December 9, 2022

Commissioner Charles P. Rettig
Internal Revenue Services
1111 Constitution Ave., NW
Washington, DC 20224

RE: Vehicle Grid Integration Council's Comments on Request for Information (RFI) to Implement Section 30C (Notice 2022-56)

Introduction

The Vehicle-Grid Integration Council ("VGIC")[1] is a 501(c)(6) membership-based trade association committed to advancing the role of electric vehicles ("EVs") and vehicle-grid integration ("VGI") through policy development, education, outreach, and research. VGIC supports the transition to decarbonized transportation and electric sectors by ensuring the value from flexible charging and discharging is recognized in support of a more reliable, affordable, and efficient electric grid. Scaling VGI will help accomplish the following public policy goals:

- **Benefit drivers** by reducing the cost of ownership.
- **Decarbonize the transportation sector** by accelerating EV adoption.
- **Support decarbonization of the power sector** by providing essential grid flexibility services as renewable energy penetration increases.
- **Increase affordability** by reducing electricity bills for all customers.
- **Improve grid resiliency** and security during extreme weather events.
- **Foster economic activity** through innovation, competition, and market transformation.

With federal support, including key provisions of the Inflation Reduction Act, this vision could become a reality, and drivers across the United States can simultaneously accelerate transportation electrification and grid decarbonization. **Our vision for VGI encompasses the following key elements:**

- **Ensure customer mobility needs are satisfied.** Drivers can participate in various VGI services nationwide without compromising their mobility needs.

[1] VGIC member companies and supporters include American Honda Motor Co., Inc., Customized Energy Solutions, dcbel, Enel X North America, Inc., ENGIE NA, Fermata Energy, FlexCharging, FLO EV Charging, Ford Motor Company, FreeWire Technologies, Inc., General Motors Company, IoTecha, Kaluza, Kitu Systems, Nissan Group of North America, Nuvve Holding Corporation, Sacramento Municipal Utility District, Stellantis N.V., Sunrun, Switch EV Ltd, The Mobility House, Toyota Motor North America, Inc., Veloce Energy, Inc., Wallbox USA Inc., and WeaveGrid. The views expressed in these Comments are those of VGIC, and do not necessarily reflect the views of all individual VGIC member companies or supporters. (https://www.vgicouncil.org/)

- **Managed charging will benefit EV drivers**: Drivers in every state will be given a choice to align charging with the times of day when electricity prices are low, reducing operating costs by 50% compared to unmanaged charging. Lowering the total cost of ownership will help to accelerate overall EV adoption.
- **EVs provide emissions-free emergency power during blackouts**: During extreme weather blackouts or other power outages, EVs can utilize two-way charging and discharging capabilities to send energy to a building or home (i.e., vehicle-to-building or "V2B"), serving as a generator and providing safe and emissions-free backup power.
- **Electricity infrastructure costs become more affordable**: Smarter management of EV charging will help minimize investments in utility infrastructure to support economy-wide electrification, which reduces the overall cost burden on all electricity customers.
- **EVs provide necessary services to the grid and get paid for it**: Unidirectional managed charging ("V1G") and bidirectional charging (i.e., vehicle-to-grid or "V2G") will enable EVs to receive and feed power back to the grid, supporting advanced grid services such as demand response, peak shaving, and more. Providing these services can unlock new revenue streams for EVs, lowering the total cost of ownership. Grid flexibility services will become increasingly valuable as more renewable energy is added to the grid.

In recognition of the importance of vehicle-to-grid technology, "bidirectional" charging systems were explicitly referenced as being qualified as alternative fuel vehicle refueling property in Section 13404 of the Inflation Reduction Act ("IRA") of 2022.[2] The law states that bidirectional charging equipment "…allows discharging electricity to an electric load external to such motor vehicle."

Eligible Costs and Definition of "Single Item" as it Applies to Bidirectional Charging Equipment

The RFI seeks more information on bidirectional charging equipment eligibility for Section 30C (Alternative Fuel Refueling Property Credit) and asks, "How should "single item" be defined?" VGIC recommends that the full range of costs related to purchasing and installing a single bidirectional charge port be deemed eligible. These costs include, but are not limited to:

- System design and engineering costs
- Charger dispensers and cables, wall boxes, power cabinets, and utility meters
- Associated hardware and software, including inverters, transfer switches, energy management systems, conduit, pedestals, pads and mounting equipment, safety equipment

[2] See SEC 13404. ALTERNATIVE FUEL REFUELING PROPERTY CREDIT. Subsections (2) and (3).

- Any improvement to, or replacement of, a panelboard, sub-panelboard, branch circuits, or feeders that is installed in conjunction with or enables the use of bidirectional charging equipment
- Customer payments toward utility-side infrastructure upgrades
- Labor, permitting and inspection, and utility interconnection fees

VGIC believes the Treasury and the IRS should consider these costs eligible for the credit to advance the bidirectional charging market as envisioned by the IRA. Several of the above-listed items are not necessary for unidirectional charging configurations but are critical to unlocking value from bidirectional charger deployment. For example, a bidirectional inverter is needed to discharge power from the vehicle. Additionally, a transfer switch is required to provide backup power from an EV to a home or business's electrical panel.

Regarding the "single item" definition, VGIC recommends that each independently operating charge port be considered a "single item," such that charge ports with a shared wall box or power cabinet capable of simultaneous operation are counted as separate units. Costs shared by multiple charging ports should be allocated proportionally to each single charging port supported by the shared infrastructure and equipment.

Further, as bidirectional chargers are deployed in a variety of use cases, VGIC recommends that Treasury confirms that bidirectional chargers and the associated costs listed above are eligible under both the individual (residential) tax credit and the commercial property tax credit.

Treatment of Charging Equipment Paired or Integrated with Stationary Energy Storage

VGIC believes the IRS should apply appropriate definitions for stationary energy storage integrated or co-located with EVSE. Specifically, VGIC recommends that these systems be eligible for the Section 48 credit designed to advance stationary energy storage.

Conclusion

VGIC appreciates the opportunity to provide these comments and looks forward to working with stakeholders to ensure the success of IRS Section 30C.

Respectfully submitted,

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