

**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)

**PHASE 1 COMMENTS OF THE SACRAMENTO MUNICIPAL
UTILITY DISTRICT ON PROPOSED GUIDING PRINCIPLES AND
CURRENT PROGRAM ISSUES**

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In accordance with Rule 6.3 of the California Public Utility Commission's ("Commission") Rules of Practice and Procedure, the Sacramento Municipal Utility District ("SMUD") hereby submits comments in response to the Scoping Memo in the above-captioned Rulemaking ("AFV OIR").

SMUD sincerely appreciates this opportunity to comment upon the questions posed by Assigned Commissioner Carla J. Peterman in her ruling of July 16, 2014. SMUD supports a larger role for the investor-owned utilities in California in providing essential infrastructure for plug-in electric vehicles ("PEVs"). Greater utility participation will promote market adoption of PEVs and is needed to meet the goals of the Governor's Zero Emission Vehicle ("ZEV") Action Plan in Executive Order

B-16-2012. SMUD welcomes the Commission's efforts to fulfill the ZEV Action Plan and related greenhouse gas reduction goals.

QUESTIONS

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?***

SMUD believes that utilities play an essential role in promoting adoption of electric vehicles ("EVs") by supporting PEV charging infrastructure at all levels. SMUD has supported electric transportation-related infrastructure installations since the mid-1990s for a wide range of technology applications from light duty PEVs to medium and heavy duty vehicles (trucks and buses), along with off-road vehicles (forklifts and airport ground support equipment). SMUD installed and maintained approximately 140 publicly available Level 2 chargers in the broader Sacramento area during the late 1990s. This electrical infrastructure became the early backbone to support the newer PEVs we see today in our area.

Recently, SMUD has begun installing DC Fast Charging equipment and additional Level 2 chargers in our service territory to support the growing number of new PEVs. We have also installed electric infrastructure to service trucks at a local truck stop (to reduce idling and to provide power while parked), as well as at a heavy-duty truck refrigeration location.

SMUD is investing in infrastructure because we believe that it is still too early to tell if a long-term, sustainable business case can be made for investments by third-party service providers.¹ Factors such as long-term EVSE hardware longevity are not well known on top of warranty issues already present in the market. In addition, standards under development by the National Institute of Standards and Technology (NIST) have yet to hit the market, and these will likely increase the hardware and operational cost of EVSE equipment for use in public charging.

Another issue that affects the long-term business case for investing in public charging infrastructure is the current prevalence of free EV charging. This well-intentioned market demand incentive can act to inhibit wide-scale EV infrastructure deployment as part of a “pay per charge” business case. Consumers will tend to access free charging rather than using a fee-based charger. Retail stores may offer free charging as inducements to have customers shop, and workplaces may offer charging as an employee benefit. The current availability of, and potential future continuation of, free charging complicates the decision of a company to enter the public charging market place.

Given these uncertainties, utility support for public charging provides market stability in the EV charging space. SMUD is funding its first three DC

¹ Based on SMUD’s experience operating public chargers in the Sacramento area in the late 1990s and early 2000 years, it will take years to determine if there is a positive sustainable business case to support the needed public EV charging investment. In operating SMUD’s prior network, operations and maintenance costs averaged \$157 per year per EVSE unit to serve approximately \$200 worth of electricity per year. Without grant funding, it is difficult to recover the capital investment in these scenarios.

Fast Charging units using revenue from the sale of surplus Cap-and-Trade allowances. SMUD has recently partnered with SACOG on a California Energy Commission (CEC) grant to install DC Fast Charging at three additional sites, with SMUD supplying most of the matching resources required by the CEC solicitation.² All of this is a testament to the ability of utilities to acquire long-term access to capital funding to support electrification. The role public utilities (and publicly-owned utilities) have in funding public infrastructure is unique. Utilities also play a vital role in supporting underserved communities that commercial entities typically avoid due to tougher business cases.

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?*

SMUD has conducted significant education and outreach regarding the light-duty PEV market since the late 1990s. SMUD's outreach has included television, radio, internet, billboard advertisements, along with community events promoting the adoption of electric vehicles. SMUD also works with the local SacEV drivers' club to support ride-n-drive events, auto shows and other venues to showcase new cars to develop the local EV market. SMUD supported 19 outreach events last year in this area. Probably the most important outreach we conduct, however, is one-on-one support to customers contemplating a vehicle

² As part of Sacramento's Regional EV readiness planning conducted by the Sacramento Area Council of Governments (SACOG), with UC Davis acting as a consultant, SACOG identified that the Sacramento area would require upwards of 50 DC Fast Chargers to meet the needs of the community as the market grows.

purchase or an EVSE installation. With over 25 years of experience working on electric vehicles, installing charging infrastructure, and following all the associated policies surrounding this topic, SMUD serves as a subject matter expert to our customers in this area. Our customers now seek us out in that role. For example, SMUD has been supporting many of the state agencies in Sacramento, who are installing charging infrastructure as required in the Governor's Executive Order B-16-2012.

SMUD views the conversion from fossil fuels to electricity fueling transportation as advancing our policy goals of improving air quality in the Sacramento Regional Air Quality Management District, leading toward reductions in GHG emissions in our service area, and improving the local economy by reducing the flow of petroleum dollars overseas.

August 29, 2014

Respectfully submitted,

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