



FILED
9-14-15
09:57 AM

CAP/KAR/ek4 9/14/2015

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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)

**ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S
RULING FOR COMMENTS**

This ruling lays out a procedural schedule concerning the proposed settlement that was filed in the proceeding above. Today's ruling does not address the merits of Southern California Edison's (SCE) underlying application, or the merits of whether the proposed settlement should be adopted or not.

This ruling directs SCE to respond to supplemental questions about the proposed settlement. This ruling directs parties to provide comments on SCE's response.

Background

On October 30, 2014, Southern California Edison Company (SCE) filed Application (A.) 14-10-014, seeking approval of its Charge Ready and Market Education Programs. SCE's application proposes a two-part program consisting of a one-year pilot of up to 1,500 electric vehicle (EV) charging stations, and a second phase of up to a total of 30,000 charging stations. The March 6, 2015 scoping memo outlined consideration of A.14-10-014 in two phases, with Phase 1 addressing the proposed one-year pilot and complementary market education and outreach, and Phase 2 addressing the proposed four-year deployment and broad EV market education and outreach.

One day of evidentiary hearings was held on June 22, 2015. Following the evidentiary hearings, SCE and 15 other parties entered into a “Settlement Agreement Resolving Phase 1 of Southern California Edison Company’s (U338-E) Application for Approval of its Charge Ready and Market Education Programs” (Proposed Settlement).¹ The Proposed Settlement recommends a structure and framework for how SCE’s Charge Ready Program should be allowed to proceed. SCE and the other settlement parties filed a motion on July 9, 2015 requesting that the Commission adopt the Proposed Settlement (Motion). The Motion also requests that the procedural schedule for the filing of briefs following the evidentiary hearing on SCE’s underlying application be suspended.²

As provided for in Article 12 of the Commission’s Rules of Practice and Procedure (Rules), parties were allowed to comment on the Motion. Two responses to the Motion were filed, and two reply comments were filed.

1. Background of the Underlying SCE Application and Proposed Settlement

SCE proposes in the Phase 1 portion of its application that it be authorized to proceed with a one-year pilot to deploy up to 1,500 charging stations and

¹ The settling parties are SCE, American Honda Motor Co., Inc., CALSTART, the California Energy Storage Alliance, ChargePoint, Inc., Coalition of California Utility Employees, Environmental Defense Fund, General Motors, LLC, Greenlining Institute, Natural Resources Defense Council, NRG Energy, Inc., the Office of Ratepayer Advocates, Plug In America, Sierra Club, The Utility Reform Network, and Vote Solar (collectively referred to as “Joint Settling Parties” or “Settling Parties”).

² SCE’s counsel left a voicemail for the Administrative Law Judge (ALJ) on July 17, 2015 requesting that the upcoming briefing schedule be suspended. In a July 17, 2015 e-mail ruling from the ALJ to the service list, the request of SCE’s counsel to suspend the briefing schedule was granted, and the briefing schedule was suspended until further notice.

complementary expanded market education and outreach in support of electric transportation. SCE proposes to conduct a market outreach and education program in both phases to increase customer awareness of EVs, electric charging from the grid, and awareness of the state's carbon reduction and air quality goals. SCE proposes to own and maintain the supporting electrical infrastructure and charging outlet, but the site owner will be allowed to choose who should own, operate, and maintain the EV charging stations. SCE proposes to provide rebates to site owners to cover the costs of the EV charging stations, at 100% of a pre-determined "base cost." SCE also proposes to include its investments in rate base. SCE requests that the Commission approve an estimated cost of \$22 million for Phase 1, and that it be allowed to recover these costs from ratepayers.

SCE and intervenors submitted prepared testimony, and the ALJ scheduled evidentiary hearings to begin on June 22, 2015. On June 16, 2015, SCE's counsel sent an e-mail to the ALJ stating that SCE had noticed an all-party settlement conference for June 25, 2015 and requested that evidentiary hearings be cancelled. On June 17, 2015 the ALJ denied the request. On June 19, 2015 SCE's counsel sent an e-mail to the ALJ stating that all parties had waived cross-examination of SCE's witnesses and again requested that evidentiary hearings be cancelled. On June 19, 2015 the ALJ notified the service list to A.14-10-014 that SCE's request was denied, and that SCE must make its witnesses available for cross-examination by the assigned ALJs and other parties. Following the evidentiary hearing, the Proposed Settlement was entered into, and the Motion filed.

The Proposed Settlement is based on, and would adopt (with certain modifications), the proposal set forth in SCE's application. As described in the

Motion and the text of the Proposed Settlement, the Proposed Settlement is based on 13 Guiding Principles that are to inform Charge Ready Program implementation, and 13 modifications to SCE's underlying application.

The proposed Guiding Principles for Charge Ready Program implementation are:

1. Support the Governor's and California state goals including:
 - a. Achieve installation of grid-integrated infrastructure to support 1 million zero emission vehicles by 2020;
 - b. Accelerate the adoption of 1.5 million zero emission vehicles by 2025; and
 - c. Support clean air and climate change objectives.
2. Support the acceleration of a competitive EV charging market and encourage innovation, while maintaining Market Neutral Customer Engagement.³
3. Maintain customer choice.
4. Remove barriers to deploying EV charging.
5. Ensure customer participant site infrastructure is installed and maintained in safe working order.
6. Provide for management of EV load to support the grid in a manner that delivers benefits to SCE customers.
7. Evaluate customer participant strategies that provide EV drivers the opportunity to maximize fuel cost savings relative to conventional transportation fuels.
8. Manage program costs.
9. Provide representative data (e.g., by different market segments, across disadvantaged communities, load

³ Defined as "a communication between SCE and potential or approved Customer Participants, including communication related to Pilot administration, is neutral and unbiased with respect to vendors and charging stations qualified by SCE for the Program."

- management strategies, and pricing models) to allow for meaningful evaluation and comparisons, and to inform Phase 2 and future EV policy.
10. Identify and incorporate best practices for future EV infrastructure deployment.
 11. Support SCE's companywide Diversified Business Enterprise spending goal of 40%.
 12. Provide services in line with legislative goals [e.g., Senate Bill (SB) 535 (de León, 2013) and SB 1275 (de León, 2014)] to serve disadvantaged communities and increase access to clean transportation.
 13. Complement other utility clean energy programs and other non-utility programs, such as those being implemented pursuant to the Charge Ahead California Initiative established by SB 1275, which will build consumer demand for clean energy and clean vehicles.

The Settling Parties have agreed to make 13 modifications to SCE's underlying application. These modifications are summarized as follows:⁴

- The Rebate Amount: Rather than providing customer participants with charging station rebates equivalent to 100% of the base cost, SCE will vary the amount of the rebate, as a percentage of the base cost, by market segment and whether the site is located within a disadvantaged community.
- The Ratemaking Treatment of the Rebate: Rather than treating the rebates as regulatory assets, SCE will treat the rebates as expenses, the costs of which are recovered from customers in the year the expense is incurred.
- The Advisory Board: SCE will seek to ensure that its Charge Ready Advisory Board includes representatives from a diverse array of key constituents, including

⁴ The modifications are more fully described in the Proposed Settlement.

- consumer advocates, environmentalists, EV drivers, the automotive industry, disadvantaged communities, labor and EV charging partners, and will solicit participation to ensure a balanced representation. SCE will not take any material action regarding program design and implementation without consulting the Advisory Board.
- **Reporting:** SCE will file and serve its proposed pilot report to provide Phase 1 data and recommend any necessary changes to Phase 2 after at least 9 months of program implementation and 1,000 charging station installations. SCE will file quarterly reports and a final report after pilot completion, with the Commission, and serve the reports to parties to this proceeding. SCE will collaborate with the Charge Ready Advisory Board on the content of the pilot report and criteria for pilot evaluation.
 - **Cost Management:** If SCE reaches the \$22 million Phase 1 budget cap without installing at least 1,000 charging stations, SCE must suspend program activities as soon as feasible and file a report with the Commission to reexamine the pilot's underlying assumptions. Any projects that are partially constructed may be completed if necessary. Any costs in excess of the budget cap shall be considered as part of the Phase 2 budget.
 - **The Regulatory Process:** SCE's Phase 1 pilot may extend beyond one year to ensure sufficient data for evaluation. The Joint Settling Parties request that the Commission set a prehearing conference to begin regulatory review of Phase 2 upon filing of the Phase 1 Report. Phase 1 may continue until the Commission issues a final decision on Phase 2, subject to the cost limitations above.
 - **Safety:** SCE will require that all construction, installation and maintenance of customer participant site infrastructure that is not performed by employees of SCE will be performed by a contractor's signatory to the International Brotherhood of Electrical Workers (IBEW) who holds a valid California C-10 contractor's license.

- **Load Management:** SCE will educate site hosts about time-of-use rates and other programs that encourage EV charging in a way that supports the electrical grid and will evaluate and compare different site host load management strategies, including whether price signals are being passed to the driver. If there is evidence that load is not adequately being managed to avoid adverse grid impacts from EV charging by customer participants, or that EV drivers who charge in a manner that avoids adverse grid impacts are not provided with the opportunity to realize fuel cost savings, or if charging is not leveraging available opportunities to integrate renewable energy, then SCE will consider program modifications. SCE agrees to create or have identified and adopted a demand response program within three years of adoption of this agreement, subject to any necessary regulatory approvals.
- **Minimum Commitments to Disadvantaged Communities:** SCE plans to deploy at least 10% of charging stations in disadvantaged communities as identified by Cal EPA's Enviroscreen tool. SCE shall partner with stakeholders to identify site locations and conduct effective education and outreach. SCE shall complement and coordinate with federal, state, and locally funded programs.
- **Supplier Diversity:** SCE plans for the Charge Ready Program to support SCE's companywide Diversified Business Enterprise 40% diverse spending goal.
- **Vendor Product and Services Representation:** Representatives of SCE and their agents shall apply Market Neutral Customer Engagement to Charge Ready pilot-specific education and outreach, broad market education campaign, transportation electrification advisory services, and any other educational, advisory, or outreach activity.
- **Customer Participants and Participating Sites:** Vendors and third party service providers qualified by SCE may market the pilot and submit applications for potential customer participants and participating sites to participate

in the pilot in any market segment. Customer participants may designate a qualified vendor or third party to submit an application for participation in the pilot on the customer participant's behalf, and otherwise act on their behalf for day-to-day activities in connection with the deployment of charging stations, provided that SCE will confirm all key decisions directly with customer participants. SCE will not be required to "first engage" with customer participants or participating sites, and qualified vendors and third parties shall have the uninhibited opportunity to contact potential customer participants directly.

- Application Requirements and Process: SCE must process, evaluate, and reply to all customer participants and participating site applications consistent with Market Neutral Customer Engagement. As a part of the pilot, SCE will track SCE customers that apply for the Charge Ready Program and the key factors that contributed to determining the number of stations approved for deployment at participating sites. SCE will also document the key factors contributing to rejecting applicants. SCE will report and assess the foregoing in an aggregated and summarized form as part of the pilot report and the final report.

The Joint Settling Parties also state that if any proposed decision modifies the Proposed Settlement, and any Settling Party is unwilling to accept the modification, that the Settling Parties shall negotiate to achieve a resolution acceptable to all Settling Parties and seek Commission approval for such resolution. The Proposed Settlement states that failure to resolve such modification to the satisfaction of the Settling Parties, or to obtain Commission approval of such resolution promptly thereafter, shall entitle any Settling Party to terminate its participation from this Proposed Settlement.

2. Responses and Replies to the Motion to Adopt the Proposed Settlement

The Motion requests that the Commission approve the Proposed Settlement without change. According to the Motion, if the Proposed Settlement is approved by the Commission, this would resolve the issues raised in SCE's A.14-10-014.

Two parties filed responses to the Motion. The Green Power Institute (GPI) states it cannot support the Proposed Settlement because it has an insufficient focus on education and outreach. GPI requests that the Commission require that at least 25 percent of the total budget be devoted to education and outreach, and that half of education and outreach be conducted by Energy Upgrade California (GPI Comments at 1).

Shell Energy North America (US), L.P. (Shell Energy) claims that the Proposed Settlement fails to address whether, and under what circumstances, an EV charging station owner or operator may select direct access service. Shell Energy requests that the Commission address whether an EV charging station owner may purchase its energy from a third party electric service provider (Shell Energy Comments at 1-2). Shell Energy also claims that an EV charging station represents new customer load that should not bear responsibility for SCE's previous energy procurement decisions and should therefore be exempt from the departing costs otherwise imposed on a "departing load" customer via the Power Charge Indifference Adjustment (PCIA) mechanism (Shell Energy Comments at 3).

Two parties filed replies to the responses. California Energy Storage Alliance (CESA) supports the Proposed Settlement and recommends the Commission adopt it without modification (CESA Reply Comments at 2).

SCE disagrees with GPI's claim that more education and outreach expenditures are necessary at this point. SCE states it intends to invest \$3 million in education and outreach for Phase 1, which represents a significant commitment to education and outreach that can be enhanced and improved in Phase 2. SCE does not believe that half of the education and outreach funds should go to Energy Upgrade California, as it is a statewide program and the Charge Ready Program is specific to SCE's service territory and because SCE has specialized knowledge of its own customer base that allow more efficient provision of education and outreach. Further, SCE points out that the administrator of Energy Upgrade California is a party to this proceeding and did not request to administer or implement a portion of the Charge Ready Program (SCE Reply Comments at 5). SCE suggests that, to the extent the Commission determines SCE should contract with a third party for education and outreach, such contracts should be developed via a competitive bidding process (SCE Reply Comments at 6).

In response to Shell Energy, SCE states that all distribution customers are eligible to participate, and that the Proposed Settlement does not limit participation by customers who procure electricity through Direct Access (DA), Community Aggregation, Community Choice Aggregation, or EV Service Providers. SCE claims that there is no lawful way to exempt the DA load from the DA load caps established in Pub. Util. Code § 365.1(b), and that Shell Energy's request to do so should be denied (SCE Reply Comments at 2-3). SCE also claims the exemption from the PCIA, requested by Shell Energy, would saddle remaining bundled service customers with the stranded costs of generation procured on behalf of EV charging load, in contravention of California law and Commission decisions (SCE Reply Comments at 3).

3. Discussion

Most parties support adoption of the Proposed Settlement. After reviewing the Proposed Settlement, the responses and replies to the Motion to adopt the Proposed Settlement, and the testimony and transcripts from the evidentiary hearing, we conclude that additional information on the Proposed Settlement is needed. SCE is directed to provide responses to the questions below by September 28, 2015, and to serve the responses on the service list to this proceeding. Since the questions are about the Proposed Settlement, SCE should consult with the other signatories to the settlement before preparing its responses.

In addition to having SCE respond to the questions below, this ruling determines that the most efficient process for the Commission to address the Proposed Settlement is to provide parties the opportunity to comment on SCE's responses. Accordingly, parties to this proceeding may file and serve opening comments on October 5, 2015, and reply comments on October 12, 2015.

SCE should confer with the Settling Parties and respond to the following questions:

- What is the rationale behind the proposed percentage rebate amounts for various market segments? Specifically, what justification was used to determine a 100% rebate level for multi-unit dwellings?
- Explain the following aspects of the Advisory Board:
 - Who will determine entry into the Advisory Board, and what factors will be used to make that determination?
 - Will any market participants, as members of the Advisory Board, be allowed to participate in procurement decisions? If so, how will SCE mitigate any conflicts of interest in Advisory Board decision-making? How will SCE allow for entry and feedback

from new market participants and also ensure that the size of the Advisory Board does not become unwieldy?

- What is the process for the Advisory Board to make recommendations for program implementation?
- What is the process for the Commission to consider and/or approve recommendations made by the Advisory Board?
- The Proposed Settlement states, “If SCE reaches the \$22 million Phase 1 budget cap without installing at least 1,000 charging stations, SCE must suspend program activities as soon as feasible and file a report with the Commission to reexamine the Pilot’s underlying assumptions.”
 - Explain the rationale for suspending program activities if the budget cap is reached without installing at least 1,000 stations, rather than providing for an off-ramp before that point?
- The Proposed Settlement states, “Any costs in excess of the budget cap shall be considered as part of the Phase 2 budget.”
 - Explain any anticipated excess costs, and why such costs are anticipated given the large contingencies already built into cost estimates.
 - How can the Proposed Settlement provide for any excess costs to be part of a Phase 2 budget, when Phase 2 is not authorized and the scope of this proceeding is currently limited to Phase 1?
 - How will SCE seek the authority to recover any excess costs?
- The Proposed Settlement states, “Phase 1 may continue until the Commission issues a final decision on Phase 2.”
 - Does SCE intend to continue Phase 1 after authorized funds are depleted? If so, how and under what authority?

- What happens if the Commission does not approve Phase 2?
- Who is responsible for load management (e.g., the site host, the third party EV service provider, SCE, some other entity, or a combination thereof)?
- Describe how SCE will “educate site hosts about time-of-use rates” and other load management strategies, including a description of, frequency, duration, and vehicle for such education.
- How will SCE monitor and determine whether there is “evidence that load is not being adequately managed? What data will be collected, by whom, and how often? How will SCE analyze this data and share its findings with the Commission and interested parties?
- Describe the process SCE will use to determine whether “program” modifications are needed based on load management information? How will this analysis and findings be shared with the Commission? What vehicle will SCE use to seek any proposed program modifications prior to any Phase 2 approval?
- How will SCE pre-qualify vendors and third party service providers?
- How will SCE monitor ongoing operations and maintenance, and what action will SCE take if EV service equipment is not being properly maintained or is out-of-service?

- How does requiring all construction, installation, and maintenance of customer participant site infrastructure not performed by SCE employees to be performed by a contractor's signatory to the IBEW who holds a valid California C-10 contractor's license fulfill safety requirements? What safety requirements are required of SCE employees? Are there any other safety considerations that SCE has considered or put in place?

IT IS RULED that:

1. Southern California Edison Company shall answer the questions set forth in Section 3 above, and shall serve the answers on the service list of this proceeding by September 28, 2015.
2. Parties shall file and serve opening comments by October 5, 2015, and reply comments by October 12, 2015.

Dated September 14, 2015, at San Francisco, California.

/s/ CARLA J. PETERMAN

Carla J. Peterman
Assigned Commissioner

/s/ KARIN M. HIETA

Karin M. Hieta
Administrative Law Judge
Pro Tem