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PUC PROJECT NO. 49125

REVIEW OF ISSUES RELATING TO
ELECTRIC VEHICLES

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PUBLIC UTILITY COMMISSION
OF TEXAS

COMMENTS OF AEP TEXAS INC. AND SOUTHWESTERN ELECTRIC POWER COMPANY

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INTRODUCTION

AEP Texas Inc. (AEP Texas) and Southwestern Electric Power Company (SWEPCO), (collectively, AEP Companies) are each wholly owned subsidiaries of American Electric Power Company, Inc. (AEP). The AEP Companies appreciate the opportunity to jointly provide comments on the following questions from the staff at the Public Utility Commission of Texas regarding Project No. 49125, *Review of Issues Relating to Electric Vehicles*.

1. As a matter of policy, which entity or entities should be permitted to own or operate an electric vehicle charging station in the Texas competitive electric market? Is a different ownership structure appropriate for service areas not open to retail competition?

RESPONSE: The AEP Companies believe that while there has been substantial growth in the nascent electric vehicle supply equipment (EVSE) market, electric vehicle (EV) deployment is still in its infancy, thus the structure of the charging market is simply not well-defined yet. As such, the AEP Companies suggest it is in the best interest of policymakers to avoid precluding any particular model at this stage in EVSE development, including potential utility ownership and/or operation of public charging stations. Maintaining flexibility in any policy that is developed allows the market and industry the ability to evolve and meet customers' expectations. The AEP Companies believe this flexibility should be maintained in both service areas in the competitive electric market and in areas not open to retail competition.

Allowing utilities to own and/or operate electric vehicle charging stations, if they choose, would not preclude ownership by non-utilities and would allow the market and the industry the most flexibility in order to meet the needs of the customers.

2. Is the operation of an electric vehicle charging station a retail sale of electricity?

RESPONSE: In situations where the charging station is owned by a third party, there are two transactions in the operation of an EV charging station. The first transaction is between the retail provider and the charging station owner, and the second transaction is between the EV charging station owner and the EV owner. The AEP Companies believe the sale of electricity

from a retail provider to the charging station owner is a retail sale of electricity. At this time, it is not clear to the AEP Companies whether the second transaction between the third party charging station owner to an EV owner is a retail sale of electricity under current law.

3. As a matter of policy, how should the cost of the distribution system infrastructure associated with an electric vehicle charging station be recovered in the Texas competitive electric market?

RESPONSE: The AEP Companies suggest that the facilities extension provisions in each utilities' tariff should direct what amount of the distribution system infrastructure associated with an EV charging station is borne by the customers and the utility. For AEP Texas, the applicable section in its Tariff for Retail Delivery Service is 6.1.2.2.1 FACILITIES EXTENSION SCHEDULE. For SWEPCO, the applicable section is the EXTENSION POLICY found on Sheet No. V-4 of its Service Rules and Regulations. If any costs are borne by the utility, those costs should be included in rates through a rate proceeding such as a distribution cost recovery factor or rate case.

4. Is the answer to Question 3 different for an electric vehicle charging station located in a remote area, primarily for use by long-distance rather than local motorists?

RESPONSE: The same tariff provisions referenced in Question 3 are applicable in remote areas as well. Should the Texas legislature endorse a broader public-benefit goal of increasing EV charging facilities in certain applications (such as deployment in more remote areas, underserved communities, evacuation routes, etc.), utilities could play a more significant role in the planning and deployment of charging infrastructure. If utilities were directed to assist in that type of deployment, the utility's recovery of the costs associated with that deployment would be necessary and could be included through a specific rider or rate proceeding such as a distribution cost recovery factor or rate case.