

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Southern California Edison
Company (U 338-E) for Approval of its
Charge Ready and Market Education
Programs.

Application 14-10-014
(Filed October 30, 2014)

**PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES TO THE APPLICATION
OF SOUTHERN CALIFORNIA EDISON COMPANY (U338-E) FOR APPROVAL OF
ITS CHARGE READY AND MARKET EDUCATION PROGRAMS**

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I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, the Office of Ratepayer Advocates (ORA) protests Southern California Edison Company's (SCE) Application (A.) 14-10-014 seeking Commission approval of its Charge Ready program and Market Education efforts.

II. SUMMARY OF ORA'S RECOMMENDATIONS.

ORA recommends that the Commission consolidate A.14-10-014 with the Order Instituting Rulemaking (R.) to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies (R.13-11-007). Whether A.14-10-014 is consolidated with R.13-11-007 or not, ORA requests the Commission to direct SCE to amend its application to:

- Justify the scale and length of the proposed Program;
- Assure that reduction or termination of Phase 2 is at the Commission's discretion;
- Explain why it will issue rebates to qualified charging stations; and
- Coordinate the Marketing, Education and Outreach (ME&O) with A.13-08-026, which is the ongoing customer awareness proceeding that coordinates ME&O under the Greenhouse Gas Cap-and-Trade Rulemaking R.11-03-012. The ME&O program is called Energy Upgrade California.

III. BACKGROUND

SCE's proposed Charge Ready Program aims to deploy electric infrastructure for up to 30,000 charging stations in its service territory over five years. The Charge Ready Program is divided into two phases. Phase 1 is a one-year pilot to "deploy up to 1,500 charging stations and complementary expanded market education and outreach in support of electric transportation" at an estimated cost of \$22 million.¹ Phase 2 is a full scale program designed to use lessons learned from Phase 1 and deploy the remainder of the electric infrastructure and broad Electric Vehicle (EV) market education and outreach at an estimated cost of \$333 million. SCE claims this program will remove key barriers to accelerating EV adoption by increasing:

- The availability of long dwell-time² EV charging infrastructure in the near term; and
- Overall customer awareness of EVs and the benefits of fueling from the grid and educate customers on the critical importance of achieving state carbon goals through Transportation Electrification (TE) Advisory Services while addressing the local air quality needs of the communities served.³

ORA has consistently expressed its support for Plug-in Electric Vehicle (PEV)-related pilot programs that (1) are well-designed, (2) are based on focused studies of the results, (3) analyze their impact on the grid and ratepayers, and (4) promote the adoption of PEVs. ORA does not support allocating considerable ratepayer funds to implement full scale, long term programs before studying their potential impact.⁴

IV. DISCUSSION

A. **SCE's Proposed Charge Ready and Market Education Program should be consolidated with R.13-11-007.**

¹*Application of SCE for Approval of its Charge Ready and Market Education Programs*, p. 2

² Long dwell-time locations are workplaces, multi-unit dwellings, fleets and destination centers where vehicles are usually parked for at least four hours. *Id* at 5

³*Id.* at 4.

⁴ *Protest of the Office of Ratepayer Advocates to the Application of San Diego Gas & Electric Company (U 902-E) for Authority to Implement a Pilot Program For Electric Vehicle-Grid Integration*. A.14-04-014. May 12, 2014.

p. 3

The Commission opened R.13-11-007 to broadly consider all issues related to alternative-fueled vehicles (AFV) adoption.⁵ On September 29, 2014 the Commission consolidated San Diego Gas and Electric Company's (SDG&E) A.14-04-014 seeking Commission approval of its Electric Vehicle-Grid Integration Pilot Program with R.13-11-007.⁶ The Commission found that A.14-04-014 raised related questions of law and fact to be considered in R.13-11-007 including the role of the investor-owned utilities in the ownership of plug-in electric vehicle infrastructure and the scale, cost, and duration of appropriate pilot projects.⁷ The Commission decided that efficiency, fairness, and conservation of the Commission's and parties' resources supported consolidating SDG&E's A.14-04-014 with R.13-11-007. Since SCE's A.14-10-014 raises many of the same issues as A.10-04-014 that will be considered in R.13-11-007, ORA requests that the Commission also consolidate A.14-10-014 with R.13-11-007.

B. SCE Should Amend Its Application to Address Several Issues.

Whether or not the Commission decides to consolidate A.14-10-014 with the rulemaking, SCE should amend its application to help the Commission and parties to accurately assess the scale, cost and duration of SCE's pilot program.

1. SCE should justify the scale and length of its proposed program.

ORA generally supports SCE's proposed Phase 1 pilot program. The program may encourage innovation and competition among vendors. It also attempts to conserve ratepayer funds by ensuring that a near-term demand for charging stations exists and selecting charging locations based on their cost-effectiveness at each participating site.⁸ But the program is much larger in scale and with higher costs than other pilot programs

⁵ *Order Instituting Rulemaking to Consider Alternative Fueled Vehicle Programs, Tariffs, and Policies*. R.13-11-007. p. 2

⁶ *Joint Assigned Commissioner and Administrative Law Judge's Scoping Memo and Consolidation Ruling*. September 29, 2014. p. 11

⁷ *Id.* at 4.

⁸ *Prepared Testimony in Support of Southern California Edison Company's Charge Ready Application, Volume 01 – Policy*, p. 5

this Commission has approved.⁹ SCE plans to install electric infrastructure to support up to 1,500 charging stations over one year.¹⁰ Decision (D.) 13-11-002's Submetering Pilot Program, for example,¹¹ consists of only 500 participants for each of the investor-owned utilities (SCE, SDG&E and PG&E) at a cost in the range of \$3 to \$4.7 million.¹² In contrast, the total cost of SCE's proposed pilot project is estimated at \$22 million. This is a large sum compared to SCE's workplace pilot¹³ which had an estimated cost of \$1.2 million. SCE's proposed Phase 2, the full scale program, is of even greater magnitude and cost. SCE plans to install electric infrastructure to support up to 30,000 charging stations over four years at a cost of \$333 million in Phase 2.

SCE plans to report results of the Phase 1 Pilot nine months after Commission's approval. These results will determine if Phase 2, the full scale program, should be approved. Nine months may not be enough time to obtain reliable data from Phase 1 to guide Phase 2. Ratepayers should not fund a project of this estimated magnitude without reliable data. ORA recommends the Commission approve a longer Phase 1 pilot before considering Phase 2 implementation.

2. The Commission should have authority to reduce the size of Phase 2 or to eliminate it altogether.

The Phase 1 Pilot is designed to study customers' response to the program's incentives to inform the design of Phase 2. In addition to using the lessons learned from Phase 1 to develop Phase 2, SCE proposes to frequently assess the progress Phase 2 to

⁹ SCE's workplace pilot program was for 233 charging stations, with an estimated cost of \$1,243,125 for the years 2012 through 2014. (SCE AL 2746-E, filed January 2013).

¹⁰ *Application of SCE for Approval of its Charge Ready and Market Education Programs*, p. 2.

¹¹ *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*. R.09-08-009.

¹² D.13-11-002 requires the utilities to recover the majority of costs of the submetering pilot program through the Electric Program Investment Charge (EPIC) program. It also authorized the utilities to establish memorandum accounts to track the costs related to the submetering pilots. EPIC funding for the submetering pilots will be subtracted from these memorandum accounts. If the EPIC budgets are not sufficient to provide recovery of pilot related costs, the utilities may seek to recover the memorandum account costs up to \$2 million per utility in excess of EPIC funding.

¹³ See footnote 8.

further shape the program and may seek Commission approval to reduce or terminate Phase 2 if SCE finds that the program is unsuccessful. SCE states:

“Frequent assessment¹⁴ for the Program metrics and market indicators reported by SCE to the Commission and stakeholders may inform future improvements of its design. In addition, SCE may also propose to the Commission to reduce the size of the Program, including the number of charging stations paid for through the Program, or to terminate the Program before its completion, if merited by unanticipated circumstances, such as unusually low customer interest or program enrollment.”¹⁵

The frequent assessments seem to serve only an informational purpose, apprising the Commission and stakeholders of the pilot’s results. Furthermore, the decision to modify or terminate the program lies solely within SCE’s discretion. ORA is concerned that the current structure of SCE’s proposed Phase 2 program allows SCE to continue the deployment of Phase 2 even if results from its early stages indicate that customer interest in the program is limited. Therefore, ORA recommends that the decision to continue or terminate Phase 2 rest with the Commission instead of SCE. To help the Commission ensure that Phase 2 costs are reasonable, SCE should divide Phase 2 into smaller programs or pilots. SCE’s goals for Phase 2 can still be achieved if the program is divided into smaller programs or pilots, each capable of refinement based on the most recent studies and current market conditions. SCE should continue its assessments of each of the smaller programs. The assessments should serve as benchmarks that determine whether or not SCE should continue its deployment of Phase 2. The Commission could stop smaller programs at any time after stakeholders’ feedback and minimize financial risk to both third parties and to ratepayers especially if the market grows of its own accord and does not need utility involvement and ratepayer funding.

¹⁴ “SCE will share reports to assess the Program, its implementation, and market conditions with the Commission and other stakeholders at least annually.” *Prepared Testimony in Support of Southern California Edison Company’s Charge Ready Application, Volume 03 – Phase 2 Charge Ready Program Design, Implementation Plan, and Costs*, p. 21.

¹⁵ *Prepared Testimony in Support of Southern California Edison Company’s Charge Ready Application, Volume 03 – Phase 2 Charge Ready Program Design, Implementation Plan, and Costs*, p. 20.

3. SCE has not fully justified the reason behind the rebates applicable to qualified charging stations.

SCE proposes to provide “Customer Participants with a per charging station rebate designed to reflect the Base Cost¹⁶ of qualifying charging stations deployed at Participating Sites.”¹⁷ These rebates “will constitute a significant portion of the cost of the charging station”¹⁸ and SCE estimates a rebate of \$3,900 per charging station.¹⁹ SCE plans to recover the investment from ratepayers over the life of the charging station—10 years. SCE has not explained why ratepayers and not customers should pay for the charging stations. The program apparently does not contemplate any capital investment by the customer participants.²⁰ The customers incur only operating costs, including maintenance and electricity usage. ORA recommends that customer participants invest in the charging stations. The Commission should not authorize ratepayer-funded rebates for the charging stations.

4. The Marketing, Education and Outreach should be coordinated with A.13-08-026.

SCE proposes to spend an “estimated \$0.5 million for Charge Ready program-specific outreach and \$3 million for broad EV market education and outreach”²¹ during Phase 1 and “\$6.5 million for the expanded education and outreach”²² during Phase 2 of the Charge Ready Program. ORA recommends that these spending plans be funded by existing resources available for marketing, education and outreach (ME&O) activities which could be used to inform potential customers of SCE’s Charge Ready Program and eliminate ME&O costs to ratepayers under this application.

¹⁶ “Base Cost” will be determined by SCE by looking at the best value offered for a charging station and its installation.

¹⁷ *Prepared Testimony in Support of Southern California Edison Company’s Charge Ready Application, Volume 02 – Phase 1 Charge Ready and Market Education Pilot*, p. 5.

¹⁸ *Id.* at 33.

¹⁹ *Id.* at 31.

²⁰ *Id.* at 5.

²¹ *Prepared Testimony in Support of Southern California Edison Company’s Charge Ready Application, Volume 01 – Policy*. p. 3.

²² *Id.* at 3.

Public Utilities Code section 748.5(b) requires the Commission to adopt a customer marketing, education, and outreach program for the utilities under the Greenhouse Gas (GHG) Cap-and-Trade Rulemaking, (R.)11-03-012. The ME&O program is called Energy Upgrade California (EUC).²³ EUC's goal is to maximize public awareness about generalized energy education and awareness, develop coherent and accurate messaging about climate change, and inform ratepayers and small businesses about action they can take to reduce GHG emissions.²⁴ SCE should take advantage of the efficiencies and resources available by coordinating the PEV ME&O into the EUC efforts:²⁵

- SCE should coordinate PEV ME&O efforts into the existing EUC ME&O program to engage customers about the Pilot Program that can be made available to them on the EUC website, digital media, social media, and EUC community outreach events.
- The EUC website, digital media, social media, and community outreach activities will help utilities engage potential customers. Utilities may utilize the EUC's efforts that partner with community based organizations (CBOs), local governments, retailers, realtors, and small businesses to inform the public of their Charge Ready Program²⁶ and to "inform targeted customers (e.g., college campuses, workplaces) about the need for charging during times of solar over-generation."²⁷

²³ Energy Upgrade California is a program that educates and connects residents and small businesses to information, resources, and rebate programs Californians can utilize to reduce GHG emissions and lessen the impacts of climate change.

Resolution E-4611, pp.10-13. This Resolution reallocated ME&O funds previously approved for San Diego Gas and Electric Company (SDG&E), Pacific Gas & Electric Company (PG&E), and Southern California Edison Company (SCE) to a third-party central administration to fund the statewide GHG reduction education and outreach effort under EUC. Currently, the third-party central administrator is the Center for Sustainable Energy (CSE). However, the Commission is considering the ongoing need and involvement of a third-party central administrator in 2015 and beyond under Phase 2 of A.13-08-002. This issue is still pending but EUC will continue to be an effective channel of communication for Californians to access GHG reduction information in 2015 and beyond. See ORA Phase 1 Reply Brief for A.13-08-026, filed December 17, 2013, available at:

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=85033984>.

²⁵ Application (A.)13-08-026 is the ongoing customer awareness proceeding that coordinates the ME&O program.

²⁶ See Center for Sustainable Energy Advice Letter 49.

²⁷ *Prepared Testimony in Support of Southern California Edison Company's Charge Ready Application, Volume 01 – Policy*, p. 24

- EUC is conducting research and pilot messaging to small businesses in 2014-2015 to inform small businesses about GHG reduction.^{28, 29} Therefore, SCE should utilize the current EUC small business outreach, research, and pilot messaging efforts as communication channels to provide ME&O for the Charge Ready Program.

5. Potential Cost and Ratemaking Issues

ORA has identified cost and ratemaking issues with SCE’s proposed Charge Ready Program that require further discovery and analysis:

1. Are the O&M and capital cost forecasts reasonable and supported?
2. Does SCE’s request for no further after-the-fact review should actual costs be lower than forecasted costs make sense for ratepayers?
3. How should the Commission deal with cost overruns (actual costs higher than forecast)?
4. Why should SCE’s proposed pilot program should be rate-based? ORA will examine whether it makes more sense to only charge customers that use the facilities, as opposed to charging all ratepayers.

These issues will be addressed as ORA conducts discovery and analysis to develop its testimony and recommendations.

V. PROCEDURAL ISSUES

1. Category

SCE proposes that this proceeding be categorized as “ratesetting.” ORA agrees with SCE’s proposed category.

2. Need for Hearings

SCE believes that evidentiary hearings may be required for Phase 2 of its Charge Ready Program. ORA agrees and recommends that the Commission require SCE to amend its application to address ORA’s concerns raised in this protest before any schedule is adopted.

²⁸ See Center for Sustainable Energy Advice Letter 49.

²⁹ Part of SCE’s Market Education is to “expand [potential car buyers in SCE’s service territory] awareness about EVs and the benefits of fueling from the electric grid, including increased utilization of utility assets, reduced GHG emissions...” – *Prepared Testimony in Support of Southern California Edison Company’s Charge Ready Application, Volume 2 – Phase 1 Charge ready and Market Education Pilot*, p. 15.

3. Proposed Schedule

ORA has recommended this application be consolidated with R.13-11-007. Therefore any scheduling in this application should not only await SCE's amendments to its application but should be coordinated with R.13-11-007 and SDG&E's A.14-04-014 to ensure efficiency, fairness, and conservation of the Commission's and parties' resources.

VI. CONCLUSION

The Commission should consolidate A.14-10-014 with R.13-11-007. Whether or not the two proceedings are consolidated, the Commission should require SCE to amend its application to allow it to address ORA's concerns raised in this protest.

Respectfully submitted,
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