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APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	**§** **§** **§**	**BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARING**

CROSS-REBUTTAL TESTIMONY

OF

JUSTIN D. WILSON

ON BEHALF OF CHARGEPOINT, INC.

November 16, 2022

I. Introduction and Summary of Recommendations.

Q: Please state your name.

A: My name is Justin D. Wilson.

Q: Are you the same Justin D. Wilson who sponsored Direct Testimony in this proceeding?

A: Yes.

Q: What is the purpose of your Cross-Rebuttal Testimony?

A: The purpose of my Cross-Rebuttal Testimony it to respond to the Direct Testimony of Staff Witness William D. Abbott regarding Entergy Texas, Inc.'s (ETI or the Company) proposed Transportation Electrification and Infrastructure (TECI-1) Rider, Transportation Electrification and Charging Demand Adjustment (TECDA-1) Rider, and the specific issues posed by the Commission in its preliminary order related to transportation electrification.[1]

Q: Please summarize your recommendations to the Commission.

A: I continue to support the recommendations presented in my Direct Testimony that the Public Utility Commission of Texas (Commission):

- With respect to Issue 68, find that it is appropriate for utilities to own make-ready infrastructure to support EV chargers. The Commission should also find that it is appropriate for utilities to have limited ownership of EV chargers, provided that site hosts may choose their preferred EV charging equipment and network service provider and have the ability to set pricing to EV drivers.

[1] *See* p. 15 of the Public Utility Commission of Texas' Preliminary Order, filed July 27, 2022.

- With respect to Issue 69, approve ETI's proposal to allow site hosts that participate in TECI-1 Rider to choose their preferred charging equipment and network services provider.
- Direct ETI to ensure that all marketing and educational materials for the TECI-1 Rider are vendor neutral.
- Approve the TECDA-1 Rider with the following modifications:
  - Remove the five-year limitation on customer participation.
  - Increase the proposed cap on participating EV charging load from 30,000 kW to 50,000 kW.
  - Allow all separately metered charging sites that meet the applicable load requirements to participate in the TECDA-1 Rider, regardless of when the charging site became operational.
- Direct Entergy to propose a long-term EV charging rate that provides an alternative to traditional demand-based rates as a part of its next rate case.

II. Utility Role in Transportation Electrification.

Q: What will you address in this section of your testimony?

A: In this section of my testimony, I will respond to Staff witness William Abbott's recommendations regarding the utility's ownership of transportation electrification and charging infrastructure.

Q: What does Staff witness Abbott recommend regarding utility ownership of vehicle charging facilities or other transportation and charging infrastructure?

A: Witness Abbott recommends that "it is not appropriate for an electric utility in a vertically

integrated area to own vehicle-charging facilities or other transportation electrification and charging infrastructure" because "ownership of such facilities should be left to competitive providers."[2]

Q: Does Staff witness Abbott make a distinction between utility ownership of make-ready infrastructure and EV charging equipment?

A: No, he does not make a distinction between utility ownership of make-ready infrastructure versus charging equipment. Instead, he argues against utility ownership of *any* transportation electrification and charging infrastructure or equipment.

Q: Is Staff witness Abbott correct that utility ownership of make-ready infrastructure should be solely left to the competitive market?

A: No. Utility ownership of make-ready infrastructure to support EV chargers can promote the competitive market. As I discussed in my direct testimony, a utility make-ready model provides several advantages over direct utility ownership of chargers. First, by significantly reducing the cost of installing chargers, a utility make-ready program encourages site hosts to deploy chargers for the benefit of EV drivers. Second, because site hosts share in the total cost of installing chargers, site hosts are invested in the success of the chargers. Third, because the utility is not paying the total cost of deployment, a given budget can support a larger deployment of chargers. Fourth, a make-ready model avoids the market distortions that arise from a utility offering a competitive service while having the ability to recover its costs from ratepayers. Finally, by providing site hosts with a choice of equipment and network service provider, make-ready programs stimulate competition, innovation, and

[2] Direct Testimony of William Abbott, p. 7.

increased customer choices in EV charging services, which benefits EV drivers.[3]

Although make-ready infrastructure can be located on either the utility-side or the customer-side of the meter, the type of infrastructure involved is the same. Installing wiring and conduit, trenching, and performing the civil construction and electric work needed to supply power to loads is a utility core competency. Allowing utilities to perform this work on both sides of the customer meter to support EV charger deployment is one of the most effective ways the Commission and utilities can support transportation electrification.

Q: Is it appropriate for utilities to have limited ownership of EV chargers?

A: It can be appropriate, so long as the utility's ownership is not unfettered, such that site hosts have the ability to choose their preferred EV charging equipment and network service provider and to have the ability to set the pricing to EV drivers at stations which they host. As I discussed in my direct testimony, this approach will allow competitive dynamics to function properly while mitigating the worst market distortions that can occur when a utility begins providing services in a competitive market.[4] If site hosts can choose the charging solution that works best for them, competitive dynamics that exist in the absence of a utility program will function within the confines of the utility program, to the benefit of customers.[5]

Q: Can limited utility ownership of transportation electrification infrastructure and charging equipment create value for *all* customers in ETI's service territory?

A: Yes. Transportation electrification has the potential to create value for all customers in

[3] Direct Testimony of Justin Wilson, pp. 8-9.
[4] *Id.*, p. 10
[5] *Id.*

ETI's service territory, including those who do not participate in the program. Indeed, increased deployment of EV charging infrastructure, if managed effectively, can create sufficient new load to reduce per-unit energy costs, resulting in lower electricity rates and net benefits for all ratepayers, irrespective of EV ownership.[6] For example, a state-wide cost-benefit analysis of EV adoption in Nevada conducted by MJ Bradley and Associates found that net benefits to ratepayers, in the form of reduced electric bills, would be $3.6 billion by 2050.[7] Similarly, a state-wide cost-benefit analysis of EV adoption in Colorado by MJ Bradley and Associates found that the net benefits to ratepayers, in the form of reduced electric bills, of moderate EV adoption would be $300 million by 2050 and would be $4 billion by 2050 in a high EV adoption scenario.[8]

In appropriate situations, managed charging and rate design can also help ensure that EV charging takes place at times that are most beneficial to the grid. These approaches can support the creation of widespread grid benefits resulting from more efficient grid utilization and deferred capital upgrades. Some of the same studies referenced above note that benefits to all ratepayers increase when EV charging is shifted off-peak or intelligently managed (*e.g.*, through smart charging programs).[9] For example, a study analyzing the

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[6] *See, e.g.* M.J. Bradley & Associates (2016-2017), *State-Wide Costs and Benefits of Plug-in Vehicles in Connecticut, Maryland, Massachusetts, New York, and Pennsylvania, Colorado, Illinois, Michigan*, https://www.mjbradley.com/reports/mjba-analyzes-state-wide-costs-and-benefits-plug-vehicles-five-northeast-and-mid-atlantic; Submission to the Maryland Public Utilities Commission re: CASE NO. 9478 (2018), https://webapp.psc.state.md.us/newIntranet/Maillog/content.cfm?filepath=C:%5CCasenum%5CAdmin%20Filings%5C200000-249999%5C221921%5CJointSignatoriesComments_FF.pdf; Gabel Associates, Inc. (2018), *Long Island Cost and Benefits*, https://www.psegliny.com/saveenergyandmoney/solarrenewableenergy/electricvehicles/-/media/2C0D0CC8E48648ECBB38463CD0405826.ashx.

[7] M.J. Bradley & Associates, *Plug-in Electric Vehicle Cost Benefit Analysis: Nevada*, (2021) https://www.mjbradley.com/sites/default/files/NV_PEV_CB_Analysis_FINAL_0.pdf.

[8] M.J. Bradley & Associates, *Plug-in Electric Vehicle Cost Benefit Analysis: Colorado* (2017) https://mjbradley.com/sites/default/files/CO_PEV_CB_Analysis_FINAL_13apr17.pdf.

[9] *E.g.* M.J. Bradley & Associates (2016-2017) and Gabel Associates, Inc. (2018).

impacts of EV charging activity and TOU rates for the Salt River Project in Arizona found that residential TOU rates successfully shifted charging to off-peak hours, helping the utility defer future capital upgrade costs.[10] Further, a study commissioned by Public Service Electric and Gas (PSE&G) Long Island found that managed charging could generate significant net benefits in the form of deferred and reduced grid impacts, and deliver an additional 30% saving to ratepayers.[11]

In addition, several studies highlight that the expected long-term electric sales from incremental EV load exceeds the marginal cost of grid infrastructure to support that load.[12] According to a NARUC report published in October 2019, EV load that charges during off-peak hours can provide positive net revenue flowing back to all customers due to the efficient use of the existing electric grid.[13] The Regulatory Assistance Project similarly finds that EV load is capable of responding quickly to a signal, as well as being inherently flexible over time, meaning that EVs are flexible over both the course of a day as well as "within minutes and seconds."[14]

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[10] Utility Drive (2018), *Time of use rates can manage EV charging new report* says, https://www.utilitydive.com/news/TOU-rates-can-manage-ev-charging-new-report-says/515284/.

[11] Gabel Associates, Inc. (2018), Electric Vehicles on *Long Island Costs and Benefits*, https://www.psegliny.com/saveenergyandmoney/solarrenewableenergy/electricvehicles/-/media/2C0D0CC8E48648ECBB38463CD0405826.ashx (and related presentation to the Long Island Power Authority Board of Trustees, https://www.lipower.org/wp-content/uploads/2018/10/EV-Study-LIPA-Board-Presentation-Oct-24-2018-FINAL.pdf).

[12] *See, e.g.*, E3, *Cost-Benefit Analysis of Plug-in Electric Vehicle Adoption in the AEP Ohio Service Territory* (Apr. 2017), https://www.ethree.com/wp-content/uploads/2017/10/E3-AEP-EV-Final-Report-4_28.pdf.

[13] NARUC, Electric Vehicles: Key Trends, Issues, and Considerations for State Regulators, at 21 (Oct. 2019) ("NARUC EV White Paper"), available at https://pubs.naruc.org/pub/32857459-0005-B8C5-95C6-1920829CABFE (citing Jones et al. "The Future of Transportation Electrification: Utility, Industry and Consumer Perspectives," Lawrence Berkeley National Laboratory (2018)), http://eta-publications.lbl.gov/sites/default/files/feur_10_transportation_electrification_final_20180813.pdf).

[14] Regulatory Assistance Project, Beneficial Electrification of Transportation, at 37 (Jan. 2019) ("RAP 2019 Electrification Report"), https://www.raponline.org/wp-content/uploads/2019/01/rap-farnsworth-shipley-sliger-lazar-beneficial-electrification-transportation-2019-january-final.pdf.

Further, a study by Synapse Energy Economics found that in the territories of Pacific Gas & Electric and Southern California Edison, the incremental electrical sales enabled by EV programs exceeded the costs to the electric system by more than 3 to 1.[15] The addition of new dispersed load during off-peak hours can result in the wider distribution of fixed costs, leading to lower rates for all customers.[16] In effect, prudent investments in EV charging infrastructure result in increases in electricity use, exerting downward pressure on retail rates that can benefit all utility customers regardless of EV ownership.

Q: Is utility ownership of EV chargers necessary to achieve these benefits for customers?

A: No. ChargePoint supports the TECI-1 Rider because ETI would provide site hosts with a choice in EV charging equipment vendors and network service providers. However, ETI's proposed model, in which ETI would recover the cost of installing make-ready infrastructure and optional charging equipment directly from the site host, is not the only way for a utility to support transportation electrification that benefits all customers. As discussed, utility investment in make-ready infrastructure is a highly effective way for utilities to support EV charger deployment without raising competitive concerns. Utility rebate programs that reduce the total cost of installing make-ready infrastructure and charging equipment are also effective.

Q: Based on this discussion, what do you recommend?

A: I continue to support the recommendations detailed in my Direct Testimony.[17]

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[15] Synapse Energy Economics, Electric Vehicles Are Driving Rates Down, at 4 (Feb. 2019), https://www.synapse-energy.com/sites/default/files/EVs-Driving-Rates-Down-8-122.pdf.
[16] NARUC EV White Paper at 21.
[17] Direct Testimony of Justin Wilson, pp. 5-11.

III. Entergy's proposed Rider TECI-1.

Q: What will you address in this section of your testimony?

A: In this section of my testimony, I will respond to Staff witness William D. Abbott's recommendations regarding ETI's proposed Rider TECI-1.

Q: What does Staff witness Abbott recommend regarding the proposed TECI-1 Rider?

A: Staff witness Abbott contends that it is not appropriate for an electric utility in a vertically integrated area to own vehicle charging facilities or other transportation electrification and charging infrastructure, such as ETI has proposed under TECI-1 Rider.[18] This is because, according to Mr. Abbott, the rider "inappropriately allows a regulated monopoly to provide a competitive service." Further, Mr. Abbott states that "the TECI rider would likely result in harm to other ratepayers in addition to the potential shifting of costs to other customers if the TECI costs and revenues do not reasonably match up."[19]

Q: Would ETI's proposed TECI-1 Rider "inappropriately allow a regulated monopoly to provide a competitive service"?

A: As discussed above, it is important to distinguish between utility ownership of make-ready infrastructure and utility ownership of EV chargers themselves. The provision of make-ready infrastructure is generally not considered "a competitive service," so ETI's proposal to provide make-ready to customers does not raise competitive concerns. Utility ownership of make-ready infrastructure can have a positive impact on the competitive market by reducing financial barriers to entry. With respect to utility ownership of EV chargers, as

[18] Direct Testimony of William D. Abbott, p. 8.
[19] *Id.*, p. 9.

noted in my direct testimony, to ensure that TECI-1 Rider supports competition, the Commission should approve ETI's proposal to allow site hosts that participate in TECI-1 Rider to choose their preferred charging equipment and network services provider from a list of prequalified vendors. Additionally, to alleviate any competition concerns, ChargePoint continues to recommend that the Commission direct ETI to ensure that all marketing and educational materials that ETI develops to support TECI-1 Rider are vendor neutral.

Q: Would ETI's proposed TECI-1 Rider "likely result in harm to other ratepayers"?

A: No, as long as there is choice built into the program. As discussed above, EV charging provides benefits to the grid and ratepayers that would outweigh any additional costs to non-EV customers. The TECI-1 Rider would increase these benefits by addressing one of the largest barriers to the deployment of EV charging stations and encouraging greater investment in EV charging services.

Q: What do you recommend?

A: I continue to support the recommendations detailed in my Direct Testimony.[20]

IV. Entergy's proposed TECDA-1 Rider.

Q: What will you address in this section of your testimony?

A: In this section of my testimony, I will respond to Staff witness William D. Abbot's recommendations regarding the proposed TECDA-1 Rider.

[20] Direct Testimony of Justin Wilson, pp. 12-17.

Q: What does Staff witness Abbott recommend regarding the proposed TECDA Rider?

A: Witness Abbott recommends the Commission reject the TECDA Rider as it would be unreasonable and inappropriate and would allow EV charging stations to pay only a portion of the costs which they cause ETI to incur.[21] Mr. Abbott further states that the TECDA Rider would be unreasonably discriminatory as it would provide different charges for substantially identical usage and would provide subsidies for EV charging customers.[22] Finally, Mr. Abbott states that creating a new rate offering specific to a niche type of customer would be in conflict with prior Commission determinations and good ratemaking practice.[23]

Q: Are there any EV-specific rates already in effect in Texas and other jurisdictions?

A: Yes. El Paso Electric Company has Schedule No. EVC which is exclusively available for "residential and commercial Customers using a facility dedicated solely for an Electric Vehicle."[24] It is clear from the Commission's approval of Schedule No. EVC that ETI's proposed Rider TECDA does not conflict with prior determinations regarding EV-specific rate offerings.

As discussed in my Direct Testimony, many other jurisdictions have approved alternatives to traditional demand-based rate structures that are currently in effect.[25] While many of these rates are EV-specific, some of the demand charge alternative rate structures are "technology neutral" enabling any commercial and industrial customer to take service

[21] Direct Testimony of William B. Abbott, p. 11.
[22] *Id.*, pp. 11 and 13.
[23] *Id.*, pp. 12-13.
[24] https://www.epelectric.com/files/html/Rates_and_Regulatory/TX%20Rates/Section%201%20-%20Sheet%2039.0%20-%20Schedule%20EVC%20Electric%20Vehicle%20Charging%20Rate.pdf.
[25] Direct Testimony of Justin Wilson, pp. 22-23.

on the applicable rate structure whether the customer operates an EV charging station or not. Examples of demand charge alternative rates include: Evergy's (Kansas) Business EV Charging Service rate,[26] Eversource's (Connecticut) Electric Vehicle Rate Rider,[27] Xcel's (Colorado) Schedule S-EV,[28] and Dominion's (Virginia) Low Load Factor Rate.[29]

Q: Would the TECDA Rider provide inappropriate subsidies to EV charging customers?

A: No. In fact, data from Xcel Energy in Colorado demonstrates that load from EV charging customers contributes much less to system peaks when compared to other commercial and industrial customers.[30] This indicates that EV charging customers do not impose the same costs on the system, and under traditional demand-based rates EV charging customers are allocated costs in *excess* of the actual cost to serve. This places an unreasonable burden on customers who wish to provide EV charging services and effectively penalizes site hosts for providing charging services. As discussed above, EV charging also provides benefits to the grid and ratepayers. The TECDA Rider would increase these benefits by addressing one of the largest barriers to the deployment of EV charging stations and encouraging greater investment in EV charging services.

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[26] https://www.evergy.com/-/media/documents/billing/kansas-central/other/bevcs-business-ev-charging-service-12062021_03282022.pdf.
[27] https://www.eversource.com/content/docs/default-source/rates-tariffs/ct-electric/ev-rate-rider.pdf?sfvrsn=e44ca62_4.
[28] *See* Sheet Nos. 52-52D, https://www.xcelenergy.com/staticfiles/xe-responsive/Company/Rates%20&%20Regulations/Regulatory%20Filings/PSCo_Electric_Entire_Tariff.pdf.
[29] *See* Schedule GS-2, https://cdn-dominionenergy-prd-001.azureedge.net/-/media/pdfs/virginia/business-rates/schedule-gs2.pdf?la=en&rev=65c74050107549f299d48689f738e948&hash=7CBE70107AE10C66B8EB5C5A1E248D12.
[30] *See* p. 19 of Hearing Exhibit 101 in Colorado PUC Proceeding No. 21AL-0494E.

Q: Do you agree that the TECDA Rider would be unreasonably discriminatory as it would provide different charges for substantially identical usage?

A: No. As described in my Direct Testimony, electricity usage for EV charging customers is not substantially identical to traditional commercial and industrial customers for which demand-based electricity rates were designed.[31] In contrast to traditional commercial and industrial customers, many EV charging sites experience sporadic energy usage at high demand. When traditional demand-based rates are applied to EV charging customers with low utilization and high demand it results in unpredictable electricity bills with a high "effective cost per kWh"[32] for the site host. If the electricity usage for EV charging customers were in fact "substantially identical" to traditional commercial and industrial customers, the demand-based rates would not present a barrier to the deployment of EV charging stations and the TECDA Rider would not be necessary.

Q: Mr. Abbott further argues that the TECDA Rider would actually increase electric bill uncertainty for customers because it adds additional complicated billing demand adjustments.[33] Is this an accurate assessment of the impact that the TECDA Rider would have on site hosts?

A: No. While the TECDA Rider may add some complexity into the calculation of participating customer's bills, the primary source of uncertainty that customers providing EV charging services experience is related to variability in the utilization of the charging station and the resultant effective cost-per-kWh, not the calculation of the electric bill. For example, site

[31] ChargePoint Exhibit 1.0, pp. 18-19.
[32] Effective cost per kWh refers to the volumetric cost calculated by taking the total bill (including kW-based demand charges) divided by the billed energy usage (kWh).
[33] Direct Testimony of William B. Abbott, pp. 10-11.

hosts operating public EV charging stations have little to no control over when or how frequently EV drivers utilize their stations to charge a vehicle, and therefore have little to no control over the demand or electricity consumption that their public charging site experiences during a billing period. Under traditional demand-based rates this creates a large uncertainty in the customers' effective cost per kWh and the total electric bill for a particular billing period. As demonstrated in Figure 3 of Ameren witness Hill's Direct Testimony, the TECDA Rider would provide a more consistent effective cost per kWh – regardless of charging station utilization – and therefore less billing uncertainty for participating customers.[34]

Q: What do you recommend with respect to TECDA-1 Rider?

A: I continue to support the recommendations detailed in my Direct Testimony.[35]

V. Conclusion and Recommendations.

Q: Please summarize your recommendations for the Commission.

A: I continue to support the recommendations presented in my Direct Testimony that the Public Utility Commission of Texas (Commission):

- With respect to Issue 68, find that it is appropriate for utilities to own make-ready infrastructure to support EV chargers. The Commission should also find that it is appropriate for utilities to have limited ownership of EV chargers, provided that site hosts may choose their preferred EV charging equipment and network service provider and have the ability to set pricing to EV drivers.

[34] Direct Testimony of Samantha F. Hill, p. 34.
[35] Direct Testimony of Justin Wilson, pp. 17-24.

- With respect to Issue 69, direct ETI to allow site hosts that participate in TECI-1 Rider to choose their preferred charging equipment and network services provider.
- Direct ETI to ensure that all marketing and educational materials for the TECI-1 Rider are vendor neutral.
- Approve the TECDA-1 Rider with the following modifications:
  - Remove the five-year limitation on customer participation.
  - Increase the proposed cap on participating EV charging load from 30,000 kW to 50,000 kW.
  - Allow all separately metered charging sites that meet the applicable load requirements to participate in the TECDA-1 Rider, regardless of when the charging site became operational.
- Direct Entergy to propose a long-term EV charging rate that provides an alternative to traditional demand-based rates as a part of its next rate case.

Q: Does this conclude your testimony at this time?

A: Yes.