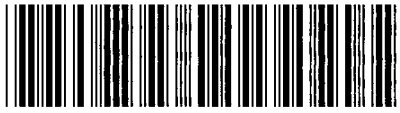

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PROJECT NO. 49125

REVIEW OF ISSUES RELATING TO ELECTRIC VEHICLES	§ § §	**BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**

STEERING COMMITTEE OF CITIES SERVED BY ONCOR'S COMMENTS ON ISSUES RELATING TO ELECTRIC VEHICLES

The Steering Committee of Cities Served by Oncor (Cities) submit these Comments to the Public Utility Commission of Texas (Commission) on questions relating to Electric Vehicles Issues. Cities appreciate the opportunity to participate in the discourse surrounding the expansion of electric vehicles (EV) across the state. As adoption of EV spreads throughout Texas, Cities want to contribute to the responsible deployment of EV charging stations in order to support EV growth within their jurisdictions.

Cities' comments are limited to EV charging stations located within the Texas competitive electric market. Because Cities are served by an investor-owned utility, and are only located within the competitive retail electric market, Cities take no position on the appropriate ownership structure for service areas not open to retail competition. Cities are also mindful that utilities located outside of the competitive electric market are subject to different regulations than those located within de-regulated areas of the state. Therefore, Cities' comments specifically address EV charging stations located within the competitive electric market, and specifically within ERCOT.

I. QUESTIONS

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?

As a matter of policy, electric utilities should not own and operate EV charging stations within the competitive electric market. Utility ownership and operation of EV charging stations

necessarily spreads those costs across all of the utility's customers, regardless of usage. If an electric utility owns and operates EV charging stations, those assets and the cost to operate and maintain them are borne by the utility's ratepayers. As a regulatory requirement, ownership and operation of EV charging station assets would have to undergo a prudence review at the Commission. Siting decisions, operation costs, type of charging station equipment, and utility decisions would be subject to Commission review in utility rate cases. In effect, the Commission will likely review hundreds, if not thousands, of utility EV charging station decisions if electric utilities are permitted to own and operate them. Furthermore, ratepayers will pay for any additional utility personnel hired to implement EV charging station siting and development. The additional steps required for a regulated utility to own and operate EV charging stations increase the time and costs required to build and operate charging stations and could potentially prevent innovation and efficiency in the market.

An ownership model where third party entities own and operate EV charging stations will prevent all ratepayers within an electric utility's service territory from subsidizing EV charging stations in that area. Payment for EV charging should be limited to those who own and use the EV charging stations. In order to expand EV charging capabilities within the competitive electric market in Texas, the regulatory structure should allow for ownership models where third parties assume the costs and risks of owning and operating EV charging stations. Doing so will allow the market to determine the correct location and pricing for EV charging stations.

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

The Public Utility Regulatory Act (PURA) does not specifically define "retail sale" of electricity. However, examining the definitions related to retail electric service suggests that the retail sale of electricity occurs between the owner/operator of the EV charging station and the retail

electric provider. PURA defines a "retail customer" as a separately metered end-use customer who purchases and ultimately consumes electricity.[1] The EV charging station, and not the electric vehicle itself, is separately metered. Therefore, the EV charging station owner/operator is the end-use customer. The transaction between the EV charging station owner/operator and the EV owner does not qualify as a retail sale of electricity, but as a service akin to a hotel patron charging her mobile phone. The electricity is purchased by the owner/operator of the hotel and then provided as a service to its customers. Otherwise, each hotel patron would be required to purchase electricity for her room through a retail electric provider. The same system exists with an EV charging station—the retail sale occurs with the owner/operator and the electricity provided to the EV driver is a service offered by the owner/operator.

This interpretation of where the retail sale occurs is supported by the current gas station paradigm. Just as with a gas station, a third party entity would choose the site for an EV charging station and bear the risks associated with building and operating a station. Then, a wires utility would deliver electricity to the charging station meter. The owner of the charging station would contract with a retail electric provider to purchase electricity to serve the station. The car owner merely charges his vehicle and drives away. This model is no different than the current system for building and operating a traditional gas station and does not require a statutory change for serving EV customers.

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?

Similar to large customers or customers who require non-standard services the cost of the distribution system infrastructure upgrades should be paid by the owner of the EV charging station

[1] PURA § 31 002(16).

through a contribution in aid of construction (CIAC). As discussed above, electric utilities should not own EV charging stations because those costs would be borne by all of the utility's ratepayers, regardless of usage. The model for EV charging stations should resemble that of a customer seeking who requires installation of non-standard services or upgrades to facilities due to the customer adding load. Wires utilities already provide for these additional payments beyond standard services through a CIAC paid by the owner of the facility. As such, any distribution upgrades and interconnection costs should be paid for by the owner of the EV charging station as already required in electric utility tariffs. That owner can then pass on the costs of owning and operating the charging station onto the EV charging customers. This method ensures that only EV charging owners and their customers, the parties who benefit from the charging stations, are paying for the equipment and necessary upgrades to the distribution system.

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?

Cities take no position on this question.

Cities appreciate the opportunity to submit these Comments.

Dated: August 28, 2020.

Respectfully submitted,

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