FILED
07-10-12
03:43 PM

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

Order Instituting Rulemaking to Address Utility Cost and Revenue Issues Associated With Greenhouse Gas Emissions	Rulemaking 11-03-012 (Filed March 24, 2011)

REPLY COMMENTS OF THE EVSEP COALITION

In accordance with the February 8, 2012 Administrative Law Judges' Ruling Providing Guidance on Track 2 Activities ("February 8 Ruling"), and the March 14, 2012 Ruling Confirming Modified Track 2 Schedule, the Electric Vehicle Service and Equipment Provider Coalition ("EVSEP Coalition")[1] submits the following reply comments addressing issues raised in the opening comments on proposals for distributing Low Carbon Fuel Standard ("LCFS") revenues.

I. There is clearly a consensus in favor of a phased approach to development of LCFS policies.

While there are significant differences between the parties' position on how best to distribute LCFS revenues to electric vehicle ("EV") users, there is broad agreement that the Commission needs to implement an interim program for the near term and revisit the issues in the 2014-15 time frame. At that point better information will likely be available regarding the quantity and value of LCFS credits, the identity of EV owners, and the rate of growth in the EV market. Regardless of what approach the Commission adopts in this proceeding, it should be reviewed over time, and refined as necessary in order to optimize the value of LCFS revenues in meeting policy objectives.

[1] The EVSEP Coalition members are Coulomb Technologies, Inc., ECOtality, Inc. and Better Place.

II. The justifications offered by the IOUs in support of incorporating LCFS revenues into rates do not outweigh the clear disadvantages of this approach.

The Joint IOU Comments assert that incorporating LCFS credit revenues into a rate credit will "facilitate" EV adoption.[2] However the Joint IOUs also appear to concede that their proposal will *not* provide an incentive for EV adoption, or perhaps even be noticed by customers without some kind of stand-alone "visibility" program, possibly modeled on PG&E's Winter Gas Savings Program.[3] The Joint IOUs state that they "believe" that "an on-bill credit (including free bills) will further incent customers to charge at home during off-peak time periods."[4] However, the Joint IOU comments do not address the obvious concern that offering across the board discounts (including a discount to on-peak rates) and giving some EV users "free bills" may undermine the Commission's efforts to encourage EV users to sign up for EV time-of-use rates and charge during off-peak hours.

Before seriously considering adoption of the Joint IOU proposal, the Commission should carefully consider the pros and cons. The Commission needs to obtain a realistic estimate of the administrative cost of the IOUs' proposed "visibility program," consider the likelihood of success or failure of that program, then weigh those factors in considering the alternative – direct rebates to EV users that do not entail a costly consumer education component. Likewise, the Commission should very carefully consider the potential ramifications of using bill credits to discount all EV charging usage without reference to time of use, and the potential consumer response to "free" bills. On balance, it appears that the Joint IOU proposal has a very considerable "down side" and few benefits in terms of the central objectives of delivering revenues *directly* to EV users and minimizing the grid impacts of EV adoption.

[2] Joint IOU Comments at 14.
[3] Joint IOU Comments at 12.
[4] Id. at 20.

III. The Commission should disregard unfounded generalizations regarding the system impacts of Level 2 charging.

The Joint IOU Comments include a vague allegation that the EVSEP Coalition proposal "[c]reates preserve [sic] incentives to not use level 1 which has much less impact on the grid than level 2."[5] At least one similarly speculative and inaccurate statement was offered in passing during the workshops, and this statement has been referenced in the Natural Resources Defense Council ("NRDC") Comments as well.[6] It is difficult to know what to make of these generalizations, which do not differentiate between on- or off-peak usage, and are not substantiated by any citation to relevant studies or data. However, it is important that inaccurate comparisons not be mistaken for fact.

For the record, the grid interface equipment in the Level 2 EV service equipment ("EVSE") sold by members of the EVSEP Coalition has been engineered to offset any potential grid impacts. As it facilitates not only off-peak charging, but also *managed* charging in response to real time grid operations and system demand, Level 2 EVSE clearly benefits the grid in ways that simply plugging into a 120 volt outlet cannot. EVSEP Coalition members have installed thousands of Level 2 EV chargers in major metropolitan areas around the country and have seen no evidence so far that off-peak charging by customers with Level 2 EVSE has resulted in significant grid impacts or triggered the need for costly upgrades to the distribution system. Some residential customers will prefer Level 1 charging, while others will favor Level 2. The Commission should continue to encourage policies that favor consumer choice, which is a key to EV customer satisfaction and long term growth in the EV market.

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[5] Joint IOU Comments at 21.
[6] NRDC Comments at 4.

Dated: July 10, 2012

Respectfully submitted.

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