BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) For Approval of Its Electric Vehicle-Grid Integration Pilot Program.	Application 14-04-014 (Filed April 11, 2014)

PROTEST OF THE UTILITY REFORM NETWORK TO SDG&E'S ELECTRIC VEHICLE CHARGING STATION CONSTRUCTION PROGRAM

TURN
THE UTILITY REFORM NETWORK
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Marcel Hawiger, Energy Attorney
THE UTILITY REFORM NETWORK
785 Market Street, Suite 1400
San Francisco, CA 94103
Phone: (415) 929-8876 ex. 311
Fax: (415) 929-1132
Email: marcel@turn.org

May 19, 2014

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I. INTRODUCTION

Pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure, The Utility Reform Network (TURN) files this protest to the application by SDG&E for approval of its proposed electric ("EV") vehicle grid integration ("VGI") pilot program. The application was filed on April 11, 2014 and noticed in the daily calendar on April 18, 2014.

In its Application, SDG&E proposes an innovative rate design for electric vehicles. The Commission should expeditiously evaluate the reasonableness and effectiveness of the proposed time-varying EV rate.

While SDG&E touts this innovative rate design as a hallmark of its proposal, the actual focus of this $100 million "pilot" is the use of ratepayer funds to pay for the construction of about 40 EV charging stations to be owned by SDG&E. The Commission must carefully evaluate whether this aspect of the proposal is consistent with policies previously enunciated in D.11-07-029, and whether it is reasonable for ratepayers to fund charging stations that provide significant benefits to SDG&E shareholders, EV customers and private employers seeking to provide benefits to their employees.

II. ISSUES IN DISPUTE

SDG&E proposes to spend about $65 million in 2015-2018, and over $100 million over the life of the project, to construct over 550 charging sites, located at about 40 charging stations in multi-unit dwelling ("MUD") housing and workplaces.[1] SDG&E proposes to use its 15% of GHG credit allowance revenues to support funding for the project.

SDG&E proposes a VGI Pilot Rate that includes a distribution rate component based on the medium and large commercial and industrial rate, with an hourly adder based on circuit-level peak load conditions; and a generation rate component based on CAISO day-ahead prices with an hourly adder based on the top 150 system peak hours.[2] Additionally, SDG&E also proposes to implement a smart phone app that allows for optimal (least cost) charging once a customer identifies their desired price cap, energy level and time to leave.[3]

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[1] SDG&E Application, p. 4-5.

[2] Testimony of Fang, p. CF-6 to CF-19.

[3] Testimony of Schimka, p. RS-3 to RS-4.

SDG&E does not specifically identify issues in dispute but simply notes that "the issues to be considered are described in this Application and the accompanying testimony and exhibits."[4]

TURN recommends that the Commission find that at least the following issues must be addressed to evaluate the reasonableness of SDG&E's request.

1. Reasonableness of EV Tariff

The Commission should evaluate whether the proposed tariff is reasonable and fair based on accepted rate design principles. In particular, TURN will investigate whether it is reasonable to use the medium and large commercial rate schedule as a basis for a tariff for individual EV owners. Because the VGI pilot base rate is significantly lower than the standard residential (domestic) rate, the result would be that an EV owner charging at the workplace would likely pay a lower rate than an EV owner charging at home.

2. Reasonableness of Ratepayer Funding for Utility Ownership of Charging Stations

a. Consistency with Commission Policy Concerning Utility Ownership of Charging Stations

The Commission prohibited IOUs from owning charging stations unless they "present evidence in an appropriate proceeding of underserved markets or

[4] SDG&E Application, p. 7.

market failure."[5] SDG&E does not even directly acknowledge this requirement anywhere in its application. SDG&E presents limited data showing that there is a significant population of residents in multi-unit dwellings, while at the same time EV ownership is concentrated among single-family dwellers.[6] SDG&E presents no information concerning any pent-up demand from MuD dwellers, not does it provide any information concerning existing charging stations at workplaces.

Whether there is an actual market failure is an issue that should be resolved before SDG&E's intent to own charging facilities is approved by the Commission. Since SDG&E has not restricted its ownership to either MuDs or workplaces, presumably it must demonstrate a market failure in both markets.

b. Reasonableness of Ratepayer Subsidy for EV Owners, Building Owners, and Employers

SDG&E proposes that ratepayers pay for the construction of the facilities, which would be owned by SDG&E and rate based.

EV owners obtain an economic benefit from charging, which results in a significantly lower per mile transportation cost as compared to gasoline. The owners of any multi-unit housing would obtain an economic benefit of an

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[5] D.11-07-029, p. 50.

[6] Application, p. 2.

additional service (provided to the MuD owner for free) that could be incorporated in rental prices. The employer obtains a benefit of being able to provide an employee benefit, again at no cost to the employer. SDG&E shareholders will benefit in the long run from increased load associated with EV vehicles.

The only people who do not obtain a direct economic benefit in this proposal are SDG&E ratepayers. There may be some benefits due to increased load paying fixed charges, though it is not clear what contribution to margin the new EV tariff represents. Certainly, ratepayers share in the environmental benefit due to the electrification of the transportation industry, but this is a benefit that accrues to all residents of Southern California and beyond.

TURN thus suggests that SDG&E's proposal is not an equitable allocation of costs and benefits. TURN will explore and recommend alternatives to complete ratepayer funding of the infrastructure.

In particular, one of the priorities identified in Rulemaking 13-11-007 is the implementation of innovative financing mechanisms. Rather than build and own the charging stations, SDG&E should provide alternatives that would use ratepayer money to finance these stations, with some mechanism for building owners, employers or other third parties to purchase the stations over time. Such a mechanism could take the form of an explicit agreement for the third party to make regular payments so as to own the system after some amortization period. Any such system would depend on sufficient interest from third parties in owning stations constructed by SDG&E and financed using the utility WACOG. Another mechanism would be to recover the fixed costs of the investment over time in the actual EV rate, which would essentially amount to a ratepayer "financing" of the investment.

c. Use of GHG Allowance Revenues

SDG&E has requested authority to use some of the 15% of GHG allowance revenues available for clean energy and energy efficiency projects.[7] While SDG&E cites to standards enunciated in D.12-12-033, the use of such funds is additionally circumscribed by Sections 95892(a) and (d) of the Health and Safety Code. These statutory provisions require that the funds be used "exclusively for the benefit of retail ratepayers."[8] Whether using such funds to build and construct EV charging stations on private property for private use is consistent with these guidelines is a threshold issue of law and policy that must be addressed. TURN recommends expedited briefing on this issue so as not to waste resources litigating the other factual matters.

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[7] Application, p. 5-6.

[8] Health and Safety Code, § 95892(a); See, also, D.12-12-033, p. 20-22.

B. Proceeding Categorization and Need for Hearings

TURN agrees with SDG&E that this proceeding should be categorized as ratesetting, and TURN agrees that evidentiary hearings will be required.

C. Proposed Procedural Schedule

SDG&E proposes that intervenor testimony be due on July 7, or approximately one month after it anticipated a Scoping Memo. TURN recommends that testimony be due no sooner than two months after the issuance of a scoping memo.

III. CONCLUSION

TURN commends SDG&E for proposing mechanisms to accelerate the adoption of electric vehicles. However, SDG&E appears to be overreaching in proposing to build and own over 40 charging stations at a cost of $100 million. The Commission and stakeholders must closely examine whether SDG&E has met the standards previously enunciated in D.11-07-029, and whether it really makes sense for utility ratepayers to pay for charging stations that will primarily benefit private EV owners, multi-family housing owners, private employers and SDG&E shareholders.

May 19, 2014	Respectfully submitted,

By: ______/s/___________________
Marcel Hawiger, Energy Attorney

THE UTILITY REFORM NETWORK
785 Market Street, Suite 1400
San Francisco, CA 94103
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Email: marcel@turn.org