Decision 20-04-009 April 16, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902E) for Approval of Electric Vehicle High Power Charging Rate.	Application 19-07-006

DECISION AUTHORIZING INTERIM RATE WAIVER FOR ELECTRIC VEHICLE HIGH POWER CHARGING

Summary

This decision approves with modifications the proposal made by joint stipulation to implement an interim rate waiver to serve electric vehicle charging by separately-metered commercial and industrial customers of San Diego Gas & Electric Company.

1. Background

Senate Bill (SB) 350, the Clean Energy and Pollution Reduction Act (Chapter 547, Statutes of 2015), established new greenhouse gas reduction goals for California and declared that widespread transportation electrification would be required to meet these goals and meet air quality standards.

SB 350 requires the California Public Utilities Commission (Commission), in consultation with the California Air Resources Board and the California Energy Commission, to direct the utilities under our regulatory oversight to file applications for programs and investments to accelerate widespread transportation electrification consistent with California Public Utilities (Pub. Util.) Code Sections 237.5 and 740.12.

California law requires the deployment of electric vehicles to "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."[1] The Commission must consider rate strategies that can reduce the effects of demand charges on electric vehicle drivers and fleets and help accelerate the adoption of electric vehicles. The Commission should also consider adopting a tariff specific to heavy-duty electric vehicle fleets or electric trucks and buses that encourages the use of charging stations when there is excess grid capacity.[2]

No commercial or industrial rates designed for electric vehicle charging are currently available to customers of San Diego Gas & Electric Company (SDG&E). SDG&E commercial or industrial customers who charge electric vehicles are not currently eligible for commercial rates with lower demand charges, such as TOU-M, because they do not meet the maximum demand limits. SDG&E currently offers general rates with high demand charges, such as AL-TOU, for commercial and industrial customers who charge electric vehicles.

On August 15, 2019, Commission approved in Decision (D.) 19-08-026 the Settlement Agreement Regarding SDG&E's Medium-Duty and Heavy-Duty Electric Vehicle Charging Infrastructure Program and Vehicle to Grid Electric School Bus Application (EV Infrastructure Settlement Agreement). The

[1] Section 740.12(a)(1)(H) of the Pub. Util. Code.

[2] Section 740.15(a) of the Pub. Util. Code.

settlement agreement required SDG&E to develop one or more new electric vehicle rate options within six months of final approval of the agreement.

Prior to approval of the EV Infrastructure Settlement Agreement, SDG&E filed Application (A.) 19-07-006 on July 3, 2019 to propose a new electric vehicle high power charging (EV-HP) rate to serve electric vehicle direct current fast charging (DCFC)[3] and medium-duty and heavy-duty electric vehicle (MD/HD)[4] charging. In the Application, SDG&E proposed an interim rate discount on the single highest priced demand charge in each applicable rate during the period before the longer-term EV-HP rate it proposed could be implemented with its new Customer Information System. Parties filed protests or responses to the Application on or before August 9, 2019.[5]

SDG&E filed a reply to protests and responses to its Application on August 19, 2019. In its reply, SDG&E highlighted the urgency of approving an interim rate. SDG&E's reply asserted that it expects that the charging program approved in D.19-08-026 will support deployment of at least 3,000 MD/HD vehicles at a minimum of 300 sites over the next five years. SDG&E asserted that

[3] SDG&E defined DCFC as "direct current EV supply equipment with an output of 20 kilowatts or greater." (Application at 1.)

[4] SDG&E used the term MD/HD to refer to "electric vehicles, including truck stop electrification, transport refrigeration units, port cargo trucks, transit buses, school buses, airport ground support equipment, and Class 2 through Class 8 on-road vehicles. (Application at 1.)

[5] The following parties filed timely responses or protests to the application: Alliance of Automobile Manufacturers, American Honda Motor Co., Association of Global Automakers Inc., ChargePoint, Inc., Coalition of California Utility Employees, Enel X North America, Inc. (previously known as Electric Motor Werks, Inc.), Environmental Defense Fund (EDF), EVBox Inc., EVgo, Greenlots, Natural Resources Defense Council (NRDC), Plug In America, Public Advocates Office (Cal Advocates), San Diego Airport Parking Company, Siemens, Small Business Utility Advocates (SBUA), Tesla, Inc., Union of Concerned Scientists, and Utility Consumers' Action Network (UCAN).

serving MD/HD electric vehicles on current commercial and industrial rates may discourage customer participation in the program.

The Commission held a prehearing conference on September 17, 2019 to discuss the issues for the scope of the proceeding and procedural matters. The parties supported an expedited approach to considering an interim rate in advance of the Commission's decision on a longer-term EV-HP rate. No parties opposed this approach.

On October 7, 2019, the assigned Commissioner issued a scoping ruling to establish the category, issues to be addressed, and schedule of the proceeding. The scoping ruling provided that the Commission may issue a proposed decision on the interim rate issue in March 2020, in advance of a proposed decision on the remaining issues, if SDG&E and parties timely stipulate to the terms of the interim rate's implementation.

On October 7, 2019, the assigned Administrative Law Judge (ALJ) issued a ruling to require SDG&E to submit a straw proposal for implementation of its interim rate by October 18, 2019, request party comments on a list of questions by October 31, 2019, and provide notice of a joint workshop by the Commission's Energy Division and SDG&E on November 5, 2019. The ruling established a deadline of December 17, 2019 for SDG&E and the parties to submit a joint motion stipulating to the terms of an interim rate. SDG&E timely filed a straw proposal with the terms of an interim rate, and several parties timely submitted comments in response to the October 7, 2019 ruling.[6] On November 5, 2019, parties[7] attended the workshop to discuss the proposed interim rate.

On December 17, 2019, SDG&E filed a motion attaching a set of joint stipulations to the proposed terms for implementing an interim rate waiver for EV-HP charging (Joint Proposal), on behalf of SDG&E, Alliance of Automobile Manufacturers, American Honda Motor Company, Association of Global Automakers, Inc., ChargePoint, Electrify America, LLC, Enel X North America, Inc., EDF, EVBox, Inc., EVgo, NRDC, Plug In America, Cal Advocates, San Diego Airport Parking Company, Siemens, Sierra Club, SBUA, Tesla, Inc., and UCAN. The following parties did not join or oppose the joint motion: Coalition of California Utility Employees, Greenlots, and Union of Concerned Scientists.

2. Issue Before the Commission

The Joint Proposal is not a settlement agreement and is not subject to the Commission rules that govern review of a settlement agreement. However, we will similarly focus our review on whether the Joint Proposal is reasonable.

Accordingly, the issue before the Commission is whether the Joint Proposal for implementing an interim rate waiver for EV-HP charging is reasonable based on the record and the public interest, and consistent with relevant law and Commission decisions.

3. Overview of the Joint Proposal

The Joint Proposal includes the following provisions:

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[6] EDF, the Joint EV Parties (EVgo, Electrify America, LLC, ChargePoint, and Tesla, Inc.), SBUA, and UCAN timely filed comments on October 31, 2019.

[7] SDG&E, San Diego Airport Parking Company, EDF, Tesla, Inc., EVgo, NRDC, Electrify America, LLC, ChargePoint, Inc., UCAN, SBUA, Coalition of California Utility Employees, and Cal Advocates.

a. **Design**: Proposes that interim rate waiver participants take service on SDG&E's existing TOU-M rate, and that SDG&E waive the maximum demand limit in the TOU-M rate for these participants. The default commodity rate for bundled customers on TOU-M includes a default Critical Peak Pricing (CPP) component that customers can opt out of and take service on an otherwise applicable commodity rate (*e.g.* Schedule EECC).

b. **Eligibility Criteria**: Proposes to make the Interim Rate Waiver available to separately-metered DCFC and MD/HD electric vehicle customers.

c. **Enrollment Period**: Proposes that the Interim Rate Waiver be available for customer enrollment during the period between approval of such Interim Rate Waiver and either (i) the date that an EV-HP rate opens for enrollment[8] or (ii) the date that the Commission denies the Application for an EV-HP rate. If the Commission approves an EV-HP rate, customers who are on the Interim Rate Waiver may remain on that rate for the earlier of (i) for six months after the EV-HP rate is available for enrollment, or (ii) until the customer chooses to move to the approved EV-HP rate or another applicable rate that the customer is eligible to take service on.

d. If the Commission denies the EV-HP rate application, SDG&E will move customers on the Interim Rate Waiver to their prior rate or some other applicable rate of the customer's choosing within six months of the Commission decision.

e. **Cost Tracking and Recovery**: Proposes for SDG&E to track the number of customers receiving the Interim Rate Waiver and their usage pattern. Proposes that SDG&E calculate any revenue shortfall or gain due to the Interim

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[8] The Joint Proposal stipulates that SDG&E is currently replacing its Customer Information System, and as part of the replacement schedule, there is a one-year "freeze period" where structural changes and additions will be deferred until the new Customer Information System is implemented and stabilized, which is expected no sooner than early 2021.

Rate Waiver on a per-customer basis, based on a comparison of revenue received from customers on the Interim Rate Waiver with the revenue that SDG&E would have received if customers receiving the Interim Rate Waiver were billed on the default AL-TOU rate. Proposes that SDG&E track and recover or credit any shortfall or gain through commodity and distribution rates from the Medium and Large Commercial and Industrial (M/L C&I) customer class. Revenue shortfalls or gains will be compared to the authorized revenue adopted for the M/L C&I customer class to determine whether a rate increase or decrease is needed.

4. Whether the Joint Proposal is Reasonable

4.1. Design

State law requires the Commission to consider rate strategies that can reduce the effects of demand charges on electric vehicle drivers and fleets[9] and reduce fuel costs for electric vehicle operators who charge in a manner consistent with electrical grid conditions.[10] Accordingly, we will review the design of the proposed interim rate waiver to assess whether it would reduce fuel costs and the effect of demand charges for participants in a manner that encourages charging when there is excess grid capacity.

In the straw proposal it filed on October 18, 2019, SDG&E proposed an interim 50% discount on the single highest priced demand charge in each applicable general service Utility Distribution Company rate for DCFC and MD/HD EV customers. Several parties filed comments on the straw proposal on

[9] Section 740.15(a) of the Pub. Util. Code.

[10] Section 740.12(a)(1)(H) of the Pub. Util. Code.

October 31, 2019 to argue that the interim rate does not sufficiently reduce the effects of demand charges or provide adequate fuel savings.[11]

The Joint Proposal takes a different approach than the straw proposal. The Joint Proposal would allow participants to use rate schedule TOU-M by waiving the maximum demand limit, which currently prevents use of this rate by DCFC and MD/HD electric vehicle customers. This existing rate schedule is currently available to small commercial customers with a monthly maximum demand of less than 40 kilowatt (kW).

Parties to the Joint Proposal stipulated that the appropriate comparison rate for the interim rate is SDG&E's AL-TOU. The chart below compares the monthly fixed charges and demand charges for TOU-M and AL-TOU.[12] Based on this comparison, we find that the proposal to allow DCFC and MD/HD electric vehicle customers to use TOU-M would greatly reduce demand charges and overall fuel costs compared with charging under the AL-TOU rate.

Charges	**TOU-M**	**AL-TOU (0-500 kW, Secondary)**
Monthly charge	$101.56	$186.30
Non-Coincident Demand	$2.50	$24.47
Summer Peak Demand	n/a	$19.12
Winter Peak Demand	n/a	$19.21

[11] EVgo, Electrify America, ChargePoint, and Tesla, Inc. opposed the straw proposal's design and proposed that the interim 50 percent discount should be applied to all of the demand charges on a customer's bill to provide more adequate fuel savings. UCAN commented that there was no support for SDG&E's assertion that its straw proposal would provide adequate fuel switching incentives.

[12] Schedule AL-TOU, as of February 21, 2020, available at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-SCHEDS_AL-TOU.pdf.

Schedule TOU-M, as of February 21, 2020, available at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-SCHEDS_TOU-M.pdf.

Schedule TOU-M includes significant price differentials between peak, off-peak and super-off-peak periods in the summer.[13] Accordingly, we find that the Joint Proposal may encourage charging during periods that are beneficial for grid management.

4.2. Eligibility Criteria

The Joint Proposal stipulates that "SDG&E proposed to offer an interim rate waiver to EV-HP eligible customers,"[14] and that if it is approved," the EV-HP rate is intended to be utilized by separately-metered DCFC and MD/HD EV customers."

We interpret the Joint Proposal as stipulating that eligibility for the interim rate waiver should be limited to separately-metered DCFC and MD/HD electric vehicle customers. "Separately-metered" customers will include customers with a dedicated revenue-grade utility meter installed to only measure electric vehicle load.[15]

Further, we interpret the Joint Proposal as stipulating to the definitions of DCFC and MD/HD electric vehicles customers in the Application solely for purposes of defining eligibility for the interim rate waiver.[16] The Application defined DCFC as "direct current EV supply equipment with an output of 20 kilowatts or greater" and MD/HD as referring to "electric vehicles, including

[13] As of February 2020, there was a 23 cent/kWh differential between TOU-M summer costs during peak hours and super-off-peak hours.

[14] Joint Proposal at 2.

[15] Currently, customers must use a revenue-grade utility meter to measure their electric vehicle load. However, the Commission is considering a PEV Submeter Protocol within R.18-12-006.

[16] The Joint Proposal defines DCFC as "direct current fast charging" and MD/HD as "medium- and heavy-duty" (Joint Proposal at 1) but does not further define these terms.

truck stop electrification, transport refrigeration units, port cargo trucks, transit buses, school buses, airport ground support equipment, and Class 2 through Class 8 on-road vehicles."[17]

We find that it is reasonable to approve customer eligibility criteria for an interim rate waiver that are limited to MD/HD and DCFC electric vehicle customers. SDG&E successfully argued for the need for an expedited decision on the interim rate waiver by informing the Commission that it will install MD/HD electric vehicle charging infrastructure in 2020 as authorized by D.19-08-026. We will reserve the issue of whether to allow other types of customers to access an EV-HP rate for a later decision on whether to approve A.19-07-006.

4.3. Enrollment Period

Generally, an interim or pilot rate must include clear boundaries around the enrollment period. These boundaries limit the exposure of non-participating ratepayers to substantial bill impacts.

We find that the Joint Proposal appropriately limits the period of customer enrollment by accounting for scenarios where the Commission approves or denies the Application. However, the Joint Proposal does not account for potential delays in the implementation of SDG&E's Customer Information System.

SBUA raised concerns about the ratepayer impacts of potential revenue shortfalls in the event of delays in implementation of this system in its comments on October 31, 2019. The Joint Proposal states that the new Customer Information

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[17] Application at 1.

System is expected to be implemented "no sooner than early 2021" without addressing the potential for delays.

We agree that the Commission should provide a mechanism for limiting enrollment if the implementation of the Customer Information System is delayed. Accordingly, we direct SDG&E to serve a Tier 2 advice letter on April 1, 2021 if implementation of the Customer Information System has not been completed. The advice letter must report on the number of customers enrolled in the interim rate waiver, the total number of kilowatt hours enrolled, the total estimated revenue shortfall or gain, and the estimated completion date for the implementation of the Customer Information System. The advice letter must request approval to continue to enroll customers in the interim rate waiver more than 30 days after the date of the advice letter.[18] SDG&E must serve an updated Tier 2 Advice Letter every three months thereafter that implementation of the Customer Information System remains delayed.

4.4. Cost Tracking and Recovery

Next, we must review the Joint Proposal to ensure that potential bill impacts for ratepayers that do not participate in the interim rate waiver will be reasonable. The Joint Proposal includes significant changes to cost tracking and recovery provisions compared with SDG&E's straw proposal, reflecting input from the various parties, including consumer advocates, who supported the Joint Proposal.

In the straw proposal filed on October 18, 2019, SDG&E proposed manually billing the interim rate and requesting an associated revenue requirement of $1.1 million for manually implementing the interim rate discount

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[18] While the Tier 2 advice letter is pending disposition, SDG&E may continue to enroll customers.

for 15 months. In comments on October 31, 2019, SBUA opposed the $1.1 million revenue requirement for manual billing. The Joint Proposal notably does not include manual billing or any associated revenue requirement.

In the straw proposal, SDG&E proposed recording the revenue shortfall in a two-way balancing account and recovering the shortfall from all ratepayers through Public Purpose Program charges. The Joint Proposal stipulates that any shortfall or gain should be tracked and recovered or credited through commodity and distribution rates from the M/L C&I customer class.

We also note that the Joint Proposal, in contrast with SDG&E's straw proposal, does not specify a *process* for cost recovery. We note that the UCAN objected to SDG&E's original proposal to use a two-way balancing account for cost recovery in comments on October 31, 2019. We interpret the Joint Proposal's silence on the process for cost recovery to be intentional and will reserve this issue for a future decision in this proceeding.

In general, we find the cost tracking and recovery provisions to be reasonable. It is reasonable for SDG&E to track the number of customers receiving the Interim Rate Waiver and their usage pattern. It is also reasonable for SDG&E to track any revenue shortfall or gain due to the Interim Rate Waiver on a per-customer basis, based on a comparison of revenue received from customers on the Interim Rate Waiver with the revenue that SDG&E would have received if customers receiving the Interim Rate Waiver were billed on the default AL-TOU rate. Specifically, we direct SDG&E to separately track the number of customer meters receiving the Interim Rate Waiver, the number of kilowatt hours enrolled, and the estimated revenue shortfall, according to whether the customer meter had received service before the date of issuance of this decision, or whether the customer meter began to take service on or after the date of issuance of this decision.

However, we may authorize a different methodology for calculating any revenue shortfall or gain for purposes of cost recovery. We reserve the issue of how to calculate any revenue shortfall or gain for cost recovery for a future decision in this proceeding. Further, the Joint Proposal lacks any cap on costs or participation levels. In comments on October 31, 2019, EDF raised the potential for the interim rate waiver to be subscribed at a high level and recommended that SDG&E alert Commission when customer enrollments reach certain levels. We agree that SDG&E should be required to alert the Commission of enrollment levels in the event that a longer-term EV-HP rate is approved but implementation of the Customer Information System is delayed. Accordingly, the advice letter requirement in Section 4.3 above addresses this concern.

5. Comments on Proposed Decision

The proposed decision of ALJ Wang in this matter was mailed to parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on April 2, 2020, and reply comments were filed on April 7, 2020 by Environmental Defense Fund, Joint EV Parties (EVgo, Electrify America, ChargePoint, and Tesla, Inc.), Public Advocates Office, San Diego Airport Parking Company, SDG&E, Small Business Utility Advocates, Utility Consumers' Advocates Network.

6. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Stephanie S. Wang is the assigned ALJ in this proceeding.

Findings of Fact

1. The following parties, representing a broad spectrum of stakeholders, stipulated to the Joint Proposal for SDG&E to implement an interim rate waiver: SDG&E, Alliance of Automobile Manufacturers, American Honda Motor Company, Association of Global Automakers, Inc., ChargePoint, Electrify America, LLC, Enel X North America, Inc., EDF, EVBox, Inc., EVgo, NRDC, Plug In America, Cal Advocates, San Diego Airport Parking Company, Siemens, Sierra Club, SBUA, Tesla, Inc., and UCAN.

2. No party contested the Joint Proposal. The following parties did not join or oppose the joint motion: Coalition of California Utility Employees, Greenlots, and Union of Concerned Scientists.

3. The Joint Proposal addresses parties' concerns about SDG&E's October 2019 straw proposal regarding demand charges and overall fuel costs for participants.

4. The Joint Proposal limits customer eligibility for the interim rate waiver to SDG&E customers with separate meters for charging DCFC and MD/HD electric vehicles.

5. The Joint Proposal defines DCFC as "direct current EV supply equipment with an output of 20 kilowatts or greater."

6. "Separately-metered" customers includes customers with a dedicated revenue-grade utility meter installed to only measure EV load.

7. The Joint Proposal defines MD/HD as "electric vehicles, including truck stop electrification, transport refrigeration units, port cargo trucks, transit buses, school buses, airport ground support equipment, and Class 2 through Class 8 on-road vehicles."

8. The Joint Proposal provides clear limits for the period of customer enrollment, except in the event that SDG&E does not timely complete implementation of its new Customer Information System.

9. The Joint Proposal's cost tracking and recovery provisions reflect input from the various parties, including consumer advocates, that support the Joint Proposal.

10. The cost tracking and recovery provisions of the Joint Proposal adequately protect non-participating ratepayers from the risk of substantial bill impacts, except it lacks separate tracking for existing and new customer meters and lacks limits on customer enrollments in the event that SDG&E does not timely complete implementation of its new Customer Information System.

Conclusions of Law

1. The Joint Proposal aligns with existing law, which directs the Commission to consider rate strategies that reduce fuel costs and the effect of demand charges for electric vehicle drivers and fleets in a manner that encourages charging when there is excess grid capacity.

2. The customer eligibility criteria of the Joint Proposal are reasonable and should be adopted for the interim rate waiver.

3. The enrollment period provisions of the Joint Proposal are reasonable and should be adopted, except it does not address the risk that implementation of SDG&E's Customer Information System will be delayed.

4. SDG&E should request approval via an Advice Letter to continue to enroll customers in the interim rate waiver on April 1, 2021, and every three months thereafter, if the Commission has approved a longer-term EV-HP rate but SDG&E has not completed implementation of its new Customer Information System.

5. The cost tracking and recovery provisions of the Joint Proposal are reasonable, except it lacks separate tracking for existing and new customer meters and lacks limits on customer enrollments in the event that SDG&E does not timely complete implementation of its new Customer Information System.

6. It is reasonable to reserve the issues of the cost recovery process for the interim rate waiver and how to calculate any revenue shortfall or gains from the interim rate waiver for a future decision in this proceeding.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company shall implement the interim rate waiver in accordance with the terms of the joint stipulation attached to the motion it filed and served on December 17, 2019.

2. SDG&E shall separately track the number of customer meters receiving the Interim Rate Waiver, the number of kilowatt hours enrolled, and the estimated revenue shortfall, according to whether the customer meter had received service before the date of issuance of this decision, or whether the customer meter began to take service on or after the date of issuance of this decision.

3. San Diego Gas & Electric Company shall make the interim rate waiver option, as approved by this decision, available to customers within 45 days of the effective date of this decision by filing a Tier 1 Advice Letter within 10 days of the effective date of this decision.

4. San Diego Gas & Electric Company (SDG&E) shall serve a Tier 2 Advice Letter on April 1, 2021, and every three months thereafter, if the California Public Utilities Commission has approved a longer-term EV-HP rate but SDG&E has not completed implementation of its new Customer Information System. The advice letter must report on the number of customers enrolled in the interim rate

waiver, the total number of kilowatt hours enrolled, the total estimated revenue shortfall, and the estimated completion date for the Customer Implementation System. The advice letter must request approval to enroll customers in the interim rate waiver more than 30 days after the date of the advice letter. SDG&E must serve an updated Tier 2 advice letter every three months thereafter that the Customer Information System remains delayed.

5. Application 19-07-006 remains open.

This order is effective today.

Dated April 16, 2020, at San Francisco, California.

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners