

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Consider  
Alternative-Fueled Vehicle Programs, Tariffs,  
and Policies.

Rulemaking 13-11-007  
(Filed November 14, 2013)

**REPLY COMMENTS OF ENVIRONMENTAL DEFENSE FUND ON THE  
TRANSPORTATION ELECTRIFICATION WORKSHOP AND  
ELECTRIC VEHICLE STRAW PROPOSAL**

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**I. INTRODUCTION**

Pursuant to the Scoping Memo issued by Commissioner Peterman and Administrative Law Judge Wong<sup>1</sup> and the transportation electrification workshop held on April 29<sup>th</sup> (Workshop), Environmental Defense Fund (EDF) submits the following reply comments. In these comments, EDF will focus on three issues: (1) the need to plan for load management using appropriate rate design and associated marketing and outreach; (2) the need for the straw proposal to abide by the language established in Senate Bill (SB) 350; and (3) concern about Southern California Edison's (SCE) call to eliminate after-the-fact reasonableness review in their proposed "fast track" application.

**II. DISCUSSION**

*A. Electric vehicle proposals must be structured in a way that aids the integration of renewable energy.*

Multiple parties recognized the need for using electric vehicles (EVs) in a way that allows for increased use of low-cost renewable energy.<sup>2</sup> That is, EV drivers need to be

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<sup>1</sup> *Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge*, Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 (filed Mar. 30, 2016).

<sup>2</sup> *See, e.g., Opening Comments of BMW of North America, LLC to Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge for Rulemaking 13-11-007*, Order Instituting Rulemaking to

incentivized to charge at times when there are excess renewables on the grid, thus avoiding increased use of fossil fuels later in the day. Additionally, by reducing the need for costly curtailment – which, the California Independent System Operator has indicated is already occurring<sup>3</sup> – EVs can help ease cost implications to utilities and ratepayers of meeting Renewable Portfolio Standard and greenhouse gas emission reduction goals.

EDF agrees with BMW’s statement that “vehicle-grid integration represents a promising opportunity to support SB 350’s goal to increase renewable penetration on the grid,”<sup>4</sup> ChargePoint’s statement that “utilities should be required to describe plans that fulfill...the requirement of [SB 350 Section] 740.12(a)(1)(G) to encourage EVs to assist ‘grid management’ and ‘integrating generation from eligible renewable energy resources,’”<sup>5</sup> and San Diego Gas & Electric’s (SDG&E) statement that

*...the efficient integration of transportation electrification loads with the grid will provide benefits to ratepayers by integrating renewable energy resources and improving grid utilization (e.g., shifting charging loads to off-peak periods) through rate design, utility infrastructure and technology solutions.*<sup>6</sup>

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Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 3 (filed May 18, 2016); ChargePoint, Inc. Comments on SB 350 Transportation Electrification Workshop and Application Guidance Straw Proposal, Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 3 (filed May 18, 2016); Opening Workshop Comments of San Diego Gas & Electric Company (U 902-E), Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 4 (filed May 18, 2016).

<sup>3</sup> California Independent System Operator, *Renewables Integration*, <http://publications.caiso.com/StateOfTheGrid2014/RenewablesIntegration.htm> (“Grid operators are now seeing overgeneration beginning to shift from overnight hours to the mid-day hours necessitating curtailments just as the duck curve forecasted. The ISO had to curtail wind and solar for reliability reasons four times this past spring representing over 1,700 MW with 1,100 MW of that amount occurring during the morning hours of April 27. Our analysis also shows that by 2024, the occurrences of overgeneration events increase dramatically”).

<sup>4</sup> *Opening Comments of BMW of North America, LLC to Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge for Rulemaking 13-11-007*, Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 3 (filed May 18, 2016).

<sup>5</sup> ChargePoint, Inc. Comments on SB 350 Transportation Electrification Workshop and Application Guidance Straw Proposal, Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 3 (filed May 18, 2016).

<sup>6</sup> *Opening Workshop Comments of San Diego Gas & Electric Company (U 902-E)*, Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 4 (filed May 18, 2016).

EDF is in strong agreement with BMW, ChargePoint, and SDG&E that EVs need to be used in ways that provide the most benefit to the grid and support environmental goals. This means putting infrastructure into locations such as workplaces that will allow drivers to draw on renewable energy to charge and store that energy for use when renewables are offline. As recognized by SDG&E's comment referenced above, it also means proper rate design. In order to encourage charging of EVs at times when renewable generation is plentiful, the Commission and the utilities need to ensure that rates are reflective of grid conditions. EDF thus agrees with SDG&E, as well as Pacific Gas & Electric (PG&E), that rate design should be a core focus of efforts to increase EV deployment<sup>7</sup> and the Joint Automakers that "it will be important for potential PEV drivers and fleet operators to have access to PEV [plug-in electric vehicle]-specific rates that are easily understood, provide cost savings relative to conventional (petroleum) fuels, and lay the foundation for vehicle-grid integration."<sup>8</sup>

*B. The straw proposal needs to abide by the guidelines established in SB 350.*

EDF agrees with the Natural Resources Defense Council (NRDC) that Commission guidance should be complementary to, rather than an incomplete paraphrasing of, the language in SB 350.<sup>9</sup> Accordingly, EDF concurs that the straw proposal must incorporate the overarching objective reflected in Section 701.1,<sup>10</sup> as well as bring the directives in Section 740.12<sup>11</sup> front

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<sup>7</sup> *Opening Comments of Pacific Gas and Electric Company (U 39 E) in Response to Questions in Appendix B of Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 4 (filed May 18, 2016).*

<sup>8</sup> *Joint Comments of the Alliance of Automobile Manufacturers, American Honda Motor Co., Inc., and General Motors on the Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 5 (filed May 18, 2016).*

<sup>9</sup> *Comments of the Natural Resources Defense Council on Transportation Electrification Workshop, Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 4 (filed May 18, 2016).*

<sup>10</sup> Senate Bill 350, de Leon (2015), Section 701.1 ("the Legislature finds and declares that, in addition to other ratepayer protection objectives, a principal goal of electric and natural gas utilities' resource planning and investment shall be to minimize the cost to society of the reliable energy services that are provided by natural gas

and center in the guidance to utilities. Replicating the statutory language itself will avoid any conflict with governing law. Beyond that, the Commission should provide any non-duplicative guidance that furthers the goals and intentions of SB 350.

C. *The Commission should be cautious about SCE’s call to eliminate a reasonableness review.*

In opening comments, SCE proposes that some projects go through a “fast-track” process that

*...could use the Advice Letter process, and would apply to utility programs that meet certain pre-established criteria as determined by the Commission...[and] would allow utilities that comply with said criteria to be eligible for cost recovery approval without an “after-the-fact” reasonableness review.<sup>12</sup>*

EDF agrees with SCE and others that transportation electrification needs to be widespread and rapid in order to meet important state policy goals laid out in the Governor’s zero-emission vehicle mandate, Assembly Bill 32, and SB 350.<sup>13</sup> For that reason, we would support a streamlined approach to approval of utility proposals. However, it does not follow that utilities should be given free rein to conduct pilots and programs without subsequently ensuring that costs are reasonable. While EDF does not expect that the Commission would readily approve a program that is overly expensive or runs the risk of costing more than expected, eliminating an ex post review altogether could unfairly burden ratepayers with unnecessary costs.

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and electricity, and to improve the environment and to encourage the diversity of energy sources through improvements in energy efficiency, development of renewable energy resources, such as wind, solar, biomass, and geothermal energy, and widespread transportation electrification”) (emphasis added).

<sup>11</sup> Senate Bill 350, de Leon (2015), Section 740.12(a)(1).

<sup>12</sup> *Southern California Edison Company’s (U 338-E) Comments in Response to Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge*, Order Instituting Rulemaking to consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 16 (filed May 18, 2016).

<sup>13</sup> *See, e.g., Southern California Edison Company’s (U 338-E) Comments in Response to Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge*, Order Instituting Rulemaking to consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 2 (filed May 18, 2016) (the Commission should “recognize the need for expedited, large-scale adoption of TE [transportation electrification] – to meet state goals, including those pursuant to SB 350 and federal requirements”); *Comments of the Natural Resources Defense Council on Transportation Electrification Workshop*, Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies, R. 13-11-007 at 2 (filed May 18, 2016).

Indeed, the proposal given here by SCE is even broader than that in their EV pilot as originally constructed. There, SCE said that “if the Phase 1 Pilot direct capital and O&M expenditures for the twelve-month period...are less than \$22 million [the proposed budget]...then those expenditures will be deemed to be reasonable and, therefore, no further after-the-fact review will be required.”<sup>14</sup> EDF expressed concern in that forum, stating “the Commission should review expenses to make sure that ratepayers are not paying for aspects of the SCE program unless costs are reasonable and justified.”<sup>15</sup> EDF reiterates the same word of caution in this context.

### **III. CONCLUSION**

EDF thanks the Commission for the opportunity to provide reply comments on the Workshop and the straw proposal contained in the Scoping Memo and looks forward to continued participation.

Respectfully signed and submitted on May 31, 2016.

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<sup>14</sup> Southern California Edison, *Application of Southern California Edison Company (U 338-E) for Approval of its Charge Ready and Market Education Programs*, A. 14-10-014 at 8 (filed Oct. 30, 2014).

<sup>15</sup> *Opening Testimony of Environmental Defense Fund*, Application of Southern California Edison Company (U338E) for Approval of its Charge Ready and Market Education Programs, A. 14-10-014 at 30 (filed May 15, 2015).