



Florida Public Service Commission

Docket Number: 20200170-EI

Re: Florida Power & Light Company's Petition for
Approval of Optional Electric Vehicle Public Charging
Pilot Tariffs

Filed August 14th, 2020

WRITTEN COMMENTS OF ELECTRIFY AMERICA, LLC

Electrify America LLC ("Electrify America") hereby submits comments to the Public Service Commission ("Commission") in Docket No. 20200170-EI, Florida Power & Light Company's ("FPL") Petition for Approval of Optional Electric Vehicle Public Charging Pilot Tariff. Electrify America, LLC, appreciates the opportunity to comment on Florida Power & Light Company's (FPL) petition for approval of its proposed pilot rate for utility-owned public electric vehicle (EV) charging infrastructure and its proposed EV charging infrastructure riders.

Electrify America is a wholly-owned subsidiary of Volkswagen Group of America and operates the nation's largest open DC fast charging (DCFC) network for electric vehicles, with over 2,000 chargers across 450 locations open today. Our company currently operates 110 chargers across 24 locations in Florida, with another 32 chargers across eight locations under construction. Additionally, we have several more projects under development in the state that are expected to be completed by December 2021.

Electrify America applauds FPL's interest, as stated in its petition, in "researching and developing models for advancing public charging infrastructure within its service territory."¹ Broad utility support and rate reform are crucial for the advancement of DCFC infrastructure. However, Electrify America

¹ Docket No. 20200170-EI: Florida Power & Light Company's Petition for Approval of Optional Electric Vehicle Public Charging Pilot Tariffs, at 4.

posits that the utility has taken too narrow a view of the options available to support DCFC development.

FPL's petition reviews the benefits of greater EV adoption in Florida, the need for increased EV charging infrastructure in the state, and the recent determination by the Florida Legislature that the prompt installation of public charging infrastructure is in the public interest. With these factors in mind, FPL proposes new rate structures to facilitate both their pilot program of FPL-owned stations and public fast charge infrastructure investment by third-parties.

FPL's proposed course of action partially addresses the barriers to EV adoption. Rate reform – particularly when it comes to utility demand charges – can be used to encourage third-party investment. But utility ownership of charging facilities can have unintended consequences, and any the effectiveness of newly designed tariffs depends on real world impacts.

Proposed Electric Vehicle Charging Infrastructure Riders

High-powered chargers, such as those operated by Electrify America and other public charging station operators, can be prohibitively expensive to operate if a utility has in place a rate structure with significant demand charges or a demand-based subscription equivalent applicable to DCFCs. A 2019 study by the Great Plains Institute found that 150 kW chargers do not break even under more than half of utility rate schedules, even at utilization rates of 10 charges per day, due primarily to demand charges.² The same study found that 350 kW chargers face even more difficult economics, breaking even only under utility rates that substantially reduce or eliminate demand charges. In some markets,

² "Analytical White Paper: Overcoming Barriers to Expanding Fast Charging Infrastructure in the Midcontinent Region" (Great Plains Institute, 2019) https://scripts.betterenergy.org/reports/GPI_DCFC_Analysis_July_2019.pdf

demand charges can account for as much as 90 percent of electricity costs.³ This burden discourages EVSE infrastructure investment generally, but it is particularly discouraging to those investing in the fastest, most consumer-friendly charging stations that focus on ultra-fast, high-power charging.

FPL's filing includes a brief review of the challenge demand charges present to potential investment in DCFC infrastructure, concluding that concerns expressed on the topic are "valid,"⁴ particularly when it comes to the current era of low utilization prior to mass EV adoption. To address this, FPL proposed Electric Vehicle Charging Infrastructure Riders for General Service Demand and General Service Large Demand (Rate Schedules GSD-1EV and GSLD-1EV). The proposed riders would be available for a five-year pilot period and feature a "demand limiter" mechanism. Through this mechanism, the amount of demand billed to public DCFC stations would be the lesser of two options: measured demand, as conventionally determined; or "limited demand," calculated by dividing kilowatt-hour energy sales by a fixed constant of 75 hours.

This proposal would reduce the impact of demand charges on private-sector infrastructure operators; however, by using 75 hours as the denominator, the limited demand effective rate would still be too high to enable economically sustainable third party DCFC providers to cover capital and operational costs. The per kWh differential between the proposed demand limiter effective rate and what drivers are expected to pay for energy delivered to their vehicle is extremely small, providing insufficient headroom to recover capital and operating costs for private networks as proposed by FPL. In practice, the margin will not be sufficient when energy losses from operating the site and converting power from AC to DC; equipment maintenance and repair; and customer service (e.g. call center operations) are factored in. With the program as designed, and given FPL's assumptions, recovery of any

³ "Analytical White Paper: Overcoming Barriers to Expanding Fast Charging Infrastructure in the Midcontinent Region" (Great Plains Institute, 2019) https://scripts.betterenergy.org/reports/GPI_DCFC_Analysis_July_2019.pdf

⁴ Docket No. 202000170-EI: Florida Power & Light Company's Petition for Approval of Optional Electric Vehicle Public Charging Pilot Tariffs, at 13.

capital and non-electricity operating costs would be difficult for competitive DCFC providers, and may potentially lead to the failure of the private market within FPL's service area in the presence of rate-based utility charging stations.

By contrast to the demand limiter proposed by FPL, the one employed by Xcel Energy in Minnesota and Colorado, which FPL references as the model for its proposal, uses 100 hours as its fixed constant. Notably, Dominion Energy has a similar commercial rate in Virginia, its Schedule GS-2 tariff, which uses 200 hours as its fixed constant.⁵ Moreover, utilities in other states have developed EV-specific tariffs designed to reduce or eliminate demand charges. Pacific Power of Oregon, for instance, provides DCFC operators with a 90% discount on demand charges that phases out over a ten-year period.⁶ Southern California Edison offers an EV charging tariff with no demand charges for a five-year period.⁷ Tacoma Power in Washington has an EV fast charging rate schedule that exempts operators from demand charges for three years, then gradually phases them back in.⁸ El Paso Electric⁹ and Detroit Edison Company¹⁰ also offer EV charging rate schedules with no demand charges.

FPL's GSD-1EV and GSLD-1EV rate schedules are a step in the right direction; however, Electrify America urges that they be modified to further mitigate the impacts of demand charges on third-party investment in DCFC.

⁵ Dominion's Schedule GS-2 tariff can be found at <https://cdn-dominionenergy-prd-001.azureedge.net/-/media/pdfs/virginia/business-rates/schedule-gs2.pdf?la=en&rev=ca651fa03bb44ed4acf86a71547ba786&hash=6EF6530D86014E12AB2986EFC0FDA9B>.

⁶ Pacific Power, DC Fast Charger Optional Transitional Rate, available at https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/oregon/tariffs/rates/045_Public_DC_Fast_Charger_Optional_Transitional_Rate_Delivery_Service.pdf

⁷ Southern California Edison, Schedule EV-TOU-8, available at https://library.sce.com/content/dam/sce-doclib/public/regulatory/tariff/electric/schedules/general-service-&-industrial-rates/ELECTRIC_SCHEDULES_TOU-EV-8.pdf

⁸ Tacoma Power, Schedule FC – Electric Vehicle Fast Charge, available at <https://www.mytpu.org/wp-content/uploads/2019-FC.pdf>

⁹ Schedule EVC – Electric Vehicle Charging Rate https://www.epelectric.com/files/html/Rates_and_Regulatory/Docket_46831_Stamped_Tariffs/36_-_Rate_EVC_Electric_Vehicle_Charging_Rate.pdf

¹⁰ DTE Electric, Schedule D1.9 – Experimental Electric Vehicle, available at https://www.michigan.gov/documents/mpsc/dtee1cur_579203_7.pdf#Page=130

Utility Ownership and Support of DCFC Deployments

Electrify America supports a shared-responsibility model for utility investment that can encourage third-party infrastructure development and consumer choice while limiting ratepayer risk of investment in stranded assets. Under this model, utilities, such as FPL, support the necessary system upgrades and infrastructure to connect EV infrastructure (“make-ready” infrastructure) through direct investments and/or rebates, while EV charging infrastructure companies, like Electrify America, remain responsible for the installation, ownership, and operation of charging infrastructure. This approach recognizes the ratepayer benefits inherent in EVs and the importance of EV charging, while enabling the competitive EV charging market to innovate, improve on customer experience, and reduce costs with scale.

The shared-responsibility model also avoids the unintended consequences that result from utilities owning and operating charging facilities in direct competition with existing and expanding commercial EV charging activity. Florida currently enjoys a thriving and growing commercial EV charging marketplace, with Electrify America, Tesla, EVgo, ChargePoint, and Greenlots all operating public charging infrastructure in the state. Rate-based utility charging infrastructure will create a competitor insulated from market forces. This change is likely to deter further private-sector investment.

FPL’s added investment has the potential to precipitate a drop in volume of private investment, which may also reduce the variety of options available to consumers. The EV charging marketplace is rapidly evolving, with new equipment and business models continually emerging. A decline in private sector investment will reduce innovation and competition within the state, to the detriment of Florida’s EV drivers. Moreover, direct utility ownership of charging facilities will create new risks for ratepayers, including the risk of stranded investments.

Several jurisdictions have spurred investment in public charging through this shared-responsibility model. States have approved over \$1.5 billion in EV charging infrastructure investments in 2020 alone, and the majority of that funding has been for make-readies, not chargers. In California, for instance, regulators have approved \$360 million for make-readies at workplaces and multi-unit dwellings. Further, the New York Public Service Commission has approved \$701 million for a DCFC make-ready program to build out over 100,000 Level 2 chargers and 2,500 DCFCs in the Empire State.¹¹

Conclusion

Electrify America appreciates the concerted effort to advance the development of DCFC infrastructure in Florida, and believes utilities play an important role in addressing barriers to that deployment.

We recommend that such efforts first prioritize reducing the known barriers to private investment and economically sustainable operations of DCFC, as reducing these barriers has successfully attracted and grown total investment in other parts of the United States. Specifically, to advance public charging infrastructure in its service territory, we recommend prioritizing make-ready rebates and demand charge mitigation prior to deploying an entirely utility-owned approach.

Electrify America requests that the Commission require FPL to strengthen its demand-limiter proposal in acknowledgment of the impact that demand charges have on charging station economics – in line with actions taken by utilities in other states and the Florida Legislature’s call for increased availability of public charging infrastructure.

¹¹ State of New York Public Service Commission, Case 18-E-0138 – Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure, “Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs” (July 2020) <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={6238DD07-3974-4C4E-9201-3E339E311916}>

Furthermore, we encourage the Florida Public Service Commission to weigh the potential unintended consequences of FPL's utility-owned charging station pilot and urge the Commission to consider a shared-responsibility make-ready program prior to deploying an entirely utility-owned approach.

Electrify America appreciates the opportunity to comment on FPL's rate proposals and looks forward to working with the Commission and the State in meeting the needs of Florida's current and future EV drivers.

Respectfully Submitted,

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