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)

COMMENTS OF ENVIRONMENTAL DEFENSE FUND ON THE SCOPING MEMO IN THE ALTERNATIVE-FUELED VEHICLE DOCKET

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I. INTRODUCTION

Environmental Defense Fund (EDF) thanks the California Public Utilities Commission (CPUC or Commission) for this opportunity to comment on the recently released Scoping Memo in Rulemaking 13-11-007 (EV docket). As advocates for reducing greenhouse gases through smart grid policies and innovations in the transportation sector, EDF believes this rulemaking is of high importance.

EDF is supportive of the guiding principles that the Commission has laid out in its Scoping Memo and believes that they serve as a helpful roadmap for the proceeding. In order to meet the Governor's mandate to have 1.5 million zero emission vehicles on the road by 2025, policies need to be put into place that assist in accelerating the adoption of electric vehicles (EVs). [1]

The guiding principles set forth by the Commission show a clear understanding of and commitment to achievement of this goal. However, we believe that certain aspects of the Commission's principles should be clarified, and that additions to the guiding principles should be made that would be beneficial to the Commission's stated goal of "facilitating AFV [alternative-fueled vehicle] adoption with the objective of decreasing greenhouse gas emissions."[2] In addition, we believe that the Commission should consider increasing the role of utilities owning charging infrastructure, to the extent that it can have benefits for the environment, consumers, and grid reliability and economics. Accordingly, we address Question 1 and 2, as posed in the Scoping Memo.

II. DISCUSSION

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

While EDF understands that a discussion of EV rates may be outside the scope of this docket, it is very important to ensure that a proper rate structure is adequately addressed by the Commission.

In its Scoping Memo, the Commission states that "review or development of PEV rates for the residential sector is not within scope of this proceeding," citing as a reason that "the utilities already have authority to develop residential rates for PEV customers and, indeed, each

[1] According to the California Plug-in Electric Vehicle Collaborative, the cumulative sales of EVs in California from 2011-2014 was just over 97,000. California Plug-in Electric Vehicle Collaborative, *PEV Sales Dashboard,* http://www.pevcollaborative.org/. A study by the Electric Vehicle Transportation Center predicts that California will sell 186,000 per year, with a cumulative number of 935,000 EVs on the road by 2023. This is well short of the 2025 target of 1.5 million ZEVs set by the Governor, indicating that stronger policies are needed. Electric Vehicle Transportation Center, *Project 5: Prediction of Electric Vehicle Penetration*, http://evtc.fsec.ucf.edu/research/project5.html.

[2] Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 6 (filed Nov. 14, 2013).

utility has a PEV charging rate for residential customers in place" and that "the outcome of the currently ongoing residential rate design proceeding Rulemaking (R.) 12-06-013, may have a significant impact on any incentives via rates for residential customers."[3]

The standard default rates being implemented by utilities are not as conducive to getting customers to help integrate renewable energy and support a stable grid. In addition, despite the Commission's assertion that the outcome of the current residential rate design proceeding, R. 12-06-013, may have an impact on the establishment of EV rates, no mention of vehicle rates is made in the residential rate docket's Scoping Memo. Establishing proper rates and increasing adoption of rates that are strategically timed to ensure that EVs function as a grid resource is essential to intelligently utilizing EVs and will help to increase their deployment; the Commission should thus ensure that this matter is specifically addressed. If not in this proceeding, then the Commission should ensure coordination between this EV docket and a proceeding in which EV rates are discussed.

The Commission should clarify the following: 1) where it believes coordination between dockets should occur; 2) what is meant by the phrase "near-term"; and 3) how broadly the phrase "new programs" is defined.

In the Scoping Memo, the Commission states that one of their guiding principles will be to "incorporate and enhance policies from other, related Commission proceedings to promote efficient program implementation and use of ratepayer funding."[4] EDF strongly believes that coordination is imperative to streamline proceedings that result in sound policies, but seeks clarity as to what dockets the Commission believes are important to harmonize. At minimum, EDF believes that this docket should be coordinated with the Residential Rates, Resource

[3] Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 15-16 (filed Nov. 14, 2013).
[4] Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 6 (filed Nov. 14, 2013).

Adequacy, Demand Response, Distributed Energy Resources, and Energy Storage proceedings, as well as San Diego Gas & Electric's Vehicle-Grid Integration pilot application.

EDF also seeks clarification on what the Commission means by "near-term" and "new programs" – and proposes potential revision of this language. Because the reach of this provision is long term in scope, EDF seeks replacement of "near-term" with the phrase "rapid, proper staging." Increasing the use of EVs, if they are charged at strategic times and their potential for storage use is harnessed, can be a robust grid resource. However, without appropriate policies, EVs could lead to greater consumption of energy at peak times. Therefore, the Commission needs to implement policies that allow for increased use of EVs in the near-term, while helping EVs contribute to the sound operation of the grid. In addition, EDF feels that use of the phrase "new program" in the fourth guiding principle is potentially limiting and unclear. In order to harvest the variety of benefits that VGI resources can provide, EDF also suggests the following changed language for the fourth guiding principle (underlined): "Enable and incorporate the full range of <u>VGI capabilities that enable</u> the Commission's overall AFV efforts while remaining technology neutral and allowing for business model innovation."

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?

In D. 11-07-029, the Order Instituting Rulemaking on the Commission's own motion to consider alternative-fueled vehicle tariffs, infrastructure and policies to support California's greenhouse gas emissions reduction goals, the Commission ruled to limit utility ownership of infrastructure, stating that the "benefits of utility ownership of electric vehicle service equipment do not outweigh the competitive limitation that may result from utility ownership, with the exception of electric vehicle service equipment used to charge their own electric vehicle fleets or provide workplace charging for utility employees."[5] However, the Commission also stated that should "utilities present evidence in an appropriate proceeding of underserved markets or market failure in areas where utility involvement is prohibited, we will revisit this prohibition."[6]

While EDF agrees that a competitive market that is inclusive of third parties is important, there are also advantages that can be derived from utility ownership of certain portions of the infrastructure network needed to provide a complete fabric of service. If the Commission determines that there are indeed underserved markets or market failures,[7] utilities that do have the capacity to fill gaps can help to increase deployment of EVs. Utilities are also in a good position to determine when and where it is most beneficial for an EV to provide grid services, and the Commission can help to ensure that they are in the best interest of consumers. Therefore, EDF looks to the Commission to determine the extent and characteristics of any market failure(s) and, where appropriate and feasible, assign transparent (i.e., visible to market participants) values to the services provided to the grid from well-timed EV charging in order to support both utility subsidiary and third party ownership. In short, allowing both utility and non-utility ownership of charging stations can ensure that environmental, consumer, and grid benefits are realized, but the Commission will need to keep a keen eye on maintaining a robust competitive arena.

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[5] Order Instituting Rulemaking on the Commission's own motion to consider alternative-fueled vehicle tariffs, D. 11-07-029 at 82 (filed Aug. 20, 2009) (Decision).
[6] Order Instituting Rulemaking on the Commission's own motion to consider alternative-fueled vehicle tariffs, D. 11-07-029 at 50 (filed Aug. 20, 2009) (Decision).
[7] Application of San Diego Gas & Electric Company (U 902 E) for Approval of its Electric Vehicle-Grid Integration Pilot Program, A. 14-04-014 at 2 (filed Apr. 11, 2014).

III. CONCLUSION

EDF thanks the Commission for the opportunity to comment on the Scoping Memo and looks forward to following the development of this proceeding.

Respectfully signed and submitted on August 29, 2014

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