January 25, 2021

Public Comments at Oregon Public Utility Commission (OPUC)
PO Box 1088
Salem, OR 97308-1088
Via email

Re: PGE Docket No. 1149/Advice No. 20-17, Schedule 300 Transportation Electrification (TE) Line Extension Allowance, or TLEA. Regular Agenda, Energy

Dear Commissioners and Staff:

Summary:

The Alliance for Transportation Electrification is a membership organization dedicated to promoting state public policy that encourages the development of the electric vehicle markets for the benefit of all citizens of a state. Our members include utilities, but also EV service providers (both hardware and software/network management), and auto OEMs. The Alliance monitors and tracks all elements of EV programs filed by utilities, including overall rate design for residential and commercial customers, rebate levels, line extension and CIAC waivers, as well as metrics, evaluation and reporting requirements.

We are writing to strongly support the Advice Letter of Portland General regarding its proposal to accelerate the adoption of EVs and promote infrastructure for its commercial customers and fleets. These sectors in transportation electrification (TE), namely the Class 2 to Class 6 sector of electric vehicles (medium- to heavy-duty EVs), are the fastest growing segments in the industry. In addition, since medium duty trucks and fleets constitute one of the largest sources of emissions - both CO_2 and particulates such as soot - it is critical that the utilities move quickly to support not only the public policy imperatives of emissions reduction but also the marketplace. Staff's proposal to reduce the support levels for both business customers (per port) and fleets (a factor of estimated usage in kwH times a margin rate) are draconian, and will severely dampen the rapid adoption of these EV programs and necessary related infrastructure.

Staff's proposal is also inconsistent with the analysis and spirit in the TE Plan developed by Portland General and adopted by the Commission. This Plan has become recognized as a leading model and "best practice" for other utilities and Commissions across the country. To avoid further delay, the Commission should not suspend this matter for hearing which could consume additional months in process and litigation. Six months has already passed since PGE filed the advice letter and tariffs in mid-July 2020. In the alternative, the Commission could choose allowance amounts for the TLEA that

are closer to the "zone of reasonableness", or slightly under PGE's proposed amounts, but sufficient to spur accelerated growth in this nascent market.

Specific comments:

1. ***Level of support for business customers (per port):*** PGE proposes $10,000 per port, and Staff counters with $1,500. Again, Staff's proposal constitutes far too much of a "haircut" and both lacks justification and is inconsistent with support levels in place in many other jurisdictions for utility programs. Based on our experience in tracking utility filings and Commission Orders in other jurisdictions, line extension modifications have proven to an effective tool in states like Minnesota, Maryland, and others. These make-ready investments are deployed by the utility on both the utility side of the meter (transformer on pole to the meter), and beyond the meter on the customer side to the stub where the EVSE sits. Business and commercial deployments are complex and expensive which also require more customized analysis through small commercial managers with the utility. Accordingly, while costs for the equipment (EVSE) have been coming down in the industry, the specific costs of line extension don't enjoy necessarily such economies of scale especially in a nascent market stage. PGE's proposal of $10,000 per port reflects more of the reality in the marketplace for the potential of its customers. The Staff proposal is simply insufficient to encourage the development of commercial and fleet chargers.

2. ***Support level for fleet electrification (marginal cost and revenue analysis):*** The Company's proposal is reasonable and utilizes marginal cost (MC) analysis (primarily short-run MC to calculate the appropriate support levels for potential fleet customers). Such analysis is used by many utilities, and Commissions such as the California PUC, as they evaluate many types of new customer programs and loads, such as the medium-heavy duty EV use cases. We do not believe the use of this analysis is in contention between PGE and Staff in this case.

   Instead, Staff objects to the factor of 10 as a multiplier of the estimated usage x margin rate as being too generous, and counters with a multiple of 4. PGE based its proposal of 10 as a multiplier, however, on its assessment of the fleet markets, and specific conversations with potential key fleet customers such as Tri-Met as a transit provider, governmental fleets such as the city of Portland, and potential fleet customers as well as Daimler Trucks North America, which may supply vehicles to such fleets. The Alliance is inclined to agree more with the market assessment for fleets of Portland General for several reasons.

   First, fleets operate as a business (compared to residential charging programs) and are very sensitive to changes in conventional fuel costs and total cost of operations, or TCO. Once the TCO becomes positive for electrified vehicles, compared to conventional vehicles, they will move quickly to electrify. Second, due to the higher upfront capital costs and other significant costs operationally with this transition, both the OEMs and the fleet operators need to have some financial incentives, or regulatory support through rate design, in these early years of market development. While Oregon cannot offer the substantial incentives that, for example, various state and air quality agencies offer in California, the policies of the Governor's Executive Order, the Clean Fuels standard, and innovative rate designs such as this TLEA, send a positive message to the industry about investing in fleet electrification in Oregon. Finally, this is not a short-term decision (meanly 3 or 5 years) for OEM and fleet operators; instead, this will be a decision more in the ten or 15 year timeframe given the substantial costs and risks involved. For all these reasons, we believe the multiplier factor of 10 offered by PGE is more reasonable and reflects marketplace reality.

3. ***Use of an SCT (Societal Cost Test) or a variation:*** The Alliance is a strong supporter of the use of broader CBAs (cost benefit analysis) as a means to assess TE programs. Indeed, we have written about this and engaged in multiple workshops around the country and we have participated in the development of new methods such as the Total Value Test (TVT) of EPRI, the update of the National Standard Practice Manual (NSPM) for DERs including EVs, and so on. We appreciate that Staff is engaged in thoughtful analysis of these issues, which can be presented to the Commission and perhaps a broader stakeholder group soon.

   Though we would be supportive of such discussions with stakeholders, we don't think it is appropriate to put the brakes on now, and slow the pace of approval EV adoption and modifications to line extension allowances.

4. ***Authority of the Commission to regulate and adjust:***
   We remind the Commission of its broad authority to regulate the utility, and specifically its ability to adjust and modify pilot programs later. The utility, and its commercial and business customers, as well as the vendors and others in the EV ecosystem will learn a great deal from these early programs, including this proposed line extension allowance modification. Based on these learnings, the Commission has authority and a number of mechanisms at its disposal to adjust these programs later. In fact, as these programs move to greater scale for business and fleet customers, there are many issues that the utility, the Commission and staff, and all stakeholders will have to examine and address. Some of these may involve the basic issues of rate design and the utility structure, as well as the "regulatory paradigm" itself as decarbonization continues apace, and distributed energy resources such as EVs, storage, and demand response play a more important role in the distribution grid. In the meantime, however, the Commission has full authority to require regular reports and "check in's" with Portland General, and establish metrics and evaluation criteria for these programs.

5. ***Lack of consistency with Pacific Power:***
   The Staff argument that consistency is required between the treatment of two utilities on line extension policies rings hollow, and should be given little weight. As a former Commissioner, I am fully aware of the tension between requiring a consistent "all utility" policy, usually a rulemaking, compared to a "utility-specific" analysis done case by case. I faced this dilemma many times during my twelve years of service on many types of issues including energy efficiency, cost-of-service-studies, generation assets, and other issues. While it may seem rational and clean to require consistency in all cases, I usually concluded that the public interest required more of a nuanced and case-by-case approach based on specific factors such as:
   - Is the utility leading and being innovative in its program design and approach? In this case, it is quite clear that PGE is a leader in TE efforts in the State. As we noted earlier, Portland General's TE Plan has become a model for other utilities in the

country, and is being referred to constantly as other utilities and States move forward. Second, the Company has devoted significant resources in both staff and time to move forward and accelerate EV markets in the State.

- Sending appropriate regulatory signals? In fact, when a utility is leading in an area, we believe that the Commission should respond with not necessarily “rewards”, but in sending appropriate signals through its Orders and opinions that it approves both the substance and the pace (namely, time approvals) of its efforts.
- Unique characteristics of service territory: PGE has an urban service territory centered on the Portland metro area with a diverse and unique mix of customers. A faster pace of EV adoption is more likely here. Meanwhile, the service territories of both Pacific Power and Idaho Power are characterized as less densely populated, fewer large commercial business and fleets, and more rural.

In conclusion, we urge that you approve the Advice Letter on modifications to the line extension alliance (TLEA) as submitted by PGE last July without moving to suspend and hearing. In the alternative, we urge you to reject Staff’s proposed support levels, and instead select a support level closer to the amount proposed by PGE for both business and fleet customers.

Sincerely,

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