

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

Order Instituting Rulemaking to
Continue the Development of Rates
and Infrastructure for Vehicle
Electrification.

Rulemaking 18-12-006
(Filed December 13, 2018)

**REPLY COMMENTS OF THE VEHICLE-GRID INTEGRATION
COUNCIL ON THE ASSIGNED COMMISSIONER'S RULING
REGARDING IMPLEMENTATION OF ASSEMBLY BILL 841**

Edward Burgess
Senior Policy Director

Zach Woogen
Policy Specialist

VEHICLE-GRID INTEGRATION COUNCIL
2150 Allston Way, Suite 400
Berkeley, California 94704
Telephone: (510) 665-7811
Email: vgicregulatory@vgicouncil.org

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), the Vehicle-Grid Integration Council (“VGIC”) ¹ hereby submits these reply comments on the Assigned Commissioner’s Ruling Regarding Implementation of Assembly Bill (“AB”) 841, issued on January 15, 2021.

I. Introduction.

VGIC is a 501(c)6 membership-based advocacy group committed to advancing the role of electric vehicles (“EV”) and vehicle-grid integration (“VGI”) through policy development, education, outreach, and research. VGIC supports the transition to a decarbonized transportation and electric sector by ensuring the value from EV deployments and flexible EV charging and

¹ VGIC member companies include American Honda Motor Co., Inc., Connect California LLC, Enel X North America, Inc., Fermata, LLC., Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Nissan North America, Inc., Nuvve Corporation, The Mobility House, Toyota Motor North America, Inc., and Ossiaco, Inc. The views expressed in these Comments are those of VGIC, and do not necessarily reflect the views of all of the individual VGIC member companies or supporters. (<https://www.vgicouncil.org/>).

discharging is recognized and compensated in support of achieving a more reliable, affordable, and efficient electric grid.

II. REQUIRING INVESTOR-OWNED UTILITIES TO OFFER AN ALM OPTION IS NOT THE SAME AS REQUIRING CUSTOMERS TO IMPLEMENT ALM SOLUTIONS.

In opening comments, several parties, including VGIC, advocated against requiring customers to implement ALM solutions as a condition to take advantage of the EV Infrastructure Rules to be proposed by each IOU pursuant to AB 841.² This is true whether it is an explicit requirement or a *de facto* requirement due to the significant customer costs that could be imposed due to some Commission-assumed “ALM potential” at host sites. However, VGIC reiterates that requiring investor-owned utilities (“IOUs”) to offer an ALM option under their respective EV Infrastructure Rules to be proposed pursuant to AB 841 is not the same as requiring customers to actually adopt ALM solutions, and could be warranted. Ultimately, customers should be provided with the opportunity to decide whether an ALM solution is right for them based on their specific site needs, the commercially-available products, and the applicable electric rules and tariffs, including any opt-in components of the EV Infrastructure Rules intended to promote ALM. VGIC respectfully requests the Commission highlight this distinction to promote clarity and ensure parties are operating under a shared set of assumptions.

III. VGIC BELIEVES THE ALM INCENTIVE STRUCTURE IT PROPOSED IN OPENING COMMENTS IS IN ALIGNMENT WITH OTHER PARTIES’ COMMENTS.

² See, for example, Joint Comments of Center for Community Action and Environmental Justice, East Yard Communities for Environmental Justice, Sierra Club, and Union of Concerned Scientists, Opening Comments of San Diego Gas & Electric, Opening Comments of the Natural Resources Defense Council, the Coalition of California Utility Employees, Environmental Defense Fund, Siemens, Greenlots, Enel X North America Inc., and EVBox Inc., Opening Comments of ChargePoint, and Opening Comments of Electrify America.

In opening comments, San Diego Gas & Electric (“SDG&E”) states,

“providing incentives for load reduction beyond existing EV rates—especially ones based on the avoided cost of some hypothetical (“kW”) baseline—would be difficult to fairly determine for all customers. And it could open up possibilities for gaming by customers overstating their hypothetical maximum load.”³

VGIC acknowledges, and largely agrees with, SDG&E’s concern over providing incentives based on a utility-determined, site-specific avoided cost calculation and appreciates the challenges this presents in terms of additional complexity and potential gaming. VGIC notes that it initially presented its ALM incentive as a preliminary concept at the January 29th, 2021 workshop, which we believe are the basis for SDG&E’s comments. Since that time, VGIC has had further discussions with stakeholders and further refined its proposal as included in Opening Comments. This updated proposal in Opening Comment features two possible incentive components: 1) an upfront incentive for ALM that can avoid non-demand upgrades via use of existing services and 2) an ongoing incentive (via a pre-determined bill credit) for ALM that reduces demand on the distribution system. VGIC believes this updated proposal offers a more straightforward approach that 1) provides more certainty and simplicity to site hosts, as is the intent of AB 841, 2) eliminates the potential for gaming, and 3) still achieves the goal of encouraging ALM to reduce distribution system costs.

The ongoing incentive component proposed in our Opening Comments is roughly based on a similar concept to the distribution circuit adder in SDG&E’s Power Your Drive VGI rate, though it would be in the form of a credit rather than an adder. Here, we provide an additional consideration for an ongoing incentive structure that would better reflect the avoided costs of

³ Opening Comments of SDG&E at 14.

secondary distribution system upgrades, which has been a major focus of recent procedural discussions around ALM deployment, instead of tying the ongoing incentive to primary distribution system impacts (although VGIC posits that a similar incentive structure for avoided primary distribution costs could also be applied in parallel). AB 841 requires the IOUs to track incurred costs in a memorandum account for review and recovery through General Rate Cases. We posit that the IOUs could use these tracked costs to develop a demand-indexed cost schedule associated with secondary infrastructure for EV charging installed pursuant to AB 841. These demand-indexed costs could then in turn be used as a proxy for site-specific avoided costs and be used as the basis for ongoing ALM incentives.

In opening comments, SDG&E also notes “requiring ALM assessments will increase the complexity to the SDG&E EV Infrastructure Rule and deter customers from adding EV charging.”⁴ VGIC agrees with SDG&E that dedicated up-front ALM and avoided cost assessments could slow down deployment of necessary TE infrastructure. Instead, a standardized approach providing upfront incentives or known bill credits to customers that opt-in to an ALM option to utilize existing service would avoid significant delays to a customer’s ability to take advantage of IOUs’ EV Infrastructure Rule. Under VGIC’s updated proposal (as detailed in opening comments and further developed here), an ALM assessment would not be needed for each site, and instead could leveraging information already submitted to the IOUs for the upfront payment and/or bill credit.

⁴ Opening comments of SDG&E at 14.

IV. SUBSCRIPTION RATES ARE NOT AN ADEQUATE SUBSTITUTE FOR AN ALM INCENTIVE.

In opening comments, Pacific Gas and Electric (“PG&E”) and SDG&E argue that subscription rates already incent ALM, as customers can save money by reducing their maximum demand to a lower demand block and, in turn, reduce their subscription charge.⁵ VGIC agrees that a subscription rate structure can encourage load reduction via ALM in some cases. However, VGIC does not agree that subscription rate structures encourage ALM in all cases, nor that subscription rates on their own promote utilizing ALM as a way to incorporate EV charging load on existing service connections and avoid the need to install new, separately metered service.

There are two key aspects to be considered here. First, one of the most effective ways to reduce distribution system costs associated with EVs would be to leverage ALM to use an *existing* service to accommodate new charging stations. VGIC recommends first that this option be available to all customers who take advantage of programs and tariffs arising from AB 841 implementation. Since subscription rates are mainly targeted at separately metered EV charging – as, for instance, is currently required for eligibility for PG&E’s Business EV rate – to the extent that “separate metering” also implies separate utility-side infrastructure⁶ that is provided for by AB 841, this provides little incentive for customers to pursue ALM. In contrast, VGIC’s proposal in opening comments contemplates an upfront incentive for customers who successfully

⁵ Opening Comments of PG&E at 8 and Opening Comments of SDG&E at 14.

⁶ We note that Decision 19-10-055 recognizes the potential for EVSE submetering enable access to the PG&E CEV rate: “This decision also recognizes the role that submetering can play in resolving the issues faced by PG&E and those CEV customers that would otherwise be required to install a separate meter. If submetering becomes an approved and accepted means of metering EVSE load, then a separate meter should no longer be required to take service on a CEV rate. This applies to all eligible CEV rate customers, including transit agencies.” (p. 38)

use ALM to fit EV charging onto an existing service, thereby avoiding the need for new non-demand-related service upgrades (e.g. meter, service drop). VGIC's proposal would also comply with the SB 676 requirement that investments in transportation electrification do not foreclose the VGI potential of those investments,⁷ and also that VGI is deployed to provide ratepayer benefits by increasing electrical grid asset utilization and avoid otherwise necessary distribution infrastructure upgrades.⁸

Second, if a new service is ultimately pursued to accommodate new EV charging load, VGIC agrees that subscription rates can encourage ALM as a means to reduce any immediate demand-related distribution upgrade costs directly linked to installing the new service. However, in this instance, subscription rates would *not* encourage any ongoing load management activities that could benefit the larger distribution grid over time.⁹ In fact, they would likely do the opposite by giving customers little to no benefit for minimizing day-to-day charging demand other than avoiding overage charges. Thus, to the extent that any subscription rates recover distribution system costs *beyond* what is immediately required to interconnect a new charging station, they provide a disincentive for ALM. As such, VGIC believes it is still appropriate to consider an incentive mechanism for ALM for subscription rate customers but suggests that this could be limited to reflect the set of primary distribution costs that are spread across all retail customers (including EV customers), rather than those distribution costs that are specific to new EV services. Finally, VGIC notes that not all customers types may be eligible for a subscription

⁷ Public Utilities Code Sec. 740.16(a)(2)

⁸ Public Utilities Code Sec. 740.16(b)(1)

⁹ To be clear, VGIC does not believe that AB 841 implementation would require either a new service or a new meter in all cases. Instead, the installation of a new meter or new service drop should be an option presented to the customer and a decision made in coordination with the utility according to the site-specific needs.

rate option and thus it may be helpful to offer an incentive for those customers not eligible for such rates.

V. VGIC RECOMMENDS THE COMMISSION OUTLINE NEXT STEPS TO INCORPORATE AN ALM INCENTIVE INTO ELECTRIC RULES ONCE KEY PROGRAM DESIGN ISSUES ARE RESOLVED.

In opening comments, several parties express that it is premature to explore load management as part of the initial implementation of AB 841.¹⁰ While VGIC believes ALM technologies are ready for widespread implementation, we do agree that it may be premature to include an ALM option in the initial EV Infrastructure Rules required by AB 841 since several important elements of the ALM incentive design need to be further developed, and may require more time than AB 841 would allow. As such, VGIC recommends any Commission Order related to implementation of AB 841 include Ordering Paragraphs that detail the steps and timeline needed to both 1) develop the ALM incentive mechanism and 2) incorporate this into the EV Infrastructure Rules and/or IOU tariffs at a future date. For example, following implementation of the IOUs' EV Infrastructure Rules, the Commission could host a stakeholder workshop by May 2021 to address outstanding questions related to an ALM incentive structure and solicit other stakeholder proposals. This could be followed by a comment period and ultimately a Commission direction in Q3 2021 requiring IOUs update EV Infrastructure Rules to include an optional ALM incentive shortly thereafter.

VI. CONCLUSION.

¹⁰ See, for example, Opening Comments of PG&E at 7, Opening Comments of SDG&E at 13, and Opening Comments of the Natural Resources Defense Council, the Coalition of California Utility Employees, Environmental Defense Fund, Siemens, Greenlots, Enel X North America Inc., and EVBox Inc. at 9.

VGIC appreciates the opportunity to submit these reply comments on AB 841 implementation. We look forward to further collaboration with the Commission and stakeholders on this initiative.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Edward Burgess". The signature is fluid and cursive, with a long horizontal stroke at the end.

Edward Burgess

Senior Policy Director

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