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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-4628**
August 14, 2014

R E S O L U T I O N

Resolution E-4628. Pacific Gas and Electric (PG&E) Company requests Commission Approval of its proposal to provide service to electric buses under the time-of-use rate option of Electric Rate Schedule A-1.

PROPOSED OUTCOME:

- PG&E filed AL 4292-E requesting that the Commission approve its proposal to provide service under the time-of-use rate option of PG&E's small general service electric tariff, Electric Rate Schedule A-1, for a period of three years to the San Joaquin Regional Transit District's Electric Bus Charging Load for the purpose of meeting its new electric bus charging load requirements.

SAFETY CONSIDERATIONS:

- There are no foreseeable safety impacts from allowing San Joaquin Regional Transit District to charge electric buses on Rate Option A instead of the otherwise applicable tariff.

ESTIMATED COST:

- Difficult to quantify but not likely to be significant.

By PG&E Advice Letter 4292-E, filed on September 30, 2013.

SUMMARY

PG&E filed AL 4292-E requesting that the Commission approve its proposal to provide service under Rate Option B of Pacific Gas and Electric Company's (PG&E's) small general service electric tariff, Schedule A-1, for a period of three years to the San Joaquin Regional Transit District (SJRTD) for the purpose of meeting its new electric bus charging load requirements.

BACKGROUND

The Commission initiated Rulemaking (R.) 09-08-009 to consider alternative-fueled vehicle tariffs, infrastructure and policies to support California's greenhouse gas emissions reduction goals. The Commission issued two major decisions in this proceeding. In Decision (D.) 10-07-044, the Commission determined that the legislature did not intend for the Commission to regulate providers of electric vehicle charging services to the public as public utilities. In D.11-07-029, the Commission acknowledged that significant progress in the transportation sector would be critical to achieving the State's emissions reductions goals and directed the utilities and other parties to collaborate and cooperate to achieve these goals. Among other provisions, the Commission directed the parties to assess notification options for electric vehicles and to consider alternative, lower cost metering options and directed the utilities to conduct electric vehicle load research, to file rate design proposals for electric vehicles in 2013, and to allocate some of the upgrade costs associated with electric vehicles to all customers for a limited period of time.

On September 30, 2013, PG&E submitted Advice Letter 4292-E. In this advice letter, PG&E explains under normal circumstances, service under Schedule A-1 is restricted to customers with billing demands of less than 75 kW and annual usage of less than 150,000 kWh. The SJRTD charging load is expected to exceed both of these applicability criteria, which means the customer would ordinarily be required to choose service for the new account under another applicable general service rate schedule.

PG&E proposes to instead allow SJRTD's new electric bus charging account to continue service under the Schedule A-1 tariff on a pilot basis for the next three years, or until otherwise ordered by the Commission. Rate Option B has a time-of-use rate and no demand charge.

Energy Division staff suspended Advice Letter 4292-E on October 24, 2013 for 120 days for further review.

NOTICE

PG&E states that a copy of Advice Letter 4292-E was served in accordance with Section 4 of General Order (GO) 96-B and served on its GO 96-B and R.09-08-009 service lists.

PROTESTS

No protests were filed.

DISCUSSION

PG&E requests that electric buses owned by the Stockton municipal transportation agency (the San Joaquin Regional Transit District) be allowed to access Schedule A-1. The proposal would have the impact of shielding electric buses from demand charges, likely reducing monthly energy charges for the fleet. PG&E argues that this is appropriate to support the state's vehicle electrification goals, while adhering to Commission tariff rules and minimizing costs for other ratepayers.

In evaluating this request, Energy Division considered the following criteria:

- Consistency with the California Zero-Emission Vehicle (ZEV) Action Plan.
- Consistency with CPUC tariff rules, including cost reasonableness.
- Consistency with the Commission's treatment of electric vehicle rates in general, and electric buses in particular.

Consistency with the California Zero-Emission Vehicle Action Plan:

In 2012, California Governor Jerry Brown issued Executive Order B-16-2012, which set a target of getting 1.5 million zero-emission vehicles on the roads in California by 2025. In support of this goal, the Governor's Office released its ZEV Action Plan in February 2013[1]. To encourage efficient use of the grid and reduce cost barriers for electric buses, the ZEV Action Plan asked the Commission to "develop electricity tariffs for public transit… that encourage electrification, promote efficient utilization of grid resources." (p. 13).

PG&E states that its proposal will help increase the numerous benefits associated with vehicle electrification identified in the ZEV Action Plan. By providing a clear, consistent price signal, this tariff can allow transit operators to test the use of electric buses without the cost uncertainty associated with tariffs that have

[1] http://opr.ca.gov/docs/Governor%27s_Office_ZEV_Action_Plan_%2802-13%29.pdf

demand charges. PG&E also noted that SJRTD provides air quality benefits in the Central Valley, where air quality concerns are of critical importance. The benefits to electric vehicle adoption described by PG&E, as well as the environmental and health benefits that accompany vehicle electrification, are consistent with the goals of the Governor's ZEV Action Plan.

<u>PG&E's proposal to provide favorable rate treatment to PEV buses is consistent with California's Zero-Emission Vehicle Action Plan.</u>

Consistency with Commission Rules:

The proposal from PG&E is in compliance with CPUC General Order 96-B. Although PG&E's proposal results in a discount for one customer at the expense of other customers, section 8.2.3 of General Order 96-B allows a utility to offer services to government entities "for free, or at reduced rates and charges." The Commission may subsequently determine the reasonableness of this request. PG&E argues that the three-year time limit in this proposal avoids the "creation of longer-term cost shifts to other ratepayers."[2] Given the limited applicably of this tariff to government bus fleet operators, we agree with PG&E that the costs are reasonable.

In comments to the draft resolution, California Energy Storage Alliance (CESA) notes that the rate treatment ordered in this resolution should be available to other bus operators, including both "public and privately operated buses" on an opt-in basis.[3] The Commission's General Order 96-B only authorizes PG&E to offer this type of discounted rate treatment to government entities. Accordingly, the same advice letter process is not available for proposals to offer discounts to private bus operators. It is, however, available to other public bus operators that meet the requirements of General Order 96-B, section 8.2.3.

PG&E argued that this rate treatment under General Order (GO) 96-B should be reviewed and approved by the Commission for "each such exception."[4] GO 96-B does not require that the Commission approve each exception; instead, it allows

[2] PG&E Advice Letter at page 2.

[3] CESA August 4, 2014 comments at page 2.

[4] PG&E August 4, 2014 comments at page 1.

the utility "to begin such service without prior Commission approval" but requires the utility to "promptly" notify the Commission of the service. PG&E is authorized by this resolution to offer the same rate discount to other government entities that demonstrate that they are using electric buses as part of their bus fleet. PG&E must still promptly submit an advice letter notifying the Commission that such service is being provided, consistent with the requirements of General Order 96-B.

<u>PG&E's proposed tariff treatment of electric buses is in compliance with this Commission's General Order 96-B.</u>

Consistency with the Commission's treatment of electric vehicle rates in general:

The Commission already approved a similar electric bus tariff proposal for use in SCE's territory. SCE proposed changes to the tariff treatment of electric buses in Advice Letter 2699-E.[5] The Commission approved changes in Resolution E-4514.[6] Based on feedback from SCE and stakeholders, the Commission accepted SCE's proposal that electric bus load be moved to tariff TOU-8, Option A. Additionally, the Commission also required that the customer be allowed to continue on the rate for three years.

PG&E's proposed treatment of electric buses is similar to SCE's approved proposal. The PG&E proposal would put electric vehicle on Option B of Schedule A-1. This tariff has no demand charge and a time-of-use rate that currently varies from a high of $0.248 per kWh during peak summer hours, to a low of $0.149 per kWh during off-peak non-summer months.

As is the case with SCE's electric bus tariff treatment, PG&E proposes that this tariff remain in effect for three years. We recognize the need for this tariff as a short-term solution to allow bus operators to test the use of electric buses in their fleet. However, a long-term solution is needed to address the unique circumstances of electric vehicle load with high capacity charging stations. While these stations can enable electric applications for bus routes, the high capacity

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[5] SCE submitted Advice Letter 2699-E to CPUC on February 13, 2012.

[6] CPUC Resolution E-4514 was released by CPUC on November 9, 2012.

charging stations also create high grid costs that are usually recovered through demand charges. A detailed examination of the benefits of electric buses and the grid costs is necessary to determine the appropriate way to assign these costs.

The Commission's Alternative-Fueled Vehicle proceeding, Rulemaking Proceeding 13-11-007, includes electric vehicle tariffs in its scope. The Order Instituting Rulemaking recognized the need to address tariff issues for medium- and heavy-duty vehicles, including electric buses.

<u>Given the need for long-term policies that address competing goals of assigning costs to users and encouraging PEV adoption, this rate treatment should be limited to three years while the Commission designs long-term policies through its Alternative-Fueled Vehicle proceeding.</u>

In its Advice Letter, PG&E proposes that the pilot tariff treatment would continue "for the next three years."[7] In the case of SCE, the electric bus treatment is specific to each bus operator, taking affect when the bus operator begins using electric buses. This allows each bus operator sufficient time to operate under the tariff rate. PG&E should clarify that the three-year limit will be applied the same way in its territory. CESA asked that the three-year limit be clarified to indicate that the "3-year clock" should start running when a fleet operator begins operating, and that the three-year clock is applicable as long as an eligible fleet operator begins its operations before September 30, 2016. We concur. As stated previously, each government bus operator may obtain the same discounted service from PG&E; PG&E will promptly notify the Commission of the provision of each such service, as required by General Order 96-B.

<u>The three-year limit for electric bus operators will be applied to each operator, allowing any bus operator to use this pilot tariff treatment for three years. The three year window is specific to each eligible fleet operator and begins when that operator requests this rate treatment in writing. Any eligible fleet operator can be granted a three-year window as long as they apply before September 30, 2016.</u>

[7] PG&E Advice Letter 4292-E at page 1.

COMMENTS

Public Utilities Code Section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day comment period may be reduced or waived upon stipulation of all parties in the proceeding. The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft was mailed to parties for comments and will be placed on the Commission's agenda for August 14, 2014.

Comments were received from PG&E and the CESA. Appropriate changes have been made to this Resolution in response to the received Comments.

FINDINGS AND CONCLUSIONS

1. On September 30, 2013, PG&E submitted Advice Letter 4292-E, proposing to provide service under the time-of-use (TOU) rate option (Option B) of Pacific Gas and Electric Company's (PG&Es) small general service electric tariff, Schedule A-1, for a period of three years to the San Joaquin Regional Transit District (SJRTD) for the purpose of meeting its new electric bus charging load requirements.
2. Increasing PEV bus adoption will help the Commission realize health and environmental benefits associated with vehicle electrification. The SJRTD buses contribute to all of these goals, especially improving local air quality in the Central Valley. PG&E's proposal to provide favorable rate treatment to PEV buses is consistent with California's Zero-Emission Vehicle Action Plan.
3. PG&E's proposed tariff treatment of electric buses is in compliance with Commission General Order 96-B (Section 8.2.3), which allows for limited instances of utility service to Government Entities under terms that differ from standard tariffs. Consistent with the requirements of GO 96-B, section 8.2.3, PG&E is authorized to offer the same rate discount to other government entities that demonstrate that they are using electric buses as part of their bus fleet.
4. Given the need for long-term policies that address competing goals of assigning costs to users and encouraging PEV adoption, this rate treatment should be limited to three years while the Commission designs long-term policies through its Alternative-Fueled Vehicle proceeding.

5. The three-year limit for electric bus operators will be applied to each operator, allowing any bus operator to use this pilot tariff treatment for three years. Each government bus operator may obtain discounted service from PG&E. Any eligible fleet operator can be granted a three-year window as long as they apply before September 30, 2016. PG&E will promptly notify the Commission of each such service provided, consistent with General Order 96-B.

THEREFORE IT IS ORDERED THAT:

Within 15 days of the effective date of this Resolution, PG&E shall notify the Energy Division by letter that the SJRTD has been receiving service under the time-of-use (TOU) rate option (Option B) of Pacific Gas and Electric Company's (PG&Es) small general service electric tariff, Schedule A-1, since September 2013 for the purpose of meeting its new electric bus charging load requirements, and that SJRTD has been notified that their eligibility for service under this tariff exception will expire September 30, 2016.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 14, 2014; the following Commissioners voting favorably thereon:

/s/ *Paul Clanon*
PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
CARLA J. PETERMAN
MICHAEL PICKER
Commissioners