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 22, 2013)

JOINT OPENING COMMENTS OF ALLIANCE OF AUTOMOBILE MANUFACTURERS, ASSOCIATION OF GLOBAL AUTOMAKERS, AND GENERAL MOTORS ON THE ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING OF JULY 16, 2014 TO CONSIDER ALTERNATIVE-FUELED VEHICLE PROGRAMS, TARIFFS, AND POLICIES

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JOINT OPENING COMMENTS OF ALLIANCE OF AUTOMOBILE MANUFACTURERS, ASSOCIATION OF GLOBAL AUTOMAKERS, AND GENERAL MOTORS ON THE ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

I. Introduction

The Alliance of Automobile Manufacturers (Alliance)[1], Association of Global Automakers, Inc. (Global Automakers)[2], and General Motors are pleased to have the opportunity to provide our comments on the California Public Utilities Commission's (CPUC or the Commission) Phase 1 questions of the Scoping Memo and Ruling R.13-11-007 to consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies. We appreciate the Commission's continued focus on the market development of advanced vehicle technologies and the necessary infrastructure to support their wide-spread adoption and use. While the plug-in electric vehicle (PEV) market has seen substantial growth over the past two years, it is still a nascent market representing only about 2.5% of new vehicle sales in California. Moreover, continued market growth faces significant barriers including those addressed in this rulemaking.

II. Background

The Alliance and Global Automakers are trade association representing of twenty three (23) car and light truck manufacturers (over 99% of California's new vehicle market) that are each strongly committed to market development of plug-in electric vehicles (PEVs). Collectively the Alliance and Global Automakers members currently offer thirteen (10) battery electric vehicles (operating solely on battery power) and seven (8) plug-in hybrid electric vehicles (PHEVs). Our member companies have invested tens of billions of dollars in research, development, production, and promotion of zero emission vehicles including hydrogen fuel cell vehicles and PEVs that are the subject of this rulemaking. Successful, large-scale deployment of a new vehicle technology that

[1] Alliance members are BMW Group, Chrysler Group LLC, Ford Motor Company, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen, and Volvo.

[2] Global Automakers' members include Aston Martin, Ferrari, Honda, Hyundai, Isuzu, Kia, Maserati, McLaren, Nissan, Subaru, Suzuki, and Toyota.

requires wholesale changes on the part of the consumer will require the coordinated actions of many organizations including the Commission.

III. Response to Phase I Scope – Statement of Issues

The subject Scoping Memo and Ruling provides the proposed scope of the rulemaking by laying out a series of 13 questions in Section 3.2. Currently, the Commission asked for responses to the first five questions to support its first decision in Phase 1. Questions 6 through 13 will be addressed in future workshops and decisions. Below, we address Questions 1 through 5.

1. Should the Commission adopt the proposed AFV Guiding Principles? What modifications, if any, are appropriate?

In general the Alliance, Global Automakers, and General Motors support the guiding principles as outlined in Section 3.1.1 of the Scoping Ruling. As also raised in Question 10 in this Scoping Memo, it is equally important to consider the breadth of State of California policies directed at supporting PEV market development. The following complementary policies promote a growing, successful market and should be considered integral to AFV guiding principles.

- Governor Brown's Executive Order establishes inspiring targets for the adoption of zero-emission vehicles, including all PEVs, while instructing key California agencies to work with public and private organizations to establish benchmarks to reach those milestones.[3] Subsequently, the Governor's Interagency Working Group on Zero-emission Vehicles established a comprehensive ZEV Action Plan in February 2013.[4] Guided by State agencies and organizations, the Action Plan contains a broad set of actions to achieve the goals set forth in the Executive Order, including actions the Commission and investor-owned utilities (IOUs) should take to support market development.
- Senate Bill 626 (2009) adds Section 740.2 to the Public Utilities Codes directing the Commission, in consultation with State agencies, the IOUs and automakers, to reduce

[3] Governor Brown's Executive Order (March 23, 2012) can be found at http://gov.ca.gov/news.php?id=17463

[4] ZEV Action Plan. February 2013. http://opr.ca.gov/docs/Governor's_Office_ZEV_Action_Plan_(02-13).pdf

barriers for the adoption of PEVs by ensuring policies sufficiently support charging infrastructure development.

- Assembly Bill 118 (2007) directs the Air Resources Board (ARB) and the Energy Commission (CEC) to invest in advanced vehicle technologies. The CEC supports the development and deployment of the necessary infrastructure to grow and commercialize the market to meet the state's goals for reducing greenhouse gas emissions and petroleum dependence in the transportation sector. In 2013, Assembly Bill 8 (2013) reaffirmed the State's commitment to these programs through 2023.

In addition to the Guiding Principles in the Scoping Ruling, the Commission should consider the following additional principle: E*stablish simple, easy-to-understand and easy-to-implement utility programs to enable near-term PEV market growth.* It is critically important to establish transparent, simple policies for customers while facilitating communication channels between customers and industry stakeholders, such as the IOUs. These fundamentals, such as ensuring broad access to PEV-specific rates or simplifying rate options, should remain the priority. Similarly, current and future PEV customers require a growing infrastructure network whether at home, work or "on-the-road". These building blocks establish comfort by supporting awareness, create confidence that infrastructure will enable consumer purchase decisions, and ensure broader adoption of PEVs. Ultimately, only broad adoption of PEVs enables the scale and confidence necessary for more sophisticated vehicle-grid services in the future.

In parallel, the Commission might reconsider the Guiding Principle: *Target near-term solutions that complement the use of preferred energy resources and utilize the grid efficiently.* We appreciate and support the value of coordinating the benefits of PEVs, renewable energy, and energy efficiency strategies. However, it is also important to recognize the inherent benefits, both environmental and economical, of switching to electricity to support consumers' transportation needs. Near-term programs should prioritize the initial benefit of driving a PEV by encouraging market growth while enabling the use of preferred energy resources, and more generally, planning for and defining the value of VGI strategies.

The Commission might also consider clarifying the Guiding Principle: *Enable and incorporate the full range of values from VGI in a new program as part of the Commission's overall AFV*

efforts while remaining technology neutral and allowing for business model innovation. While we support a new program capable of evaluating the technical implementation of VGI, the principle might be too broadly interpreted. For example, the interpretation of "*business model innovation*" or "*full range of values from VGI*" could be used to support wide-ranging arguments. While it might be the intent of the Commission to allow for such a broad interpretation, this principle must support the need for flexibility so market programs and regulatory considerations can easily adapt to new learning. Ultimately, the value of VGI is only relevant if PEVs become a successful mass market. VGI potential should continue to be seen as new value for current PEV driver and to encourage adoption by new PEV customers. It must also ensure VGI programs are applicable in all markets and not California-specific. Furthermore, it appears prudent to adequately assess both the values and challenges associated with VGI programs, such as through adoption of TOU-rates or impacts on battery durability.

2. ***Should the Commission consider an increased role for the utilities in PEV infrastructure deployment and, if so, what should that role be? If the commission should consider utility ownership of PEV charging infrastructure, how should the Commission evaluate "underserved markets" or a "market failure" pursuant to D.11-07-029? What else should the Commission consider when evaluating an increased role for utilities in EV infrastructure deployment?***

The deployment of charging infrastructure is critical to a healthy, growing PEV market. While current PEV drivers are mostly charging at home and at work, the importance of locating and being able to use a charging station when "you need it" can be an important consideration in a purchase decision or whether a PEV is chosen to take a trip. The considerations are extensive – residents consider how and when they will charge at home a decision further complicated if living in a multi-unit dwelling (MUDs). Employers consider the cost of installation, how many employees might desire access, and how to adequately support that access. Retailers will need to consider if the business case to install charging makes sense for their situation. Of course, these are only a few examples and many other location-operator scenarios exist. In each case, it is necessary that customers understand the concerns, can easily address these issues, and have access to a streamlined processes to resolve. Therefore, a growing charging network requires easy-to-understand and easy-to-implement processes across multiple parties.

For this reason, an increased role for utilities in PEV infrastructure deployment is a worthy consideration. We believe this is a matter beyond "underserved markets" or "market failures" and should be reevaluated through the lens of benefitting both the PEV market and all utility customers. PEV markets are growing and charging infrastructure is best addressed by those closest to these considerations. Utility engagement in the PEV infrastructure market, including the installing (i.e. the development of "make-readies"), owning, and/or operating charging equipment, should not be prematurely precluded. Utilities may be well-suited to offer solutions in more complex installations, such as in MUDs, commercial, or smaller market segments. Their involvement can offer confidence to facility owners or local officials while streamlining installations and reducing costs. They may be able to propose solutions that might not otherwise be available or have not been considered without their involvement. These programs should support the adoption of dedicated rate-options, future VGI programs like the integration of renewable energy, and other complementary policies. While enabling the PEV market, efficiently integrating these programs should also mean environmental and economic benefits to the grid and all utility customers.

More importantly, thoughtfully-conceived participation by the utilities ensures the benefits and costs of integrating PEVs into the grid are transparent and adequately captured. Utility market participation can be managed to ensure various business models by third-party service providers are integrated into the planning. We believe utilities and service providers can and should ultimately work together to meet these goals. One can envision scenarios where a utility supports the installation and allow service providers to compete for a facility's business. In other cases, it might be most appropriate for the utility themselves to be the operator, allowing for customers to "pick their product." Certainly, many additional options can be envisioned. Understanding how utilities integrate into the market could initially be a matter of the Commission considering the scale, applicability, and the specific circumstance of each project. Since regions and markets are heterogeneous, allowing for varying approaches with the goals of ensuring system-wide benefits and market development is a prudent path forward. The direct involvement of utilities in PEV infrastructure development can ensure learning, market growth, and system-wide benefits. Furthermore, the on-going evaluation of the utility role, including their market interaction with service providers and utility customers, will be necessary.

3. ***What education and outreach activities must the utilities provide to support further customer PEV adoption? What existing resources are available for these activities and what additional resources are needed?***

Utilities should continue to work with all stakeholders, including automakers, to ensure consumers have access to PEV-related information. In fact, utilities may be uniquely qualified to support customer understanding of the benefits of PEV market development, such as low-cost fuel, integration into household energy use, or interaction with broader programs such as the *Climate Dividend.* In particular, we point the Commission to the ZEV Action Plan's section on "*Specific Strategies and Action to Expand Consumer Awareness and Demand*," which prioritizes the need to characterize the fuel savings potential of using a PEV.[5]

It is also important to recognize and emphasize the need for multiple channels to have information reach consumers. While general and specific information resources are available—such as automaker and utility websites, ride-and-drive events, and market information from DriveClean.CA.gov[6] or the PEV Collaborative—breadth and repetition is critical to support understanding for both uninformed and misinformed consumers. Proactive outreach by utilities, which leverages internal and external resources, can promote broad awareness and appreciation for PEV technologies. Furthermore, an expanded utility role for infrastructure deployment necessitates active outreach—informing customers of benefits of PEV driving and potential rate options or exploring with property owners and property managers (such as those at MUDs, workplaces, and commercial properties) how PEV charging may integrate into their facility.

4. ***How should the Commission mitigate the impact of demand charges, if at all, on entities pursuing transportation electrification?***

While we do not have an explicit recommendation on how to recover generation, transmission, and distribution costs through fixed and variable rate components, we would like to reaffirm that demand charges remain a key consideration (and hurdle) when deploying infrastructure, particularly DC fast charging. Coupled with energy efficiency measures, several mitigation options are available—from integrating storage to redesigning rates without demand charges.

[5] ZEV Action Plan at page 17. http://opr.ca.gov/docs/Governor's_Office_ZEV_Action_Plan_(02-13).pdf

[6] Drive Clean Website. Air Resource Board. http://www.driveclean.ca.gov/

We anticipate direct utility involvement in these scenarios will ensure the most efficient and cost-effective solutions. Therefore, we believe it should be the goal of this proceeding to establish near-term predictability and consistency of cost considerations while enabling a period of growth ahead of commercially-loaded systems (i.e. larger PEV populations). Furthermore, thoughtful and pragmatic consideration should be provided for circumstances where demand charges are rarely or infrequently triggered. Utilities and the Commission should work closely with stakeholders to obviate situations where demand charges dominate the cost of operating charging infrastructure.

5. ***How should the Commission identify and consider in this proceeding best practices achieved and lessons learned from current AFV pilot project results?***

As characterized by the IOU's Joint Inventory of Alternative-Fueled Vehicle Proceedings and Pilot Programs, a range of PEV market concerns is being considered by the Commission. We believe it is important to use well-conceived workshops and pilot projects to incorporate real-world learning into this proceeding. In other words, real-world implementation and findings are critical to understanding the costs and benefits to individual PEV drivers, the overall PEV market, as well as all utility customers. As described in our Question #1 answer, the market is operating in an environment bound by multiple State policies supporting PEV market development. Therefore, it is important to use these pilot programs to enable market growth while carefully exploring the benefits and costs in a neutral, unbiased view. Without these data, it is premature to suggest any program is unable to offer individual, market, or grid benefits. Furthermore, without utility involvement in those projects, it is challenging to properly assess the direct learning necessary to make well-informed decisions. The flexibility that pilot programs offer can aptly inform multiple considerations within this proceeding: the extent of the utility's role, effective education and outreach activities, and other VGI considerations. It is important to note, however, pilot programs should carefully consider consumers' role, ensuring simple, active participation while avoiding unnecessary complexity or confusion. Generally, automakers welcome offering input into such programs.

The Alliance, Global Automakers, and General Motors thank the Commission for the opportunity to submit these comments and will continue to work closely with the Commission, the IOUs, and the

other parties to ensure the successful commercialization of PEVs while ensuring a safe, reliable electrical grid.

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Respectfully submitted,

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