BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902E) for Approval of SB 350 Transportation Electrification Proposals	Application 17-01-020 (Filed January 20, 2017)
And Related Matters.	Application 17-01-021 Application 17-01-022 (Filed January 20, 2017)

REPLY COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL, THE COALITION OF CALIFORNIA UTILITY EMPLOYEES, PLUG IN AMERICA, THE GREENLINING INSTITUTE, ENVIRONMENTAL DEFENSE FUND, SIERRA CLUB, UNION OF CONCERNED SCIENTISTS, GREENLOTS, SIEMENS, EMOTORWERKS, AMERICAN HONDA MOTOR CO. INC., GENERAL MOTORS LLC, AND THE ALLIANCE OF AUTOMOBILE MANUFACTURERS ON PROPOSED DECISION AUTHORIZING STANDARD REVIEW TRANSPORTATION ELECTRIFICATION PROPOSALS

April 24, 2018

MAX BAUMHEFNER
Natural Resources Defense Council
111 Sutter Street, 21st Floor
San Francisco, CA 94104

MILA A. BUCKNER
MARC D. JOSEPH
Adams Broadwell Joseph & Cardozo
601 Gateway Blvd., Suite 1000
South San Francisco, CA 94080
Attorneys for the Coalition of California Utility Employees

JOEL ESPINO
The Greenlining Institute
360 14th Street, 2nd Floor
Oakland, CA 94612

LARISSA KOEHLER
Environmental Defense Fund
123 Mission Street, 28th Floor
San Francisco, CA 94105

Continued on next page

KATHERINE STAINKEN
Plug In America
6380 Wilshire Blvd., Suite 1010
Los Angeles, CA 90048

JOSEPH HALSO
Sierra Club
1536 Wynkoop Street, Suite 200
Denver, CO 80206

JIMMY O'DEA
Union of Concerned Scientists
500 12th Street, Suite 340
Oakland, CA 94607

CHRIS KING
BONNIE DATTA
Siemens
4000 E. Third Ave.
Foster City, CA 94404

DAVID SCHLOSBERG
Electric Motor Werks, Inc.
846 Bransten Road
San Carlos, CA 94070

THOMAS ASHLEY
Greenlots
925 N. La Brea Ave., 6th Floor
Los Angeles, CA 90038

STEVEN DOUGLAS
Alliance of Automobile Manufacturers
1415 L Street, Suite 1190
Sacramento, CA 95814

JESSALYN ISHIGO
American Honda Motor Co., Inc.
1919 Torrance Blvd.
Torrance, CA 90501

JAMES HALL
General Motors LLC
1121 L Street, Suite 700
Sacramento, CA 95814

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INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Natural Resources Defense Council (NRDC), the Coalition of California Utility Employees (CUE), the Greenlining Institute (Greenlining), Plug In America, Sierra Club, Environmental Defense Fund (EDF), Union of Concerned Scientists (UCS), eMeter, a Siemens Business (Siemens), Greenlots, Electric Motor Werks, Inc. (eMotorWerks), American Honda Motor Co. Inc., General Motors LLC, and the Alliance of Automobile Manufacturers submit the following reply comments on the proposed decision (PD) of Administrative Law Judges Sasha Goldberg and Michelle Cooke in Application (A.) 17-01-020 et al. Note: General Motors LLC, American Honda Motor Co. Inc., and the Alliance of Automobile Manufacturers, representing light-duty vehicle manufacturers, fully support Section II of these comments, but take no position on the medium and heavy-duty vehicle charging programs discussed in Section I.

With the modifications to the PD included in Appendix A, we recommend the Commission authorize the standard review transportation electrification programs. Below, we document the remarkable consensus of parties revealed in comments with respect to eight critical modifications that should be made to the PD.

I. SCE AND PG&E MEDIUM AND HEAVY-DUTY VEHICLE CHARGING PROGRAMS

A. It Should be Clarified that Customers Who Need Non-Standardized EVSE to Charge Medium and Heavy-Duty Vehicles Will be Eligible to Participate in the SCE and PG&E Programs

Seventeen parties (NRDC, CUE, Greenlining, Plug In America, Sierra Club, EDF, UCS, East Yard Communities for Environmental Justice and Center for Community Action and Environmental Justice (EJ Commenters), Siemens, Greenlots, eMotorWerks, Tesla, PG&E, SCE, the California Transit Association, and CalSTART) recommend the Commission correct an apparent error to clarify that customers who need non-standardized EVSE to charge medium and heavy-duty vehicles will still be eligible to participate in the SCE and PG&E programs.[1]

B. *Per Se* Reasonableness Should Not be Based on Deployment at 700 Sites

Eighteen parties (NRDC, CUE, Plug In America, Sierra Club, EDF, UCS, Siemens, Greenlots, eMotorWerks, Tesla, PG&E, SCE, the California Transit Association, CalSTART, Greenlining, ChargePoint, East Yard Communities for Environmental Justice and Center for Community Action and Environmental Justice) recommend the PD be modified to not determine *per se* reasonableness based on deployment at 700 sites.[2]

C. The Commission Should Adopt a Budget of at Least $305 million for SCE's Program to Address the Disproportionately Larger Air Pollution Problem and Goods Movement Network in SCE Territory

Sixteen parties (NRDC, CUE, Plug In America, Sierra Club, EDF, UCS, Siemens, Greenlots, eMotorWerks, Tesla, SCE, the California Transit Association, CalSTART, Greenlining, East Yard Communities for Environmental Justice, and Center for Community Action and Environmental Justice) recommend SCE's budget be increased to reflect the

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[1] *Opening Comments of Natural Resources Defense Council, Plug In America, the Coalition of California Utility Employees, Sierra Club, Environmental Defense Fund, Union of Concerned Scientists, Greenlots, Siemens, Emotorwerks, American Honda Motor Co. Inc., General Motors LLC, and the Alliance of Automobile Manufacturers on Proposed Decision Authorizing Standard Review Transportation Electrification Proposals*, April 19, 2018, (NRDC, Plug In America, CUE, Sierra Club, EDF, UCS, Greenlots, Siemens, Emotorwerks, Honda, General Motors, and the Alliance of Automobile Manufacturers Opening Comments) p. 4; Greenlining via these reply comments; *Opening Comments of Tesla on the Proposed Decision on the Transportation Electrification Standard Review Projects*, April 19, 2018, (Tesla Opening Comments) p. 1-5; *Opening Comments of California Transit Association on the Proposed Decision for the Transportation Electrification Standard Review Projects,* April 24, 2018, (California Transit Association Opening Comments) p. 4; *Opening Comments of CalSTART on the Proposed Decision Concerning Standard Review Transportation Electrification Proposals*, April 19, 2018 (CalSTART Opening Comments), p. 5; *Opening Comments of Pacific Gas and Electric Company (U 39 E) on Proposed Decision on Transportation Electrification Standard Review Projects*, April 19, 2018, (PG&E Opening Comments) p. 9; *Southern California Edison Company's (U 338-E) Comments on Proposed Decision on the Transportation Electrification Standard Review Projects*, April 19, 2018, (SCE Opening Comments) p. 15.

[2] *NRDC, Plug In America, CUE, Sierra Club, EDF, UCS, Greenlots, Siemens, Emotorwerks, Honda, General Motors, and the Alliance of Automobile Manufacturers Opening Comments,* p. 5; *Tesla Opening Comments*, p. 7; *California Transit Association Opening Comments,* p. 5; *Comments of East Yard Communities for Environmental Justice and Center for Community Action and Environmental Justice on the Proposed Decision of Administrative Law Judges Goldberg and Cooke*, April 19, 2018, (EJ Commenters Opening Comments) p.18; *CalSTART Opening Comments*, p. 5; *PG&E Opening Comments,* p. 6; *SCE Opening Comments*, p. 9; *Opening Comments of ChargePoint Inc. on Proposed Decision on the Transportation Electrification Standard Review Projects*, April 19, 2018, (ChargePoint Opening Comments) p. 5; *Opening Comments of the Greenlining Institute on the Proposed Decision For Standard Review Transportation Electrification Proposals from San Diego Gas & Electric, Southern California Edison, and Pacific Gas And Electric*, April 19, 2018 (Greenlining Opening Comments) p. 16.

disproportionately larger air pollution problem and goods movement network in SCE territory.[3] Twelve of those sixteen parties (NRDC, CUE, Plug In America, Sierra Club, EDF, UCS, Siemens, Greenlots, eMotorWerks, Greenlining, East Yard Communities for Environmental Justice and Center for Community Action, and Environmental Justice) specifically recommend a budget of at least $305 million for SCE's program and $212 million for PG&E's program.

D. Support for Electric Vehicle Supply Equipment (EVSE) Procurement Should Be Extended to More Customers, Particularly in Disadvantaged Communities

Nineteen parties (NRDC, CUE, Plug In America, Sierra Club, EDF, UCS, Siemens, Greenlots, eMotorWerks, Tesla, PG&E, SCE, the California Transit Association, ChargePoint, Small Business Utility Advocates (SBUA), CalSTART, Greenlining, East Yard Communities for Environmental Justice, and Center for Community Action and Environmental Justice) recommend rebates for EVSE be extended to customers who would otherwise be ineligible under the terms proposed by the PD, especially to customers situated in Disadvantaged Communities.[4]

E. Consistent with Commission Precedent, Good Accounting Practices, and to Motivate Utilities to Pursue Transportation Electrification, PG&E and SCE Should Earn a Return on Utility Capital Investments

Thirteen parties (NRDC, CUE, Greenlining, Plug In America, Sierra Club, EDF, UCS, Siemens, Greenlots, eMotorWerks, PG&E, SCE, and CalSTART) recommend deleting Ordering Paragraph 34 and related text in the body of the decision, which introduces the unprecedented option for customers to assume ownership of make-ready capital infrastructure installed by utility crews.[5] Meanwhile, EJ Commenters state they "look forward to continued work to convince the Commission and IOUs to get serious about the level of investment necessary to address the air

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[3] *NRDC, Plug In America, CUE, Sierra Club, EDF, UCS, Greenlots, Siemens, Emotorwerks, Honda, General Motors, and the Alliance of Automobile Manufacturers Opening Comments,* p. 5; *Tesla Opening Comments*, p. 8; *California Transit Association Opening Comments,* p. 2; *EJ Commenters Opening Comments*, p. 5; *CalSTART Opening Comments*, p. 3; *SCE Opening Comments*, p. 12; *Greenlining Opening* Comments, p. 8.

[4] *NRDC, Plug In America, CUE, Sierra Club, EDF, UCS, Greenlots, Siemens, Emotorwerks, Honda, General Motors, and the Alliance of Automobile Manufacturers Opening Comments,* p. 7; *Tesla Opening Comments*, p. 6; *California Transit Association Opening Comments,* p. 3; *EJ Commenters Opening Comments*, p. 4; *CalSTART Opening Comments*, p. 6; *SCE Opening Comments*, p. 11; *PG&E Opening Comments,* p. 11; *Greenlining Opening* Comments, p. 6; *ChargePoint Opening Comments*, p. 4; *Opening Comments of Small Business Utility Advocates on the Proposed Decision Concerning the Transportation Electrification Standard Review Projects*, April 19, 2018 (SBUA Opening Comments) p. 8.

[5] *NRDC, Plug In America, CUE, Sierra Club, EDF, UCS, Greenlots, Siemens, Emotorwerks, Honda, General Motors, and the Alliance of Automobile Manufacturers Opening Comments,* p. 8; *CalSTART Opening Comments*, p. 6; *SCE Opening Comments*, p. 2; *PG&E Opening Comments,* p. 3; Greenlining via these reply comments.

pollution crisis caused by heavy- and medium-duty vehicles in California."[6] That level of investment will not materialize if the utilities are not permitted to earn their normal rate of return on capital investments they make to realize those goals. Consistent with D. 16-01-023, D. 16-01-045, and D. 16-12-065, with the ratemaking treatment of other capital investments, and with PU Code §§ 701.1 and 740.12, SCE and PG&E should be able to earn an authorized rate of return on capital investments in electrical infrastructure constructed and installed by utility crews.

II. SDG&E RESIDENTIAL CHARGING PROGRAM

A. To Accurately Reflect the Record and Avoid Harmful Precedent, the PD's Conclusion that the Utility Ownership Option in the Modified SDG&E Residential Program is Anti-Competitive Should be Removed

Due to the page limit constraint imposed by Rule 14.3, the opening comments of NRDC, Plug In America, CUE, Sierra Club, EDF, UCS, Greenlots, Siemens, eMotorwerks, Honda, General Motors, and the Alliance of Automobile Manufacturers did not address the PD's conclusion that the utility ownership option included in the modified SDG&E residential program was inherently anti-competitive. Here, we join the separate comments filed by CUE, EDF, Greenlots, and Siemens in concluding there is no basis in the record to support the proposition the utility ownership option in the modified SDG&E program is inherently anti-competitive.[7] In fact, the record shows that three out of the four EV charging companies who provided testimony in this proceeding, provided evidence that SDG&E's modified program would enhance competition in the provision of EV charging.[8] The PD should be modified accordingly, as recommended by the thirteen party signatories to these reply comments.

B. The Grid Integrated Rate Option Should be Restored

Thirteen parties (NRDC, Greenlining, Plug In America, Sierra Club, EDF, UCS, Greenlots, Siemens, eMotorwerks, Honda, General Motors, the Alliance of Automobile Manufacturers, and SDG&E) recommend the PD modified consistent with PU Code § 740.12

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[6] *EJ Commenters Opening Comments*, p. 15.

[7] *Opening Comments of the Coalition of California Utility Employees on Proposed Decision Authorizing Standard Review Transportation Electrification Proposals*, April 19, 2018 (CUE Opening Comments), p. 3; *Comments of eMeter, a Siemens Business, on the Proposed Decision on the Transportation Electrification Standard Review Projects,* April 19, 2018; *Opening Comments of Environmental Defense Fund on the Proposed Decision Regarding Transportation Electrification Standard Review Projects*, April 19, 2018, p. 5; *Opening Comments of Greenlots on Proposed Decision Authorizing Standard Review Transportation Electrification Proposals*, April 19, 2018, p. 5.

[8] *Id*.

(G) ["Deploying electric vehicles should assist in grid management, integrating generation from eligible renewable energy resources, and reducing fuel costs for vehicle drivers who charge in a manner consistent with electrical grid conditions."], to allow for customers to choose the optional dynamic rate as proposed under the modified SDG&E program.[9] The PD's rejection of that option rests on the false premise that it would require manual intervention by utility customers to respond to dynamic price signals, when experience in SDG&E's territory beginning in 2014 demonstrates the ability for drivers to "set-and-forget," and let algorithms maximize fuel cost savings in response to grid conditions.[10]

C. Consistent with PU Code § 701.1, to Ensure Successful Program Implementation, to Prevent Utilities from Focusing Exclusively on "Steel-in-the-Ground" Going Forward, and to Meet the Goals Established by SB 350 and SB 32, the Commission Should Provide an Earnings Opportunity

Thirteen parties (NRDC, Greenlining, Plug In America, Sierra Club, EDF, UCS, Greenlots, Siemens, eMotorwerks, Honda, General Motors, the Alliance of Automobile Manufacturers, and CUE) recommend the PD be modified to provide either a performance-based, or a percentage-based earnings opportunity.[11] As CUE states: "The PD commits legal error by adopting a Residential Charging Program for SDG&E that eliminates all investments by SDG&E and instead requires it to implement a program without any utility investment in transportation electrification. To fulfill SB 350's legislative directive, the PD must be corrected."[12] Correcting this error will also ensure that future utility applications do not avoid non-capital-intensive investments, will align shareholder interest with societal interest, help meet the goals established by SB 350, and demonstrate California's leadership beyond its own borders.

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[9] *NRDC, Plug In America, CUE, Sierra Club, EDF, UCS, Greenlots, Siemens, Emotorwerks, Honda, General Motors, and the Alliance of Automobile Manufacturers Opening Comments,* p. 8; Greenlining via these reply comments; *SDG&E Opening Comments,* p. 10.
[10] *Id.*
[11] *NRDC, Plug In America, CUE, Sierra Club, EDF, UCS, Greenlots, Siemens, Emotorwerks, Honda, General Motors, and the Alliance of Automobile Manufacturers Opening Comments,* p. 11; Greenlining via these reply comments; *CUE Opening Comments,* p. 1.
[12] *CUE Opening Comments,* p. 2.

III. CONCLUSION

With the modifications to the PD recommended in our opening comments and in these reply comments, compiled in a revised version of Appendix A (attached here), the Commission should authorize the standard review transportation electrification programs.

Dated: April 24, 2018

Respectfully,

/s/ Max Baumhefner
Max Baumhefner
Natural Resources Defense Council
111 Sutter Street, 21st Floor
San Francisco, California 94104
mbaumhefner@nrdc.org

/s/ Marc D. Joseph
Marc D. Joseph
/s/ Mila A. Buckner
Mila A. Buckner
Adams Broadwell Joseph & Cardozo
601Gateway Blvd., Suite 1000
South San Francisco, CA 94080
Attorney for the Coalition of California Utility Employees
mdjoseph@adamsbroadwell.com
mbuckner@adamsbroadwell.com

/s/ Larissa Koehler
Larissa Koehler
Environmental Defense Fund
123 Mission Street, 28th Floor
San Francisco, CA 94105
lkoehler@edf.org

/s/ Joseph Halso
Joseph Halso
Sierra Club
1536 Wynkoop Street, Suite 200
Denver, CO 80206
joe.halso@sierraclub.org

/s/ Katherine Stainken
Katherine Stainken
Plug In America
6380 Wilshire Blvd., Suite 1010
Los Angeles, CA 90048
kstainken@pluginamerica.org

/s/ Joel Espino
Joel Espino
The Greenlining Institute
360 14th Street, 2nd Floor
Oakland, CA 94612
joele@greenlining.org

/s/ Jimmy O'Dea
Jimmy O'Dea
Union of Concerned Scientists
500 12th Street, Suite 340
Oakland, CA 94607
jodea@ucsusa.org

/s/ Chris King
Chris King
/s/ Bonnie Datta
Bonnie Datta
Siemens 4000 E. Third Ave.
Foster City, CA 94404
chris_king@siemens.com
bonnie.datta@siemens.com

/s/ Thomas Ashley
Thomas Ashley
Greenlots
925 N. La Brea Ave., 6th Floor
Los Angeles, CA 90038
tom@greenlots.com

/s/ David Schlosberg
David Schlosberg
Electric Motor Werks, Inc.
846 Bransten Road
San Carlos, CA 94070
david@emotorwerks.com

Continued on next page

/s/ Jessalyn Ishigo
Jessalyn Ishigo
American Honda Motor Co., Inc.
1919 Torrance Blvd.
Torrance, CA 90501
jessalyn_ishigo@ahm.honda.com

/s/ James Hall
James Hall
General Motors LLC
1121 L Street, Suite 700
Sacramento, CA 95814
jamie.hall@gm.com

/s/ Steven Douglas
Steven Douglas
Alliance of Automobile Manufacturers
1415 L Street, Suite 1190
Sacramento, CA 95814
sdouglas@autoalliance.org

Revised Appendix A: Recommended Modifications to Proposed Decision

Body of Decision

p. 18. Although the modified RCP presents the options of customer-owned or utility owned EVSE, we agree with ORA that SDG&E fails to establish the benefits under the utility ownership model ~~outweigh the anti-competitive impacts or~~ justify the increased cost to ratepayers.

p. 19. ~~Moreover, this modification will ensure that SDG&E's share of the EV charging market does not unfairly compete with nonutility enterprises consistent with § § 740.3(c) and 740.12 (b).~~

P. 36: "~~As discussed in more detail in Section 3.5, we reject SDG&E's EV-Only GIR as overly complex. SDG&E fails to make a showing how residential customers will respond to a different charging period every day based on day-ahead pricing signals."~~ SDG&E should arm customers with the tools necessary to "set-and-forget" in response to the dynamic price signals of the Grid Integrated Rate.

P. 47: SDG&E's proposed Residential GIR is ~~denied Even with the removal of the GIC, the rate is still "highly complex and wholly unfamiliar to residential customers."219 While some early adopting customers may be savvy enough to monitor and respond to daily price signals, SDG&E has provided no evidence suggesting the average residential customer will respond to a different charging period every day based on day-ahead pricing signals~~ approved, and SDG&E should arm its customers with the tools necessary to "set-and-forget" in response to the dynamic price signals.

P. 77: "We find it reasonable for PG&E and SCE to offer rebates on EVSE for sites supporting transit and school buses but not generally not above 50 percent for customers targeted by these programs that happen to be located in DACs. ~~Each utility should set the rebate levels for transit and school bus EVSE in consultation with its PAC, not to exceed 20 percent of the cost of the EVSE~~. Regarding DACs, TURN notes it is not clear these site hosts require additional subsidy. "As TURN has pointed out in the past, the fact that a site is located in a 'disadvantaged community' does not mean the commercial customer itself is financially disadvantaged. TURN expects that large corporations will be a large recipient of the subsidies at hand; many likely may have distribution centers, warehouses, etc. in disadvantaged communities." Providing rebates for publicly-accessible and residential charging equipment in DACs serves residents in those communities whose air quality and socioeconomic status determined the DAC designation. In contrast, providing relatively small rebates (the average cost of chargers for sectors other than transit is between $5,000 and $15,000) to large commercial customers that happen to be located in a DAC may not ~~is unlikely to~~ influence their decision to pursue transportation electrification. However, the record demonstrates that there are smaller corporations and governmental agencies that operate in DACs, and there the incremental costs of chargers could minimize the amount of vehicles they could pursue zero emissions. Additionally, the EV charging at these commercial sites would be exclusively for fleet use, and not available to the broader public. While the emissions reductions benefits would be broad, the impact on incentivizing additional EV adoption would be limited to the sites receiving the infrastructure. However, by not funding 100 percent of the rebates for EVSE in DACs, we expect the utilities to be able to support make-ready infrastructure at additional sites ~~least another 90 sites~~, increasing the impact of the programs. We find that it is reasonable to provide up to a 50 percent rebate for EVSE in DACs up to $5 million for PG&E and SCE territory."

P. 85 [Replace "Table 7" with this revised version]

Table 7. CPUC Approved Budget Assumption for SCE and PG&E Medium- and Heavy-Duty Programs

Sector	**Estimated Cost Per Site**	**PG&E # of Sites**	**SCE # of Sites**	**PG&E Budget**	**SCE Budget**
Forklifts	$132,613	100	200	$13,261,296	$26,522,600
TSE	$99,038	5	10	$495,189	$990,380
TRU	$185,539	89	200	$16,512,988	$37,107,800
Port Cargo Trucks	$334,565	6	18	$2,007,388	$6,022,170
Transit Buses	$341,071	80	80	$27,285,648	$27,285,648
School Bus	$146,730	45	45	$6,602,829	$6,602,829
Airport GSE	$133,913	20	20	$2,678,269	$2,678,269
Medium-Duty Vehicles	$148,097	400	400	$59,238,613	$59,238,613
Other Heavy-Duty Vehicles	$341,071	60	180	$20,464,233	$61,392,780
Infrastructure Subtotal		***805***	***1,153***	***$148,546,454***	***$227,841,089***
Program Management				$14,854,645	$22,784,109
Contingency				$14,854,645	$22,784,109
PG&E Education				$5,941,858	
Rebates				$27,500,000	$32,000,000
Non Infrastructure Subtotal				***$63,151,149***	***$77,568,218***
Program Total				**$211,697,603**	**$305,409,307**

P. 85-86: "Utility investments in make-ready infrastructure to serve the medium- and heavy-duty transportation sector within the adopted budget will be considered *per se* reasonable provided:

- ~~a minimum of 700 make-ready installations are fully contracted for by 2024 (by each utility) and~~ a minimum of 6,500 additional vehicles are electrified that are directly attributable to the authorized program (in each service territory) achieved by site hosts procuring at least two EVs or converting at least two diesel fueled vehicles to electric;
- a minimum of 15 percent of the infrastructure budget serves transit agencies (in each service territory);
- a maximum of 10 percent of the infrastructure budget serves forklifts (in each service territory);
- a minimum of 40 percent of the infrastructure budget results in installations in DACs in SCE's territory;
- a minimum of 25 percent of the infrastructure budget results in installations in DACs in PG&E's territory;
- rebate levels for transit, ~~and~~ school bus, and non-transit and non-school district applicants EVSE are established in consultation with the utility's respective PAC. ~~Rebate levels should not exceed 20 percent of the charger cost;~~ Rebate levels for non-transit and non-school district applicants should not exceed 50% of the charger cost; and
- a maximum of 10 percent of the infrastructure budget is spent on program administration (by each utility).

P. 87: "For market sectors where there is no standard charging equipment, SCE proposes that customers could participate in the program, but would be responsible for the full cost of buying and installing the proprietary or made-to-order EVSE ~~and make-ready~~."

P. 88: The requirement that "Customers should be allowed the choice of whether to own, operate, and maintain the make-ready infrastructure installed behind the customer meter; if the customer chooses ownership, the utility will install and transfer ownership of the customer side assets to the customer, treating these costs as an expense for ratemaking purposes, and the customer must commit to operate and maintain the facilities consistent with relevant national, state, and local electrical standards for their site" should be eliminated. It should be replaced with the following: "*The utility should own, operate, and maintain the make-ready infrastructure and be able to earn a normal return on infrastructure investment.*"

P. 95: Rather than adopting nearly identical budgets for SCE's and PG&E's medium and heavy-duty programs (per Table 7), the budget of SCE's program should be increased to $305 million to reflect the larger volume of freight and goods movement and the disproportionately poor air quality in their service territory.

P. 105: "In this decision, we direct the utilities to ~~again~~ contribute ~~four~~ two percent of their total approved SRP budgets to support this evaluation effort and extend it to the standard review projects' results."

Findings of Fact

P. 113: "58. SCE's proposal to provide rebates to cover 100 percent of the base cost of EVSE for all of the sites participating in its program is excessive. Thus, we recommend 100 percent EVSE rebates for transit agencies and school districts and an additional $5 million for rebates in both PG&E and SCE territory for up to 50 percent of the EVSE for non-transit and non-school district applicants in Disadvantaged Communities."

Conclusions of Law

P. 115: "2. SDG&E fails to establish how the benefits of its proposed Residential Charging Program under the utility ownership model ~~outweigh the anti-competitive impacts or~~ justify the increased cost to ratepayers."

P. 118: "32. Making participants responsible for the full cost of buying and installing the proprietary or made-to-order EVSE ~~and make-ready~~ is an appropriate safeguard of ratepayer funds because proprietary or made-to-order technologies are generally not scalable and may result in stranded assets if the company that manufactures them goes out of business or decides to change their technology significantly.:

P. 118: "33. Offering a 100 percent rebate for the EVSE purchase to all participants, as proposed by SCE, is not scalable, and it is unclear whether there would be any benefit for any ratepayers other than the participating customers that receive the rebates, and for that reason we limit 100 percent rebates to the transit bus and school bus sectors. SCE and PG&E may provide up to 50 percent of the EVSE for non-transit and non-school district applicants in Disadvantaged Communities."

Ordering Paragraphs

P. 199: "~~34. Customers should be allowed the choice of whether to own, operate, and maintain infrastructure installed behind the meter; if the customer chooses ownership, the utility will install and transfer ownership of the customer side assets to the customer, treating these costs as an expense for ratemaking purposes, and the customer must commit to operate and maintain the facilities consistent with relevant national, state, and local electrical standards for their site~~."

Revised Appendix A: Recommended Modifications to Proposed Decision

The Commission should add the following ordering paragraph:
"Consistent with PU Code § 701.1, to ensure successful program implementation, to prevent utilities from focusing exclusively on maximizing infrastructure expenses going forward, and to meet the goals established by SB 350 and SB 32, the Commission should adopt a performance-based incentive mechanism for SDG&E's residential charging program. This would set a productive precedent in California and beyond for utility investments to accelerate transportation electrification."

In the alternative, the Commission should add the following ordering paragraph:
To avoid legal error and afford SDG&E with a meaningful opportunity for investment consistent with the requirements of PU Code §§ 701.1 and 740.12, SDG&E's Residential Charging Program will include a percentage based rate of return on the up front rebate and installation expenditures equal to SDG&E's authorized weighted average cost of capital (currently 7.5 percent).