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January 25, 2021

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

Re: PGE Comments ADV 1149 – PGE Adv. No. 20-17

Dear Filing Center:

PGE submits the following comments in response to Commission Staff Report for Item No. 4 in advance of the public meeting on January 26, 2021. PGE appreciates the opportunity to address the concerns outlined in Staff's Report prior to the public meeting.

Sincerely,

/s/ Robert Macfarlane

Robert Macfarlane
Manager, Pricing and Tariffs

RM:np

Executive Summary

- The State of Oregon has set some of the most aggressive transportation electrification goals in the country. Electric utilities must make the right investments to ensure that our communities are positioned to effectively and equitably transition to electric fuel; and do so in a timely manner that creates value for our customers and the electric grid.
- The proposed Transportation Line Extension Allowance (TLEA) will support Oregon’s greenhouse gas (GHG) goals by enabling PGE to invest beyond our business customers’ meters when energizing transportation loads.
- The utility owning beyond-meter infrastructure reduces the cost and complexity of deploying EV charging and expedites EV adoption simultaneously in residential and non-residential sectors through improved charging capability and by removing major cost/complexity hurdles, respectively.
- Portland General Electric Company (PGE) agrees with CUB that “the integration of EVs can provide great system and ratepayer benefits if they are properly managed and planned for.”¹ It is important to us that we effectively manage costs of all of the work do to keep customer prices low. The total project capital expenditure for the TLEA is estimated to be \$11.3 million in 2021 - 2022. Though individual investments in charging may not appear economical on their own, when evaluated as a portfolio, the ecosystem of charging infrastructure required to support EV drivers in the future can be supported by growth in revenues across PGE’s system.
- Traditional evaluation and modeling tools may not be appropriate for evaluating new initiatives in support of state policy goals (e.g. decarbonization, equity, economic development and technology/grid modernization). The nature of this conversation is difficult as PGE is transforming the transportation sector and changing how it does business. PGE appreciates the opportunity to engage in a dialogue with the Commission and stakeholders to figure this out.
- Without adequate levels of TLEA, PGE is concerned that it will not be able to sufficiently support the transformation of the transportation sector to electric fuel.
- PGE recommends the Commission approve PGE’s TLEA as filed.

Introduction

PGE submits the following comments in response to Commission Staff Report for Item No. 4 in advance of the public meeting on January 26, 2021. PGE appreciates the opportunity to address the concerns outlined in Staff’s Report prior to the public meeting. PGE’s comments are structured as follows:

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¹ <https://edocs.puc.state.or.us/efdocs/HAC/um2033hac165356.pdf>

Background

Here in Oregon, we are experiencing the impact of climate change and recognize the urgent need to reduce greenhouse gas emissions. Clean, renewable electricity is at the center of an emissions-free future, and we know our customers — families, individuals, businesses large and small, and the communities where we live — expect us to reduce our emissions. Earlier this year PGE set a goal to realize zero GHG emissions associated with the electricity we serve customers by 2040.

Beyond our energy supply, the State of Oregon has set some of the most aggressive transportation electrification goals in the country: 250,000 Electric Vehicles (EVs) on the road by 2025, 90% of new vehicle sales electric by 2035.^{2,3} Further, the Governor has emphasized “the rapid transition of internal combustion engines to zero-emission vehicles (ZEV) will play a key role in reducing emissions from the transportation sector and advancing the state’s GHG emissions reduction goals;”⁴ and joined an interstate Memorandum of Understanding (MOU) which stated that “strategies are needed to accelerate adoption of MHDVs (medium- and heavy-duty vehicles) as ZEV options for public transit buses and a growing number of high-mileage trucks and vans become commercially available”.⁵

PGE understands that we must take a leadership role in enabling this rapid transformation of the transportation sector. As the fuel providers in an electric transportation ecosystem, the electric utility’s role in ensuring customers have access to electric fuel will continue to grow and be more integral to our customers’ lives. Electric utilities must make the right investments to ensure that our communities are positioned to effectively and equitably transition to electric fuel; and do so in a timely manner that creates value for our customers and the electric grid.

In 2019, PGE filed its first Transportation Electrification (TE) Plan where we identified three key areas where we could support the transformation of the transportation sector:

1. **Charging Adequacy:** ensure that our customers have sufficient access to charge their vehicles when and where they are needed (approximately 5,000 new non-residential ports⁶ by 2025);
2. **Fleet Interconnection:** Timely and affordable interconnection to PGE’s electric grid (approximately 10,000 fleet vehicles by 2025);
3. **Charging Optimization:** Reduce the cost to serve new EV loads by partnering with customers to develop grid-connected flexible load through various TE programs and TE related initiatives (approximately 15 MW by 2025).

In that plan, we identified behind-the-meter investment as critical to facilitating widescale deployment of the charging infrastructure in the public and supporting business decisions for fleet electrification:

² ORS 469A.205

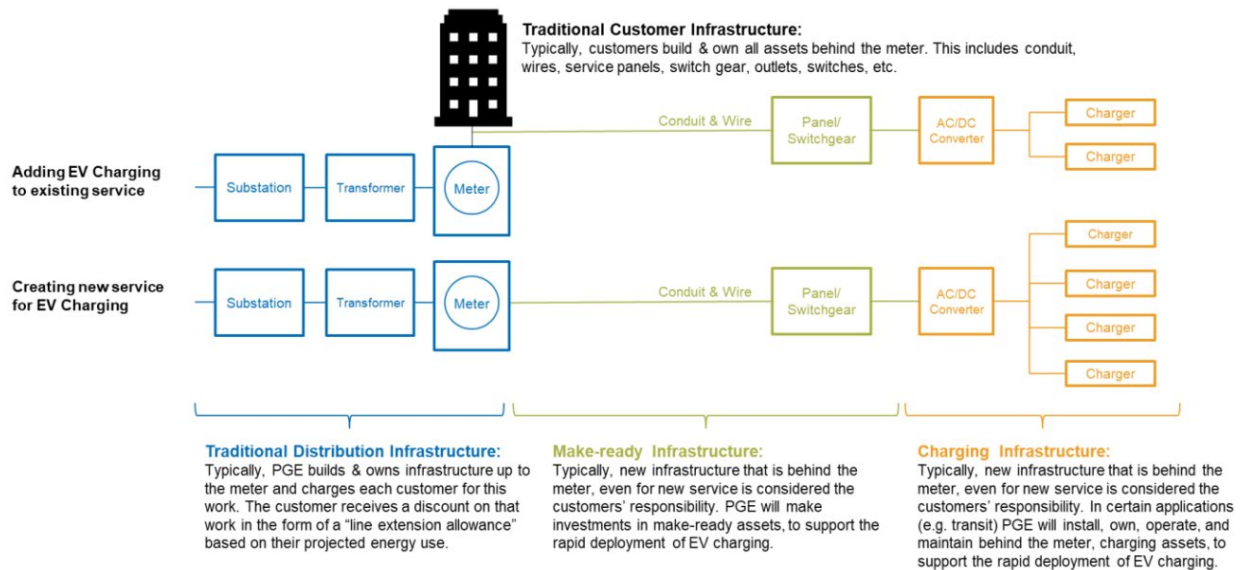
³ Oregon Senate Bill 1044: https://olis.leg.state.or.us/liz/2019R_1/Downloads/MeasureDocument/SB1044/Enrolled

⁴ Brown, Kate. “Executive Order No. 20-04.” Office of the Governor. State of Oregon. 10 Mar 2020, page 8. Retrieved from <https://drive.google.com/file/d/16isIQ3GTqxVihqhhIcGYH4Mrw3zNNXw/view>

⁵ Multi-state Medium- and Heavy-duty Zero Emission Vehicle Memorandum of Understanding. 10 July 2020. Retrieved from: <https://www.nescaum.org/documents/multistate-truck-zev-governors-mou-20200714.pdf>.

⁶ The cable and coupler used to transfer energy from the EVSE to the EV. The number of Ports is defined by the number of EVs that can be charged simultaneously by a given EVSE. There are commonly one or two Ports per EVSE

We must continue to evolve our system to ensure that our customers can affordably, reliably, and equitably connect to our system to power their lives and business operations in light of customers’ growing expectations for electricity as a transportation fuel. Traditionally, we have considered our point of delivery to be the customer’s home or business. However, EVs may take service from multiple points of delivery, so we must reconsider that definition. We will take new approaches to how we view the distribution system as our customers change how and where they connect with our system and as our state and local governments have aggressive policy goals to decarbonize transportation.



Extending our infrastructure beyond the traditional boundary of the customer meter is necessary to facilitate widescale deployment of the charging infrastructure required to fuel the future EVs on our roads. Reducing our customers’ cost to deploying infrastructure is a critical mitigation of a barrier to deployment, and ultimately, EV adoption. In the near-term, we intend to make such behind the meter infrastructure investments. We will continue to remain nimble and ensure we are making the right investments at the right time.⁷

Subsequent to the filing of the TE Plan, we have taken inventory of our existing business practices and determined that our line extension tariff (Schedule 300) and associated rules are the best vehicles to structurally enable PGE’s investment in make-ready infrastructure because it will enable us to leverage existing business practices, workflows, and workforce—best enabling the rapid, cost-efficient transformation required. On July 14, 2020, PGE filed modifications to Schedule 300 and associated rules to establish a Transportation Line Extension Allowance (“TLEA”) for the purposes of enabling such investments.

⁷ PGE 2019 Transportation Electrification Plan. Pp 124-125. <https://edocs.puc.state.or.us/efdocs/HAA/haa102039.pdf>

Overview of Transportation Line Extension Allowances

Traditional line extensions define the guidelines for connecting new loads to PGE's system. Customers receive a line extension allowance ("LEA") (in other words, a discount) for connecting new load to the system based on the projected load and expected revenue that the new interconnect is expected to bring. PGE's current Line Extension Allowance Tariff defines two methods for calculating a LEA:

1. **A deemed value based on a specific activity.** For example, for the interconnection of an all-electric Residential Service, PGE will provide up to \$2,260 per dwelling unit.
2. **A custom or calculated value based on estimated annual kWh and rate schedule line extension allowance rate.** For example, the interconnection of a commercial facility under Schedule 83 is eligible for up to \$0.078/kWh of estimated annual load.⁸

We are proposing modifications to our line extension tariff and rules to establish a Transportation Line Extension Allowance, specifically for EV loads. Those modifications aim to:

1. Define Transportation Line Extension (Rule I)
2. Enable PGE to invest beyond the customer's meter (Rule C)
3. Define the calculation of the TLEA (Schedule 300)
4. Establish guidelines under which a customer would qualify for a TLEA (Schedule 300).

Our proposed modifications to Schedule 300 define two calculations for determining a TLEA based on the customer's end use case:

1. **Business EV Charging:** customers who install Level 2 EV charging equipment will be eligible for a deemed TLEA up to \$10,000 per installed charging port.
2. **Fleet EV Charging:** customers who install charging infrastructure for fleet applications will be eligible for a custom or calculated TLEA determined as a function of estimated annual energy use multiplied by the applicable rate schedule line extension allowance rate (defined in Schedule 300) multiplied by 10.

Table 1 summarizes key elements of each TLEA calculation:

⁸ Portland General Electric. Schedule 300.

https://assets.ctfassets.net/416ywc1laqmd/Z9SW1311yNz10USoi0Syr/36486a918810d99911520129a2b0528a/Sched_300.pdf

Table 1 – Summary of TLEA Components

	Business EV Charging TLEA	Fleet EV Charging TLEA
TLEA Calculation	\$10,000 per qualified Level 2 electric vehicle supply equipment (EVSE) port	Estimated annual energy use (kWh) multiplied by the applicable rate schedule line extension allowance rate (defined in Schedule 300) multiplied by 10.
Eligible Customers	Nonresidential Customers who own, lease, or manage the Premises where the EVSE(s) are installed	Nonresidential Customers who own, lease, or manage the Premises where the EVSE(s) are installed.
Target Vehicle Segments	Mass market, light-duty vehicles Light-duty fleets	EVSEs must be installed solely for the purpose of charging fleet electric vehicles operated by non-residential customers used for business purposes (e.g. Light-, medium-, and heavy-duty commercial, municipal, school and transit fleets).
Desired Outcomes	Ensure residential EV drivers have adequate access to charging by accelerating deployment of public and multifamily chargers, which are not otherwise economical for most site hosts. ⁹ Support charging optimization goals by encouraging deployment of networked chargers to (1) support planning with data; and (2) reduce flexible load acquisition cost.	Fleet Interconnection: Enable and accelerate electrification of fleet vehicles by reducing cost and complexity of transitioning to electric fuel. Further, participants will be required to develop and share a fleet electrification plan to enable cost-efficient system planning.
Impact on Equity	Supports robust charging network which empowers customers who do not have access to off-street parking Further, this allowance is designed to accelerate investment in multifamily charging.	We expect this offering to accelerate the rate at which our local transit agencies, schools, and municipalities are able to electrify, expanding access to clean fuel for those who do not drive. Further, reduction in fleet emissions will improve local air quality and health for all customers, particularly those who live along highway corridors.
Est. CAPEX (2021-22)	\$5.9 Million	\$5.4 Million
Eligible Rate Schedules	32, 38, 83, 85, and 89	32, 38, 83, 85, and 89
Conditions	<ol style="list-style-type: none"> 1. Load is separately metered 2. Chargers are networked 3. Cost of service for 10 years 4. At least 4 Level 2 EVSE ports 5. Customer assigns Oregon Clean Fuels Program credits to PGE 	<ol style="list-style-type: none"> 1. Load is separately metered 2. Chargers are networked 3. Cost of service for 10 years 4. At least 4 EVSE ports 5. Customer responsible for material differences in forecasted vs actual kWh

⁹ As identified in PGE’s TE Plan, in a discussion of market barriers, PGE shared that, “availability of public charging infrastructure is... a concern for many [mass market] customers. Most have noticed public charging stations in the region, but even 37% of current EV/PHEV owners mention some difficulty locating charging stations when needed. Though we know most charging will happen at home (99% of current EV drivers reported typically charge at home), 38% of customers report using public charging at least once per month. Further, many non-EV drivers do not have access to home charging because they either do not have off-street parking, they do not have panel capacity, or their landlord has not installed charging stations at their unit.” (PGE’s 2019 Transportation Electrification Plan, pg. 28, and PGE EV Survey Among Residential Customers, Oct 2018)

Response to the Commission Staff Report

PGE appreciates the work that Commission Staff of the Public Utility Commission of Oregon (Commission or PUC) put into its Report for the January 26, 2021, public meeting (Report) regarding PGE's Advice No. 20-17.

Staff's Report outlines several concerns with our filing and recommended an alternative proposal for the OPUC to consider. Staff's primary concerns with PGE's proposal include:

- Ratepayer benefits are misaligned with ratepayer costs
- Lack of supporting data to justify this work
- Risk of market distortions between PGE and PacifiCorp TLEA offers
- Insufficient stakeholder engagement regarding the TLEA

PGE discusses each of these concerns in turn below and demonstrates that the TLEA amount proposed by Staff will not encourage business and fleet customers to take action and accelerate TE with meaningful utility investment.

Staff Concern #1 Ratepayer Benefits

Staff takes the position that long-term ratepayer benefits from PGE's TLEA proposal are misaligned with the potentially sizeable near-term increases in ratepayer costs, noting that the Benefit-Cost Ratio (BCR) of PGE's proposal is 0.42.

PGE maintains its position that the TLEA will provide both near-term and long-term benefits to customers in PGE's service territory, and—importantly—that not all of these benefits will be captured at chargers enabled by the allowance.

1. PGE's 2019 TE Plan estimated that in 2020 EVs would contribute over \$5 million in customer value by increasing revenue in excess of the cost of that energy and capacity. Though COVID likely has impacted that projection due to decreases in driving behavior, we do expect similar numbers after reopening of society. Longer term, we estimate that passenger EVs can create nearly \$1.4 billion in gross benefits for our customers through 2050 and over \$450 million in net benefits.¹⁰

As CUB discussed in their reply comments to the 2019 TE Plan, EVs are not "new individual buildings," so customers historically have not received any portion of line extension allowance for integrating those vehicles onto the system.¹¹ Thus, that incremental value is being created for all customers. Staff's analysis does not recognize the value of revenues beyond the charging stations that receive the TLEA. Though that may be counterintuitive for stationary load, we cannot consider EV charging loads in isolation. It is the whole charging ecosystem that is in service to connect all new EVs onto the system. In the future, PGE looks forward to working with Staff, Stakeholders, and the Commission on establishing a portfolio view for the costs and benefits attributable to new EV loads. When considered as a portfolio, the benefits of new EV loads far exceed the costs of the TLEA.

¹⁰ PGE 2019 Transportation Electrification Plan. Pp 11. <https://edocs.puc.state.or.us/efdocs/HAA/haa102039.pdf>

¹¹ CUB. 2019 Dec. 6. UM 2033 Reply Comments. <https://edocs.puc.state.or.us/efdocs/HAC/um2033hac165356.pdf>

2. Staff's analysis doesn't recognize the charging adequacy gap identified in PGE's TE Plan. Though we do not have a firm mandate to build charging infrastructure, we do have a legislative mandate to accelerate transportation electrification, and supporting charging adequacy was a key focal point of PGE's TE Plan. Given that constraint, we may need new ways to evaluate costs and benefits beyond traditional utility economic tests. Having insufficient charging infrastructure is not an option, so we need to refine our valuation models to account for the pace of infrastructure deployment.
3. Electric transportation can increase electrical system efficiency and reduce costs for all Oregon customers. Through the TLEA, the Company seeks insight into customers' energy consumption patterns and the impacts of EVSE on the grid. Customer usage data collected will inform future system planning and the long-term strategy. Successful increase in the adoption of electricity as a transportation fuel can benefit the electric system by including increased operational flexibility, such as the ability to create long-term flexible loads that reduce the costs of integrating renewable resources.
4. Staff's report suggested "the best solution... is to include the environmental benefits ratepayers will obtain from reduced emission into the analysis." PGE looks forward to working with Staff and the Commission to further define how to recognize such benefit streams in supporting the Governor's Executive Order 20-04.
5. Finally, Commission's support of TLEA will prioritize TE as a strategic goal for PGE and will allow PGE to allocate the capital necessary to support Oregon's clean energy future.

PGE urges a portfolio view of the costs and benefits of its transportation electrification activities—acknowledging that low BCR in the TLEA has limited application and the portfolio overall represents a net benefit to PGE's customers.

Staff Concern #2 Supporting Data

Staff suggests that PGE's proposal lacks sufficient supporting data and underutilizes empirical data from PGE's service area, specifically EV charging load factors. Such a view doesn't recognize that historic charging loads are likely to increase significantly as EVs become a larger percentage of transportation in PGE service territory.

As the market transforms, we must acknowledge that the data we do have is limited, imperfect, and unlikely to represent a future state. It is therefore reasonable that we make informed assumptions based on what we know about that market and what we have heard from customers.

PGE leveraged several data sources and planning assumptions in forecasting EV charging load for the TLEAs:

- Historical data from PGE's owned workplace and public charging sites
- Historical data from similar offers from Southern California Edison and Avista
- Scaling factors from Navigant's Distributed Energy Resource Potential Study forecast (which informed the 2019 IRP and TE Plan)
- Discussions with, and data from, fleet operators in PGE's service area

We clarify several specific concerns raised by Staff below:

1. Staff disagrees with PGE's assumption that utilization per site would grow proportionately with EV adoption, positing that this assumption requires the number of public charging sites to remain constant over time. However, Staff overlooks three key points that support PGE's assumption that utilization per site will grow over time, even as the number of sites grows:
 - As EV drivership expands to drivers who lack home charging options, the proportion of non-home charging done by each new registered EV increases;
 - As heavier and higher-powered light-duty vehicle types (such as sport utility vehicles and pickup trucks) are electrified, each new registered EV can be presumed to require more energy per vehicle mile travelled than the registered EVs on the road today; and
 - As EV battery density increases and offer longer ranges to drivers, each new registered EV can be presumed to travel more miles in its lifetime than the registered EVs on the road today.

These points support the view that over time, EV load will grow at a faster pace than EV adoptions.

2. Staff claims that PGE's economic model lacks empirical data in its forecast of EV charging utilization, and instead calculated its own forecast based on data PGE was able to provide. PGE disagrees with this approach.

PGE leveraged the data it had on hand, to the extent that data was a reasonable proxy.

However, PGE's empirical data is limited in that not all current EV installations are separately metered or readily identified in PGE's customer database; some sites are not a good proxy for the sites that would be enabled through the TLEAs; and many of the sites did not have a full year's worth of data. For these reasons, PGE leveraged empirical data to the extent reasonable, but also leveraged data from other utilities' service areas and forecasting assumptions.

Overall, PGE stands behind its forecasting assumptions, with the acknowledgement that they are necessarily imperfect. As we operationalize the TLEA, we will begin to acquire a richer data set on EV charging behavior which can better inform planning discussions in the future.

Staff Concern #3 Disparity with PacifiCorp's TLEA

Staff's third concern is that approving PGE's proposed TLEAs will create a market disparity across adjacent utility service areas, given the Commission's recent approval of PacifiCorp's TLEA.

PGE appreciates Staff's desire for consistent customer experiences across the State, however, PGE disagrees with Staff's considerations:

1. The OPUC does not mandate requiring similar program design structures across utilities (for example, the OPUC did not require similar timing on rollout of Advanced Metering Infrastructure in PGE and PacifiCorp's service areas).
2. Though our filing and PacifiCorp's bear the same name, they are actually different offerings. Specifically, PGE's TLEA includes utility design, installation, and ownership of make-ready infrastructure. PacifiCorp's TLEA does not include this component, and it stands to reason that greater utility asset ownership would result in a greater utility share of capital costs to install such assets.
3. Our service areas are different. As the utility which serves approximately 60% of the State's EV load and the service provider to many of the largest fleets in the state, we must establish best practices for integrating EV loads into our system.
4. If the Commission does wish to hold this TLEA in close alignment to PacifiCorp's, we would encourage the Commission to consider the more aggressive approach as the standard, as it may better enable utilities to support the State in meeting its GHG reduction targets.

Staff Concern #4 Stakeholder Engagement

In Staff's memo, Staff stated, that "there has been very little stakeholder input on this modified proposal after the UM 1811 stipulation." Though we always strive to better engage stakeholders, PGE had significant stakeholder engagement for the development of the proposal and after filing its proposal.

As Staff indicated, "Staff met with the Company nine times" over the past 7 months. Additionally, as indicated by the letters of support received by our customers, industry trade groups, and EV charging market participants, we worked broadly with the stakeholder community on the development of this tariff. Though 2020 was a challenging year for collaboration, PGE:

- held a workshop for all stakeholders this summer to provide an update on all activities, including the TLEA, and to discuss the 2021 TE Plan;
- hosted an ongoing fleet regional task force group to discuss common needs, challenges, and opportunities with fleet electrification;
- worked closely with individual customers to understand their challenges and needs associated with electrification; and
- met with a number of peer utilities and partner charging service providers to gain insight on what is working nationally.

PGE appreciates the input and we have received and thanks stakeholders for their time and thoughtful input to help shaping the TLEA.

Staff’s Alternative Proposal

PGE appreciates Staff’s effort to consider ratepayer costs and benefits with a modified proposal. Table 2 summarizes Staff’s Proposal as compared to PGE’s original filing:

Table 2: Summary of Staff’s Recommendation as Compared to the Original Proposal

	Business EV Charging TLEA	Fleet EV Charging TLEA
PGE Proposal	\$10,000 per qualified Level 2 electric vehicle supply equipment (EVSE) port	Estimated annual energy use (kWh) multiplied by the applicable rate schedule line extension allowance rate (defined in Schedule 300) multiplied by 10 .
	Tariff Expiration: n/a	
Staff Recommendation	\$1,500 per qualified Level 2 electric vehicle supply equipment (EVSE) port	Estimated annual energy use (kWh) multiplied by the applicable rate schedule line extension allowance rate (defined in Schedule 300) multiplied by 4 .
	Tariff Expiration: expires on August 1, 2022, at which time it will be reassessed	

PGE is amenable to modifications that achieve Staff’s goal while still posing a compelling offer to customers, however, the TLEA amounts and timeline that Staff proposes would fundamentally change the programs that PGE has designed, resulting in substantially lower-than-forecasted customer participation rates. We address Staff’s recommendation in three parts: Business TLEA, Fleet TLEA, and Tariff Expiration.

Response to Staff’s Proposal - Business TLEA

In keeping with PGE’s role to accelerate TE, the business TLEA seeks to eliminate an existing barrier to TE adoption: cost and complexity of deploying charging infrastructure. Staff proposes a Business TLEA of \$1,500 per port, in contrast to PGE’s proposal of \$10,000 per port, and suggests that this incentive will result in a BCR of 0.65. This amount is unworkable for the program that PGE has proposed, and likely result in a lower BCR.

With a Business TLEA of \$1,500 per port—which would cover only 9%-18% of the line extension and make-ready infrastructure, and only 8%-13% of the total capital costs of the project—PGE does not see a compelling value proposition for customers with the current program design. One of the key components of the customer offer is that PGE would own both the distribution system upgrades (per usual) and the make-ready infrastructure; however, a TLEA of \$1,500 per port does not cover the full costs of the distribution system upgrades, let alone the make-ready. It strikes PGE as unreasonable to ask the customer to pay for the entire make-ready infrastructure without owning it.

Another key program component is turnkey design and installation of both the distribution system and the make-ready, easing complexity for the customer. However, if the customer is paying for a substantial majority of the costs of such an installation, this approach does not make sense and would likely have to be dropped from the offer.

Further, a Business TLEA of \$1,500 per port would not create the benefits that Staff presumes in its calculation of a 0.65 BCR. Specifically:

- A TLEA of \$1,500 per port does not fully compensate the customer for the loss of the Oregon Clean Fuels Program credits, which today are worth an estimated \$2,600 per port over the 10-year commitment period. In hopes of attracting any participation, PGE would be forced to drop this requirement, resulting in significant loss of ratepayer benefit.
- A TLEA of \$1,500 would likely result in significant reduction in program adoption, meaning that any fixed costs are spread over a smaller number of projects, increasing per-project cost and reducing the BCR.

The resulting offer would not adequately address the cost or complexity barriers that business customers face in installing EV charging infrastructure, and such an offer would not advance the market in any meaningful way.

Though a \$10,000 TLEA level is appropriate to move the market today, PGE will continue to evaluate charging needs in future TE Plans and may reevaluate the levels of the TLEA over time.

If the Commission approved Staff's Proposal as-is, PGE would withdraw its application and reconsider alternative mechanisms to ensure charging adequacy for its customers.

Response to Staff's Proposal - Fleet TLEA

Staff proposes a Fleet TLEA calculated based on estimated annual energy use (kWh) multiplied by the applicable rate schedule line extension allowance rate (defined in Schedule 300) multiplied by 4, in contrast to PGE's proposal of a multiple of 10. Staff believes this will result in a BCR of 0.65. This amount is unworkable for the program that PGE has proposed, and PGE questions whether a BCR of 0.65 could be achieved.

Analysis of utilizing a 4x multiple yields an allowance that offsets just 20-30% of customer costs for most sites as compared to the 50-100% projected with a 10x multiple. Because most fleet customers will justify transition to electric fuel on a Total Cost of Ownership basis and because those customers will be faced with incremental costs of vehicles and charging stations, we expect that a 4x multiplier would significantly reduce the rate of fleet electrification in our service area. For comparison, fleet electrification programs at Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE), which met or exceeded their enrollment goals, offered turnkey design and installation of both the distribution system and make-ready and pay 100% of this infrastructure.

Lower participation rates would also challenge the economics of this offering and damper efforts to engage the customer on future grid integration activities, such as:

- increasing the relative proportion of administrative costs required to serve prospective customers;
- increasing the cost of grid optimized smart charging in the future; and
- increasing the cost of grid integration by limiting our role in and awareness of the site planning process.

Response to Staff's Proposal - Expiration Date

Staff proposes an expiration date of August 1, 2022, which is 18 months following the effective date of the proposed tariff. While PGE is open to establishing a future date for reassessment of the TLEA amount, Staff's proposed timeline is not long enough to derive meaningful conclusions about the offer's implementation.

Based on prior experience with Electric Avenue and other EV charging installations, and confirmed by other utilities' experience in similar programs, PGE anticipates that the average timeline from a customer's TLEA application to charger installation and commissioning is likely 6 months—perhaps longer, as customer interests and awareness of the TLEA increases. This means that an 18-month timeline will not enable PGE and the OPUC to analyze a full 12 months' worth of charging data at any site before reassessing the TLEA. PGE suggests that a 24-month time horizon, at minimum, plus six month evaluation period is required to implement the TLEA in a way that provides enough data to inform future modifications to the allowance. Lacking that, PGE risks incurring administrative costs in the set-up and ramp-down of the TLEA, without the ability to demonstrate meaningful results.

Conclusion

PGE recommends the Commission approve PGE's TLEA as originally filed on July 14, 2020 and supplemented on December 1, 2020.

The state's goals for transforming the transportation sector are aggressive, and our customers need support in order for those goals to be met. The cost and complexity for deploying the necessary infrastructure to meet these goals is likely to be a substantial impediment to customer adoption at a meaningful pace. The TLEA is the right step for PGE to take to alleviate those barriers.

PGE recognizes the significant gap between the recommended allowances in its proposal and the significantly smaller allowance recommended by Staff. The disparity should not be interpreted as a lack of collaboration or lack of will to meet the State's goals, but instead should shine a light on the challenge before us in defining the right analytical tools that balance traditional ratemaking principles with the new policy goals of the state. We recognize that this transformation will not be easy and look forward to working with the Commission and stakeholders to develop the right methods and processes to evaluate our investments of the future.

We encourage the Commission to act now and approve PGE's filing. PGE's customers are asking for solutions and the market will not slow down to enable further development of our processes and prioritization tools. However, if the Commission wants additional process, PGE requests that conversation happen in parallel with the launch of this offering so that we can begin empowering our customers' transition to electric vehicles. We welcome the Commission's guidance given the gap between the PGE and Staff recommendations. If the process continues, we ask for it to do so on an expedited basis.

Respectfully Submitted,

/s/ Robert Macfarlane

Robert Macfarlane
Manager, Pricing and Tariffs