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PROJECT NO. 49125

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

ONCOR ELECTRIC DELIVERY COMPANY LLC'S
RESPONSE TO QUESTIONS

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

COMES NOW Oncor Electric Delivery Company LLC ("Oncor") and files this its Response to the Questions published in the Texas Register by the Public Utility Commission of Texas ("PUC" or "Commission") on August 14, 2020.

I. INTRODUCTION

The Commission is seeking responses to four questions dealing with public policy and legal issues. Particularly with regard to the public policy questions, Oncor will provide responses based upon the information known at the current time. However, the electric vehicle ("EV") market is rapidly changing, both for personal vehicles and commercial (particularly fleet) vehicles as well as for EVs and charging services they require. What appears reasonable today may appear less so in a few months' or years' time. Thus, while Oncor will provide its current views, it reserves the right to modify those views in light of additional information and changes to the market in the future.

II. RESPONSES TO 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 set out below in the response to Question No. 2, Oncor does not believe that owning or operating an EV charging station should constitute the resale of electricity, and Oncor supports a Commission rule and/or a clarifying amendment to the Public Utility Regulatory Act (PURA) if needed to resolve any ambiguity on this point. The state of Texas may choose to require certain minimum standards for public charging facilities, but Oncor does not believe ownership should be otherwise limited to, for example, retail electric providers, electric cooperatives, municipally-owned utilities, or retail electric utilities, and there are public EV charging facilities currently available that are owned and operated by entities other than those listed above.

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Oncor recognizes that current public policy favors competitive solutions to the issue of public charging stations and that the Commission rules currently limit a transmission and distribution utility (TDU) in the Texas competitive electric market from offering competitive energy services. 16 TAC §§25.341(3) and 25.343. EV ownership is still a small market segment in Texas, although one that will likely grow rapidly. EV manufacturers, EV sellers, and third-party entities are providing charging stations. If public charging stations are classified as a competitive energy service, TDUs should continue to own the transmission and distribution infrastructure serving those charging stations, as they do now. In particular, TDUs would continue to own the infrastructure up to and including the meter or transocket, while the charging station owner would own the electrical facilities from that point up to and including the actual charger itself. Oncor would bill the public charging station at the appropriate non-residential tariffed rate. In the event competitive energy services do not adequately provide public charging stations, a TDU may petition the Commission to provide the service under specific circumstances. 16 TAC §25.343(d).

Metering for EV charging stations can be accomplished in one of two ways: (1) the entire load at a premise (buildings, lighting, chargers) could be metered through one meter and be placed on the appropriate non-residential rate; or (2) the chargers themselves could be on one or more separate meters, while the remaining common station facilities could be served through a second meter, with each meter billed on the appropriate non-residential rate. This would allow, should the Commission desire for policy reasons, for the establishment of an EV public charging station rate class, with rates that differ from other non-residential rates.

Oncor is not responding to the second question, concerning non-competitive areas, at this time.

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

No, the operation of an EV charging station is not the retail sale of electricity, but is more properly characterized as a service provided to the EV owner. This holds no matter how the service provided is measured: minutes of charging time, kWh charged, flat rate for unlimited charging for a month (or some other period of time), etc. The retail sale of electricity takes place when the retail electric provider (cooperative, municipally-owned utility (MOU), or vertically integrated utility charges the owner of the chargers/charging station. As stated previously, Oncor supports the adoption of a Commission rule and/or an amendment to PURA as needed to provide clarity on this point.

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?

At this point in time, absent legislative guidance, Oncor submits that TDUs should apply their standard facilities extension policies, including any generally applicable contribution in aid of construction ("CIAC") provisions/policies, to EV charging stations. If no CIAC is required under the CIAC provisions currently in place for that TDU, then the costs of any TDU infrastructure will be assigned/allocated under current ratemaking principles.

If the Commission chooses to provide a different treatment to facilities associated with EV public charging stations, it may elect to: (1) spread the costs of the infrastructure installed to serve charging stations to all of the TDU's retail rate classes, including the transmission level class(es); (2) uplift the costs to all customers in the Electric Reliability Council of Texas, in some manner similar to transmission costs under the Transmission Cost of Service approach; or (3) provide some other specialized cost allocation or recovery method/approach. As with renewable energy credits (RECs) and the competitive renewable energy zone (CREZ) infrastructure, the Commission may also defer to the Texas Legislature to determine whether, and how best, to provide any assistance or incentives to the installation of EV chargers. Depending on the public policy goals identified, incentives could be extended directly--to public charging stations, or private charging equipment owned by individual homeowners, multi-unit housing complexes, employers, or vehicle fleet owners--or indirectly through utility line extension policies and rate tariffs.

While not directly related to the issue of cost recovery, Oncor would note that providing service to owners of fleets of trucks as they switch to EV trucks could present issues that are unlikely to occur with respect to residential or personal automobile public charging. In particular, Oncor projects that the owner of a fleet of trucks used for local distribution of goods could easily reach a load of 40-60 MW for its chargers. While a single such load would likely not present major problems, truck fleet owners tend to be located in relative proximity to each other in warehouse distribution areas, such as near Alliance Airport, near DFW Airport, and in the southern Dallas intermodal area, for example. As these fleets are electrified over the next 3-10 years, significant upgrades to Oncor's distribution and/or transmission system may be necessary. Oncor foresees the possibility that commercial fleet electrification may raise similar infrastructure challenges to what it has faced in West Texas over the last decade when oil/gas load demands increased both substantially and quickly. Oncor also believes that, as occurred in West Texas, fleet electrification customers may want service faster than Oncor can engineer, certificate, procure, and construct the necessary facilities.. Oncor submits that it may need flexible policies from ERCOT and the Commission in order to meet its customers' needs, such as: (1) adding transmission facilities sooner than organic load growth would otherwise suggest; (2) ordering long-lead time equipment such as transformers prior to identifying a specific locational need; and (3) allowing flexibility in its Facilities Extension Agreement (FEA) process to determine when the customer must achieve its projected load by allowing phased-in load requirements over a multi-year time period. As Oncor continues to discuss electrification with its current fleet customers, additional flexibility in policies may be suggested.

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?

Remote or underserved geographic areas may require specific incentives or rate treatment in order to achieve public policy goals as set by the Commission or the Legislature. Such incentives may reasonably be related to air emission requirements in non-attainment areas or to transportation goals set on a state-wide basis. Absent explicit policy choices, Oncor recommends that a TDU's cost allocation and rate design should be established on a system-wide basis rather than geographically.

III. PRAYER

WHEREFORE, PREMISES CONSIDERED, Oncor requests the Commission to consider the above Responses and incorporate them in this proceeding.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the Commission through the Interchange on the Commission's website in accordance with the Commission's Second Order Suspending Rules issued on July 16, 2020, in Project No. 50664, on this 28th day of August, 2020.