

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



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In the Matter of the Application of Pacific Gas and Electric Company for Approval of Electric Vehicle Infrastructure and Education Program (U39E).

Application 15-02-009
(Filed February 9, 2015)

**REPLY BRIEF OF THE
ELECTRIC VEHICLE CHARGING ASSOCIATION**

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July 8, 2016

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**REPLY BRIEF OF THE
ELECTRIC VEHICLE CHARGING ASSOCIATION**

Pursuant to Rule 13.11 of the Commission’s Rules of Practice and Procedure and to Administrative Law Judge Farrar’s April 28, 2016 order setting a briefing schedule, Opening Briefs were filed on June 17, 2016 by the Office of Ratepayer Advocates (“ORA”), The Utility Reform Network (“TURN”), Joint Minority Parties, Pacific Gas & Electric and Joint Settling Parties (“collectively “PG&E”), ChargePoint, Vote Solar, Green Power Institute, TechNet, Electric Vehicle Charging Association (“EVCA”), and the Consumer Federation of California. EVCA respectfully submits this Reply Brief addressing issues presented by other parties in their Opening Briefs.

1. PG&E’s settlement agreement does not sufficiently address concerns about the anti-competitive impacts of its proposed program. PG&E’s Opening Brief urging adoption of the “settlement agreement” continues to eschew the fact-specific competitive analysis required by D-14-12-079 and the Joint Assigned Commissioner and Administrative Law Judge’s Scoping Memo and Ruling (“Scoping Memo and Ruling”). While the Scoping Memo and Ruling required PG&E to identify its potentially unfair advantages over non-utility market participants and identify “rules, conditions or regulatory protections needed to effectively mitigate the anti-competitive impacts or unfair advantages held by the utility,”¹ PG&E’s Opening Brief simply cites the inclusion of certain provisions of the San Diego Gas & Electric (“SDG&E”) settlement agreement, namely that PG&E will offer two billing options to site hosts and allow third-parties it approves to offer EVSE and related services in order to mitigate concerns about its proposal’s

¹ Joint Assigned Commissioner and Administrative Law Judge’s Scoping Memo and Ruling, September 4, 2015, p.8

anti-competitive impacts.² These modifications are not made to the DCFC program, where PG&E would still require consumers to use equipment provided by a vendor it selects.

PG&E asserts that its proposed 7,500 Level 2 and 100 DCFC chargers constitute “only a fraction of the infrastructure required to meet the State’s electrification goals,”³ but this overlooks its intention to scale its model beyond Phase 1 and the fact that once single-family residential ports are excluded, PG&E’s own figures suggest it would command more than half the number of chargers in publicly accessible facilities, workplaces and multi-unit dwellings in its territory.⁴ The vast size of PG&E’s program would significantly disrupt the Northern California EVSE market by enabling one participant with unique advantages to dominate the market. As noted by TURN, PG&E’s Phase 1 deployment would install almost the full projected market need for commercial chargers needed through 2020.⁵ For purposes of evaluating the program’s competitive impacts, the most relevant fact is not the initial size of PG&E’s deployment relative to the aspirational number of stations that the state hopes to achieve, but the fact that PG&E is able to rate base the costs of a large number of stations that it will own and offer to site hosts at very little cost, what amounts to a huge, unfair advantage over competitors who must rely on private financing and revenues from site hosts. EVCA agrees with ORA’s contention that the PG&E proposal “does not minimize or prevent the potential anti-competitive impacts of utility ownership of EV charging infrastructure on the EVSE market” and shares ORA’s and TechNet’s concerns that diminishing the non-utility EV charging infrastructure and services sector will make it more difficult to reach California’s clean transportation goal of putting 1.5 million zero-emission vehicles on the road by 2025.⁶

2. PG&E has not justified deployment of more than 10 DCFC. PG&E’s Opening Brief does not provide adequate justification for its DCFC program,⁷ overlooking the investments in hundreds of DCFCs in its territory (with hundreds more already planned and funded) and

² Joint Parties Opening Brief, p. 16

³ Joint Parties Opening Brief, p. 28

⁴ PG&E Electric Vehicle Infrastructure and Education Program Application, February 9, 2015, p. 2

⁵ TURN Opening Brief, p. 32

⁶ ORA Opening Brief, p. 16; TechNet Opening Brief, pp. 1-2.

⁷ Joint Minority Parties Opening Brief, p. 15

DCFCs' substantial technology and financial risks.⁸ EVCA shares the concerns of several parties who pointed out that the costs to ratepayers of PG&E's DCFC ownership program -- approximately \$240,000 per DCFC (\$24 million in ratepayer funds for 100 stations) -- compare unfavorably with the \$150,000 per DCFC cost of stations provided by the competitive market under the California Energy Commission's deployment program (\$8.9 million in ratepayer funds for 61 DCFC stations).⁹

The Scoping Memo and Ruling required that PG&E limit its Phase 1 deployment to 10 percent of the number of charging stations that it originally proposed. PG&E's DCFC proposal has not complied with the requirement, and it has failed to demonstrate any need for such a high number of DCFCs. PG&E states that battery electric vehicle "[BEV]" drivers now comprise a majority of EV drivers across PG&E's service territory. Many of these drivers, unlike PHEV drivers...need a regional fast charging network... As of late 2015, 62% of EV drivers throughout PG&E's service territory have purchased or leased BEVs."¹⁰

While DCFC is of unquestionable importance to battery EV drivers, PG&E has not presented adequate data to justify its ownership and unilateral control of a large ratepayer-funded DCFC network possessing substantial cost advantages over other providers of DCFC. The largest percentage of BEVs in PG&E's figures is accounted for by the Tesla Model S, which has a range over 200 miles and an interstate and regional network of fast chargers proprietary to and fully funded by Tesla. PG&E has not suggested utilizing the Tesla standard for its fast chargers and thereby grossly overstates the need. Additionally, a significant percentage of the BEVs PG&E cites are not fast charge capable, including: Fiat 500e, Smart EV, Ford Focus EVs, Mercedes B class, Toyota Rav4, and the Honda Fit. By presenting estimates that do not account for these factors, and downplaying the hundreds of DCFCs in operation or scheduled to be deployed in the coming year, PG&E overestimates the market gap and the appropriate size of its DCFC program.

3. Utility ownership is not necessary to achieve the stated advantages of PG&E's proposal. In its Opening Brief, PG&E lists a number of advantages to its proposal. For example,

⁸ TURN Opening Brief, p. 29; EVCA Opening Brief, p. 10.

⁹ TURN Opening Brief, p. 42; Joint Minority Parties Opening Brief, p. 15; EVCA Opening Brief, p. 9

¹⁰ Joint Parties Opening Brief, p. 35

PG&E claims its proposal will generate “safer electrical service” because “all of the construction and installation of the EV charging infrastructure will be performed safely, and to code, by licensed electrical contractors with EV infrastructure training certification.”¹¹ For the record, EVCA’s members who perform installations are, or use, licensed, certified contractors.

Other claimed advantages include use of pricing signals and use of PG&E’s Distributed Resource Plan Integration Capacity Analysis. The use of third parties to manage customer demand for the benefit of the grid, however, is well established and known to the Commission. The laudable reasons identified by PG&E for growing electric vehicle use generally (e.g. reducing the health and environmental impacts from air pollution; reducing greenhouse gases by a factor of four; and creating high quality jobs or other economic benefits, including in disadvantaged communities)¹² can also be achieved by non-utility market participants and are not arguments for utility ownership or a valid reason for an anti-competitive program design.¹³

4. PG&E’s program can eliminate its anti-competitive impacts and undue ratepayer burdens by focusing on “make-ready” infrastructure. California has built a world-class clean energy sector by harnessing the market-based innovation of non-utility companies in sectors such as solar, storage and electric vehicle charging to develop new products and services that appeal to consumers and lower costs. EVCA shares the concerns of TechNet that the PG&E proposal fails to take advantage of the highly successful distributed energy resource model to provide products and services tailored to the needs of consumers.¹⁴ Instead, the PG&E proposal would reposition Northern California’s EVSE market as a utility-dominated sector with less innovation, reduced private investment and higher costs, slowing the state’s transition to zero-emission transportation.

EVCA agrees with the aligned recommendations of non-settling parties in support of an approach to mitigate the anti-competitive impacts and ratepayer costs and risks presented in the PG&E proposal. EVCA agrees with other parties that the anti-competitive impacts arising from PG&E’s proposal to own and control EVSE can be avoided by implementing the “make-ready” approach under which PG&E would focus on developing utility-side infrastructure and enabling

¹¹ Joint Parties Opening Brief, p. 17

¹² Joint Parties Opening Brief, p. 18

¹³ ORA Opening Brief, p. 19

¹⁴ TechNet Opening Brief, p. 11.

customers to choose, purchase, own and operate the EVSE of their choice.”¹⁵ Further EVCA finds merit in TURN’s proposal to “separate utility ownership of the charging station from the rest of the supporting electrical infrastructure (hereinafter the ‘make-ready stub’), with a portion of the charging station cost paid by the site host” instead of allowing full utility ownership of all charging stations.¹⁶ TURN further proposes that site hosts would own the station but would be provided rebates to cover a portion of the station and network operating costs.¹⁷ EVCA agrees with TURN that such an approach offers several important advantages, such as lower per-station costs (with savings to be used to increase station deployments); reduced risks for ratepayers; and the opportunity to test the level of subsidy necessary to induce site host participation (rather than simply repeating an ownership model already being tested by SDG&E).¹⁸

5. PG&E’s mischaracterizes EVCA. EVCA’s members are interested in working collaboratively with California’s investor- and publicly-owned owned utilities to advance EV charging. EVCA’s members are troubled by PG&E’s mischaracterization of EVCA “as virtually indistinguishable from ChargePoint.”¹⁹ This characterization is misleading and demonstrates a lack of appreciation or respect for the diversity of the EV charging sector and EVCA’s membership, which includes leaders providing, installing or servicing Level 2, DCFC, wireless and solar-based charging systems and pioneering innovative business models and technologies that could generate \$4.5 billion in new sales and services in state through 2023.²⁰

EVSE companies that have protested or filed comments expressing concerns about the PG&E proposal include NRG/EVgo, Volta and Clean Fuel Connection, as well as ChargePoint. These companies participated independently in the Commission’s proceedings prior to the creation of EVCA. Subsequent to its formation by multiple leaders in the EVSE sector, EVCA, whose officer and director positions are held by representatives of three of the aforementioned and other member companies, has worked to ensure that the views of the industry as a whole are represented in this proceeding.

¹⁵ EVCA Opening Brief, pp. 14-15; Vote Solar Opening Brief, p. 9; TechNet Opening Brief, p. 9.

¹⁶ TURN Opening Brief, p. 10

¹⁷ Id.

¹⁸ TURN Opening Brief, pp. 10-12.

¹⁹ Joint Parties Opening Brief, p. 10

²⁰ Exh. 221, pp. 2-3.

6. **Conclusion.** EVCA appreciates the Commission’s consideration of these arguments and requests that the Commission’s Decision include the points set forth in EVCA’s Opening Brief and this Reply Brief.

Respectfully submitted

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