

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider
Alternative-Fueled Vehicle Programs,
Tariffs and Policies.

Rulemaking 13-11-007
(Filed November 14, 2013)

**REPLY COMMENTS OF CHARGEPOINT, INC.
ON ORDER INSTITUTING RULEMAKING TO CONSIDER
ALTERNATIVE-FUELED VEHICLE PROGRAMS, TARIFFS, AND POLICIES**

In accordance with Rule 6.2 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure and the schedule established in the Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies (“OIR”), ChargePoint, Inc. (“ChargePoint”) respectfully submits the following reply comments responding to issues raised in the opening comments filed on the OIR.

I. Introduction

It is encouraging to see that many stakeholders in this proceeding have constructive ideas and an optimistic view of the potential for optimizing electric vehicle (“EV”) charging for the benefit of EV customers, ratepayers, and a more reliable grid. While opening comments reveal some differences of opinion about how best to prioritize and implement EV demand response (“DR”) programs and other vehicle-grid integration (“VGI”) initiatives, there is a general consensus among most parties that now is the right time to start looking at these issues, and that there is much potential in managed charging, aggregation, and integration of EV charging services with storage and on-site photovoltaic (“PV”) solar energy systems.

At the same time, ChargePoint is concerned that a few parties’ comments advocate reopening issues recently addressed in prior phases of Rulemaking 09-08-009, the predecessor to

this proceeding, and advocating policies that could undermine the fundamental principles of competition, innovation and customer choice. The Commission should resist invitations to second-guess its very recent policy determinations. Instead, the Commission and the parties to this proceeding should focus constructively on VGI, rate design, financing and submetering, the issues identified in the OIR. There is much to do, and the successful implementation of California's ambitious ZEV plans will require a strong and continuing commitment to policies encouraging competition, innovation and customer choice.

II. The Commission should reject the IOUs' request to reopen the issue of utility participation in competitive markets for EVSE and related services

The IOUs' opening comments propose that the scope of this proceeding include reconsideration of the Phase 2 Decision (D.11-07-029) prohibiting IOU ownership and operation of behind-the-meter electric vehicle service equipment ("EVSE").¹ In the Phase 2 Decision the Commission reasoned that the supposed safety and cost benefits of utility ownership of EVSE were outweighed by "the potential for competitive limitations resulting from utility ownership."² That determination was exactly right and should be reaffirmed.

The Commission recognized in 2011 that companies selling state-of-the-art EVSE, communication software, and EV charge management services will not continue to bring private capital and innovative goods and services to a market that is open to participation by ratepayer-subsidized utilities with a guaranteed rate of return and privileged access to utility customers and customer data. That has not changed in the two years since the Phase 2 Decision was issued.

¹ See PG&E Comments at 3 (Commission should monitor and pilot different concepts, including "...allowing the utilities flexibility to engage in ways that PEV customers request or expect, such as in developing PEV charging infrastructure for the benefit of PEV customers."); SDG&E Comments at 5 ("[U]tilities should be allowed to actively participate in all aspects of transportation electrification, including owning and operating grid-integrated charging facilities."); SCE Comments at 29 (Suggesting reconsideration of investor-owned utility ownership of equipment on the customer-side of the meter because of "significant state policy changes.").

² D.11-07-029 at 49.

The regulated IOUs should be kept out of the EVSE and EV charging service business for the same reason they should not be allowed to sell clothes driers – or, for that matter, electric cars, or contracts to provide EV car security systems, or EV GPS services. Allowing utilities to enter into competitive markets (particularly emerging markets) undermines competition, which is the force that drives innovation and private investment.

ChargePoint is not alone in its view. Clean Energy Fuels Corporation (“CEF”) notes in its opening comments that the Commission’s prohibiting utility ownership of EVSE downstream from the customer meter merely reflects the traditional boundary of ownership, which is designed to maintain competitive markets and protect ratepayers.³ CEF also recalls that in establishing the Affiliate Transaction Rules, the Commission acknowledged the dangers of utility participation in unregulated markets, and concluded that an unregulated affiliate rather than the utility should offer competitive services.⁴ Green Power Institute and Community Environmental Council (“GPI/CEC”) suggest that the IOUs support expansion of public charging by offering forms of financial support while leaving to third parties the design, installation and operation of charging facilities.⁵ And with respect to the utility’s role in facilitating aggregation and VGI, NRG correctly observes that “[p]articipation in any primary role by utilities, with their status as regulated monopolies and consequent low cost of capital, would be unfair for third-party competition.⁶

The IOUs’ comments notably do not discuss the Commission’s reasoning in the Phase 2 Decision, nor do they offer any justification for inviting the Commission to reverse its prior determination except for broad statements regarding the need for public and multi-unit

³ CEF Comments at 4.

⁴ Id. at 3.

⁵ GPI/CEC Comments at 4, 12.

⁶ NRG comments at 3.

residential charging stations and, in SCE’s case, reference to “state policy changes” in Senate Bill 76, Executive Order B-16-2012, and the ZEV Action Plan.⁷

The Commission need not and should not include within the scope of this proceeding reconsideration of the Phase 2 Decision’s prohibition against IOU ownership and operation of charging stations, except with respect to their own fleets and employees. The Commission does need to identify barriers to expansion of public, workplace, and multi-unit residential charging. Those barriers include regulatory and financial obstacles that the IOUs *can* play a very useful role in addressing. That should be the focus of this proceeding.

III. The IOUs can play an important role in enabling financing and supporting customer investment in smart charging infrastructure

A number of parties agree that the IOUs should assist with financing to support private investment in PEV infrastructure.⁸ On-bill financing is available today for energy efficiency program customers and could easily be adapted to support customer acquisition of EV charging infrastructure. There is nothing preventing the Commission from immediately taking action to authorize on-bill financing for smart charging facilities that will enable EV customers to participate in EV tariffs, access networked charging services that benefit the grid, and provide other services as opportunities emerge over time. This is a win/win/win proposition because the customer, the ratepayer, the utility and the grid all benefit. The value of smart charging

⁷ SCE Comments at 29-30. SCE does not cite any statement from these policy documents that supports utility participation in competitive markets. In fact, there is language in the documents SCE cites that suggests the policymakers assume that private companies, not utilities, will be providers of EVSE and EV charging services. For example, from Executive Order B-16-2012 (<http://gov.ca.gov/news.php?id=17472>): “The private sector’s investment in zero-emission vehicle infrastructure will be growing.” And from ZEV Action Plan (<http://www.documents.dgs.ca.gov/ofa/fars/zevaactionplan02-13.pdf>): “California-based infrastructure companies have built thousands of plug-in electric vehicle charging stations, while other companies are advancing different types of ZEV infrastructure such as battery swapping stations.”

⁸ See e.g. GPI/CEC Comments at 12; CESA Comments at 8; MEA Comments at 6; CALSTART Comments at 4.

infrastructure can be further expanded and leveraged by adoption of commercial/industrial TOU, dynamic or real time rates to optimize public and workplace charging.

The IOUs' opening comments do not identify any obstacles to on-bill financing, but instead counsel delay. For example, SDG&E recommends delay because the energy efficiency context is "unique" and "not directly applicable to AFV adoption and EVSE installation."⁹ PG&E similarly says that *any* consideration of *any* new financing options in this proceeding should wait until after PG&E completes its DR-PEV pilot.¹⁰ ChargePoint disagrees. Some policy initiatives identified in the OIR and party comments are complex and will take time to implement, but on-bill financing can be implemented in the near term. In fact, Marin Energy Authority offers financing for EV infrastructure to MEA customers today:

MEA already offers financing to customers to encourage EV adoption by way of MEA's On-Bill Repayment ("OBR") program that is part of MEA's 2013-2014 Energy Efficiency ("EE") offerings. Per the terms of these OBR loans, up to 30% of the funding granted can be applied to property retrofits beyond EE measures, including EV charging infrastructure and metering. The OBR mechanism provides a relatively low-cost, low-risk financing mechanism for the deployment of EE retrofit technologies, and it could be more intentionally adapted to apply to EV charging infrastructure.¹¹

The OBR model is available and ready for adaptation for EV infrastructure. We encourage the Commission to prioritize this task.

At the same time, the Commission should not limit the scope of its consideration of financing opportunities to on-bill financing. As discussed in ChargePoint's opening comments, the IOUs can play a very important role in supporting the rollout of expanded infrastructure development in California. The IOUs' opening comments offer objections to utility financing of EV purchase, noting that there are market mechanisms available for the private financing of

⁹ SDG&E Comments at 12.

¹⁰ PG&E Comments at 9-10

¹¹ MEA Comments at 6.

vehicles. However, the IOUs do not address the need for financing of infrastructure and related (e.g. trenching, installation) costs – particularly in the case of customers interested in developing public, commercial, workplace and multi-unit charging infrastructure. This is the area in which the utilities could provide significant and meaningful support. As TURN points out, ChargePoint and Aerovironment have both stepped up to help encourage new models for investment in EV infrastructure and partnership with financial institutions. These efforts are a beginning, and can be scaled in California with the help and participation of the IOUs. We look forward to participating in a creative dialogue regarding the ways in which IOUs can contribute in this area.

IV. There is a strong consensus that rate design can be used to support expanded adoption of EVs and use of smart charging to support state policy priorities

Most of the parties filing opening comments agree that the current EV rate offerings can and should be expanded and improved. ChargePoint agrees. First, there is an immediate need to develop commercial and industrial EV rates. This can be accomplished in the near term.

Second, as numerous parties point out, demand charges can create a barrier to electrified transportation.¹² There appears to be support for at least a limited term exemption for providers of public transportation and perhaps similar customers such as operators of institutional fleets. For the longer term the Commission should look carefully at EV rate design across the board, taking into consideration all of the benefits of EV transportation and the state’s policies supporting expanded adoption of EVs.

Lastly, the CPUC should consider how rates and rate design can contribute to addressing up-front costs that may inhibit installation of smart charging facilities. For example, CALSTART recommends ratebasing the costs for upgrading panels and trenching, which often

¹² See e.g. CCSE Comments at 6-7; CALSTART Comments at 4-5; ORA Comments at 12.

constitutes the largest share of installation costs.¹³ ORA recommends fixed charges, which raise significant issues, but should at least be discussed. And another option, as discussed above, is on-bill financing or deployment fund investment by the IOUs.

V. Coordination with other proceedings is essential, but the Commission should address VGI issues relating to PEVs in this proceeding

Many parties note the importance of coordinating policy development in this proceeding with other rulemaking proceedings in which the Commission is developing policy for demand response, storage, resource adequacy and interconnection.¹⁴ ChargePoint strongly agrees. However, the Commission should avoid deferring or delegating to other dockets the development of policies directly applicable to EVs and VGI. EV issues should be addressed in this proceeding to the extent possible, although care should be taken to coordinate as necessary with the work being done in other proceedings in order to ensure consistency. There are two reasons that keeping EV issues in this proceeding is important. First, issues affecting EV drivers and service providers are unique in many ways and VGI in particular is a new and relatively unexplored area for EV users and service providers. Second, a number of stakeholders in this proceeding, including ChargePoint, are small and do not have the resources to participate actively in all of the interrelated Commission proceedings. We are committed to contributing our expertise and experience to the development of policy, and appreciate the Commission's effort to make this effort workable for smaller stakeholders from the community of EVSE and EV service providers.

¹³ CALSTART Comments at 4.

¹⁴ See NRG Comments at 4; EV Grid Comments at 3; Clean Coalition Comments at 3; Vote Solar Comments at 4.

