Commission) in Docket No. 20200170-EI, Florida Power & Light Company's (FPL) Petition for Approval of Optional Electric Vehicle Public Charging Pilot Tariff, EVgo's Comments on the Recommendation contained in the November 20, 2020 Memorandum, Document No. 12390-2020 ("Memorandum"), filed by the Division of Economics (Draper, Coston, Forrest), Division of Accounting and Finance (Mouring) and Office of the General Counsel (Stiller, Crawford, Osborn) (collectively, "Staff"). EVgo respectfully urges the following:

1. Should the Commission proceed and grant the utility the ability to own fast charging infrastructure and set a rate for the electricity provided, maintain a level playing field with the private sector and ensure the rate for Utility-Owned Public Charging of Electric Vehicles (Rate Schedule UEV) does not undercut the average rate per kWh offered by non-utility providers; and
2. Approve a demand limiter for inclusion in the Electric Vehicle Charging Infrastructure Riders for General Service Demand and General Service Large Demand (Rate Schedules GSD-1EV and GSLD-1EV) pilot tariffs that comports with that in effect in other jurisdictions. Specifically, EVgo urges that the Commission approve the pilot with the modification that it be available for 100 – 200 hours, rather than the 75 hours proposed by FPL and recommended by Staff. Such expansion would meaningfully address the challenge posed by existing demand charges, allow for flexibility in the development of larger stations to further reduce rage anxiety, and serve an increasing number of EV drivers, thereby furthering the purposes of the pilot program, and allow FPL to

collect data that would inform efforts to meet the state's fast charging deployment goals, while supporting and encouraging a competitive market. Memorandum, pp. 2, 6.

1. Background

EVgo, owns and operates America's largest network of public electric vehicle fast charging, with more than 800 DC fast charging (DCFC) locations across 34 states nationwide, including 35 sites across Florida. Currently, more than 115 million Americans live within a 15-minute drive of an EVgo fast charger. In early 2019, EVgo was proud to announce that it was the first North American charging network to be powered by 100% renewable energy. Most recently, EVgo announced a new partnership with General Motors, whereby EVgo will triple its DCFC network across 40 metropolitan areas over the coming years by building more than 2700 fast chargers across the country.[1] EVgo also works with other automakers, such as Nissan, to expand charging infrastructure in important EV markets.[2]

Fast charging infrastructure is critical to reaching Florida's increasing population of EV drivers, and is especially crucial to enable electrification for drivers without reliable access to charging at home or the workplace, including residents of multi-unit dwellings and EV drivers who take part in the gig economy (rideshare, light duty grocery and food delivery), all of whom rely on public fast charging for the majority of their charging needs. To achieve gains in EV adoption and help Florida achieve a more resilient transportation sector, rate reform is a central component of the solution set.

EVgo applauds FPL for seeking to reduce major barriers to transportation electrification and public DC fast charging deployment – and align current commercial electricity tariffs with the type of load DC fast

[1] EVgo, "General Motors and EVgo Aim to Accelerate Widespread EV Adoption by Adding Fast Chargers Nationwide" (July 31, 2020), https://www.evgo.com/about/news/general-motors-and-evgo-aim-to-accelerate-widespread-ev-adoption-by-adding-fast-chargers-nationwide/.

[2] EVgo, "Nissan and EVgo expand charging network with 200 new EV fast chargers" (August 6, 2019), https://www.evgo.com/about/news/nissan-and-evgo-expand-charging-network-with-200-new-ev-fast-chargers/.

charging presents by addressing demand charges. EVgo also appreciates the Commission's promptly opening this docket and Staff's work on the matter in support of the state's efforts in implementing the recent EV charging legislation and transportation electrification objectives.

2. Analysis

a. Staff's Recommended UEV Pilot Tariff Rate Should be Designed in a Way that Does Not Undermine the private sector's fast charging investments.

FPL proposed a tariff to apply to customers charging electric vehicles that purchase charging services directly from FPL at certain FPL-owned public fast charging stations consisting of a proposed volumetric rate of $0.30 per kilowatt-hour (kWh). Memorandum, p. 4. FPL stated that when comparing the average mileage efficiency of electric vehicles to gasoline-powered vehicles, the electricity price that equates to the same cost per mile is $0.31 per kWh. *Id*. FPL also explained that its proposed rate was close to Tesla's per kWh rate of $0.28, rather than the average public fast charging electricity price offered by private providers[3].

In its comments on FPL's proposal, on grounds that no forum had yet debated whether a Florida utility should own and operate EV infrastructure and what the proper parameters might be, EVgo urged the Commission to set a UEV tariff rate only after evaluating that threshold question. October 5, 2020 Comments of EVgo Services, LLC, Document No. 10540-2020 ("EVgo Comments"), pp. 7 – 8. EVgo also noted that the rate FPL was proposing in this forum was based exclusively on electricity costs, which comprise only a portion of the costs borne in installing and operating charging stations. *Id*., p. 8. EVgo cautioned that if the Commission permit the utility to own DC fast charging infrastructure, that it be

[3] See Memorandum, p. 4, stating: " Furthermore, public fast charging prices in Florida offered by other providers, such as Tesla, EVgo, and Electrify America, average at $0.35 per kWh." https://www.floridapsc.com/library/filings/2020/12390-2020/12390-2020.pdf.

mindful to do so in a way that complements third-party owned and operated fast charging investments. *Id*.

EVgo believes that Staff's recommended adoption of the UEV tariff rate of $0.30 per kWh proposed by FPL in its petition fails to consider EVgo's argument as to the nature of such rate, by failing to acknowledge that FPL may both recover its purported electricity costs (through the UEV tariff) and its installation and operating costs (which Staff noted may be sought by FPL in the next rate case for recovery of its EVolution pilot investment, Memorandum, p. 6).[4] It is precisely the concerns with maintaining a competitive environment that has caused numerous commissions to either limit utility ownership only to those instances where there is market failure,[5] or to decline approving utility ownership altogether.[6] In New Jersey, the Board of Public Utilities established specific criteria to allow the Electric Distribution Utilities to serve as "Provider of Last Resort," after granting the private sector an initial unencumbered opportunity to lead in the deployment of the state's DC fast charging infrastructure, and the utility to support in areas of last resort according to specified criteria.

[4] Staff apparently rejected EVgo's argument on grounds that FPL is not seeking cost recovery in the instant docket. Memorandum, p. 6. EVgo's concern was not with the propriety of FPL seeking recovery of its costs in this docket, but rather with the fact that FPL may seek its costs + its electricity costs, an advantage not available to developers such as EVgo.

[5] See New Jersey Board of Public Utilities Docket No. QO20050357, p. 22, https://www.nj.gov/bpu/pdf/boardorders/2020/20200923/.pdf,
where the Board added additional limitations on those recommended by Staff, in defining "Last Resort" locations eligible for utility ownership.

[6] See July 16, 2020 Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs, p. 33, available at PSC Docket Case 18-E-0138, http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterSeq=56005, where, because of its "concerns over discouraging potential competitive investment through utility ownership," the New York Public Service Commission limited utility ownership of EV supply equipment "only . . . in limited circumstances, such as existing utility-owned EV supply equipment or utility-owned EV supply equipment that exclusively serves utility-owned vehicles or employee vehicles." In D. 14-12-079, the California Public Utilities Commission removed the requirement that the utilities demonstrate a "market failure" or "underserved market" as part of any request for authority to own plug-in electric vehicle charging infrastructure. Instead, D.14-12-079 allowed for consideration of utility proposals on a case-specific basis and reaffirmed the use of a balancing test that weighs the benefits of utility ownership of charging infrastructure against potential competitive limitation.

Staff also erred in adopting a rate that tilted more strongly towards Tesla's charging rate of $0.28 per kWhMemorandum, p. 5. Tesla itself commented that the rate it charges its customers is not replicable by other charging operators, which strongly suggests that Staff's selecting a Tesla-like rate for the utility will disadvantage Tesla's fellow non-utility charging service providers. Memorandum, p. 5. Further, Staff erred in declining to consider the comparability of EVgo's and Electrify America's per-minute charging rate.

At a minimum, EVgo recommends that if the Commission will permit utility ownership in this docket, the Commission should start with a rate for the utility that comports with the average charging rate noted by Staff for non-utility charging stations and make modifications at the end of the pilot.[7]

b. **Staff Has Recommended an Overly Conservative Demand Limiter**

As means of reducing the prohibitively high demand charges that today continue to challenge private investment in public fast charging stations,[8] Staff recommends adopting FPL's proposed demand limiter mechanism that would apply a 75 hours constant to kWh sales to customers with load factors less than ten percent.[9]

EVgo applauds FPL for proposing a demand limiter as its rate design approach and supports the methodology. However, EVgo suggests increasing the limiter from 75 to 200, consistent with other utilities' demand limiter approach. Specifically, Virginia Dominion's standard commercial GS-2 rate includes a demand limiter mechanism which uses 200 hours as a threshold for non-demand billing versus

[7] The Memorandum, at p. 6, explains that FPL will be required to collect and evaluate data to allow staff and interested parties to move towards a cost-based rate, to which the Commission might move in a new docket.

[8] FPL's petition states: "For [fast charge] stations demand charges create unfavorable operating economics. Fifty percent of stations paid between $0.33 and $1.33 per kWh, which put them in the top 99th percentile of GSD-1 and GSLD-1 customers with regard to energy average cost." Petition, p. 13. Staff correctly observed that these "standard demand rate schedules create a barrier to entry into the EV market." Memorandum, p. 8.

[9] *Id*.

demand billing.[10] Xcel Energy in Minnesota institutes a demand limiter of 100 hours as a standard rule for commercial customers on general service.[11] Such greater delimiter will provide greater flexibility for charging providers under the parameters of a pilot program, and will allow FPL and the Commission and its Staff to evaluate the success at specific point in time.

While acknowledging, but not commenting on FPL's assumption that even if there is a cost-shift resulting from reducing demand charges paid by pilot participants, it will be short-lived,[12] Staff explained that it adopted the more conservative delimiter because of its concern that a limiter for charging stations may result in lost revenues needing to be recaptured from the general body of ratepayers.[13] Staff also assumed that a larger limiter will shift more costs proportionally to the general body of ratepayers.[14] Staff based its recommendation favoring a conservative limiter upon FPL's one paragraph response to a data request in which FPL estimated the annual impact of lost revenue to be $157,000, based upon its modeling the effects of the 75-hour demand limiter on 41 fast charging stations.[15]

EVgo respectfully submits that there has been no opportunity to examine and weigh in on the aforementioned estimate to serve as a basis for Staff to conclude that a demand limiter will result in a cost shift; that the purported cost shift is proportional to the size of the limiter; and/or that the benefits

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[10] *See* Virginia Electric and Power Company (now known as Dominion Energy) Schedule GS-2, Section III. https://cdn-dominionenergy-prd-001.azureedge.net/-/media/pdfs/virginia/business-rates/schedule-gs2.pdf?la=en&rev=ca651fa03bb44ed4acf86a71547ba786&hash=6EF6530D86014E12AB2986EFCD0FDA9B.

[11] Rates - Xcel Energy.

[12] *See* Memorandum, p. 9, stating: "FPL asserts that if the proposed tariffs are successful in accelerating the adoption of EV use, any additional revenues will contribute to the recovery of fixed costs, reducing the impact on the general body of ratepayers."

[13] *Id*.

[14] *Id*.

[15] *Id*.

of a generous demand limiter outweigh the costs. Faced with a similar quandary, the California Public Utilities Commission ("CPUC") found instead that Commercial EV customers generally provide new, incremental, growing loads to which costs have yet to be allocated. Thus, the CPUC ruled that "any revenue collected from the new class [of CEV loads] beyond the marginal cost to serve them is an overcollection." CPUC Decision No. 19-10-055, at p. 44.

Similarly, the Minnesota Public Utilities Commission ("MPUC") recently found that the public benefits gained as a result of pilots employing robust demand limiters, outweighed potential costs. The MPUC also approved Xcel's Public Charging Pilot, which balanced the impact of the demand charge imposed on commercial customers by limiting the billed quantity of peak demand to the amount of kWh energy used in month, divided by 100 hours. Specifically, the MPUC ruled that the pilot "advance[s] the legislative goal of transportation electrification in a manner that reasonably limits potential rate impacts, while presenting an opportunity for ratepayers and the public to benefit."[16]

Award of a more broadly applicable demand charge limiter in this docket would accelerate this State's ability to further the aims of the state's legislators, which recognize the emerging importance of EV charging stations and the important role utilities have in this effort.[17] An increased demand charge limiter would increase the number of charging opportunities that could be economically provided. In fact,

[16] *In re Xcel Energy's Petition*, 2020 Minn. App. Unpub. LEXIS 791 (Ct. App. Minn. 2020) upheld the MPUC's approval of Xcel's Public Charging Pilot which balanced the impact of the demand charge imposed on commercial customers by limiting the billed quantity of peak demand to the amount of kWh energy used in month, divided by 100 hours. MPUC Docket No. 18-643, July 17, 2019 Order Approving Pilots with Modifications, Authorizing Deferred Accounting, and Setting Reporting Requirements, Doc. No. 20197-154444-01, which found that the pilot "advance[s] the legislative goal of transportation electrification in a manner that reasonably limits potential rate impacts, while presenting an opportunity for ratepayers and the public to benefit." *See also* MPUC Docket No. E-015/M-19-337, *In the Matter of Minnesota Power's Petition for Approval of its Electric Vehicle Commerclal Charging Rate Pilot*, Dec. 12, 2019, p. 16.

[17] Memorandum, p. 3, *citing* Section 339.287, F.S.

greater EV adoption facilitated by the proliferation of charging infrastructure has positive impacts on all customers, and therefore reduces electricity costs for all customers. In addition, a higher demand limiter can make the pilot more robust and still allow for data the utility to collect meaningful data on charging patterns, without necessarily causing an increase in revenue losses.

Especially as FPL's proposed demand limiter would remain in place for five years, absent a new proceeding, EVgo respectfully suggests that the Commission follow the lead of the other jurisdictions that have entertained the issue, and award more aggressive demand charge relief, as an essential means of accelerating the transition to vehicle electrification, especially at this early stage in the market.

To the extent that Staff have recommended that FPL's reporting account for costs purportedly shifted to general ratepayers, EVgo respectfully urges the Commission to also require that FPL quantify the benefits to general ratepayers from increase EV system usage.

Finally, EVgo applauds FPL for considering both existing and new fast chargers as eligible under the pilot. This ensures that the tariff does not create winners and losers, or unfairly discriminate against certain chargers and eliminates the possibility of stranded investments. EVgo urges the Commission to approve the application of the pilot to both existing and new stations as proposed by FPL.

3. <u>Conclusion</u>

EVgo appreciates the opportunity to provide comments for the consideration of the Commission. EVgo also thanks FPL for taking the first step in addressing a critical barrier for widespread public charging deployment through its proposed Electric Vehicle Charging Infrastructure Riders. EVgo looks forward to further engagement to ensure a robust and resilient public charging infrastructure network for all Floridians.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Written Comments of EVgo SERVICES, LLC has been furnished to the parties of record and interested persons in Docket 20200170 on this 30th day of November, 2020.

s/ _____

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