

# Filing Receipt

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#### SOAH DOCKET NO. 473-22-04394 PUC DOCKET NO. 53719

APPLICATION OF ENTERGY	§	<b>BEFORE THE STATE OFFICE</b>
TEXAS, INC. FOR AUTHORITY	§	OF
TO CHANGE RATES	§	ADMINISTRATIVE HEARINGS

#### SOUTHWESTERN PUBLIC SERVICE COMPANY'S INITIAL BRIEF REGARDING PRELIMINARY ORDER ISSUE NOS. 68 AND 69

In accordance with Order No. 14, Intervenor Southwestern Public Service Company ("SPS") files this Initial Brief regarding Preliminary Order Issues Nos. 68 and 69, and would respectfully show as follows:

SPS requests that the Public Utility Commission of Texas (Commission) issue an order in this matter finding that it is appropriate—and in the interest of the State of Texas and its citizens for an electric utility in a vertically integrated area in Texas to own electric vehicle (EV) charging facilities or other transportation electrification and charging infrastructure. As detailed herein, the State of Texas has stated its priority to to rapidly increase access to EV charging facilities throughout *all* areas of the state, and particularly in rural areas such as those that comprise much of SPS's service territory. Utilities such as SPS are uniquely positioned to further the state's goal by building out this critical infrastructure in traditionally underserved areas that the competitive market has historically neglected. Accordingly, in this matter the Commission should decline to adopt any policy that would impose a blanket prohibition on utility ownership of EV charging infrastructure, as such a policy would only serve to undercut Texas's transportation electrification infrastructure goals.

Further, although SPS takes no position on whether the Commission should approve the specific riders Entergy Texas, Inc. (ETI) requests in this matter, SPS does request that the Commission find that vertically integrated Texas utilities such as ETI are not *per se* prohibited

from seeking and obtaining Commission approval of utility ownership of transportation electrification equipment.

#### I. Introduction and Summary

### a. SPS's intervened in this matter to address transportation electrification infrastructure issues cited in the Preliminary Order.

Entergy Texas, Inc. (ETI) filed this rate case on July 1, 2022. As part of its case, ETI seeks approval of riders that would allow it to recover investments in transportation electrification equipment.<sup>1</sup> On August 4, 2022, the Commission issued a Preliminary Order setting forth issues to be considered or addressed in this matter. Relevant here, the Preliminary Order included the following two issues:

- 68. Is it appropriate for an electric utility in a vertically integrated area to own vehicle-charging facilities or other transportation electrification and charging infrastructure, or should the ownership of such facilities be left to competitive providers?
- 69. Should Entergy be allowed to own transportation electrification and charging infrastructure—including vehicle-charging facilities—in the manner it has proposed in its application, or should such ownership be wholly left to customers or third parties?<sup>2</sup>

SPS is a vertically integrated utility that serves approximately 400,000 electric customers

in 95 communities across the Texas Panhandle, Texas South Plains, and eastern and southeastern New Mexico.<sup>3</sup> SPS's service territory spans 52,000 square miles and includes federal, state, and county highways in the Texas Panhandle and South Plains.<sup>4</sup> Because SPS is an "an electric utility in a vertically integrated area" in Texas, SPS may be directly impacted by the resolution of the

<sup>&</sup>lt;sup>1</sup> See ETI's Statement of Intent and Application filed July 1, 2022, at 7.

<sup>&</sup>lt;sup>2</sup> Preliminary Order issued August 4, 2022, at 15.

<sup>&</sup>lt;sup>3</sup> See Direct Testimony of Jeremiah Cunningham, Ex. SPS-1 ("Cunningham Direct"), at 6-7

<sup>&</sup>lt;sup>4</sup> See Direct Testimony of Jeremiah Cunningham, Ex. SPS-1, at 7

above-referenced Preliminary Order Issues. Accordingly, SPS intervened in this matter, as permitted by 16 TAC § 22.104(d), for the limited purpose of participating in resolution of issues 68 and 69 in the Preliminary Order.

### b. Background on EV charging infrastructure and current state of infrastructure in Texas.

The basic components of typical EV charging infrastructure are illustrated below:



The above figure illustrates the equipment that is needed to support EV charging, starting on the left with the distribution system and the line extension needed for the EV charging installation, followed by EV Supply Infrastructure (EVSI) and EV Supply Equipment (EVSE).<sup>5</sup> EVSI is often defined as the infrastructure that goes beyond the "traditional" line extension, extending beyond the traditional point of connection and continuing up to the charger, and can include panels,

<sup>&</sup>lt;sup>5</sup> Cunningham Direct at 15; Cross-Rebuttal Testimony of Jeremiah Cunningham, Ex. SPS-2 ("Cunningham Rebuttal") at 8-9.

conduit, wiring and associated equipment.<sup>6</sup> The design of the specific site/station will determine how much EVSI is needed. While EVSI is unique to the installation of EV charging equipment, it is a continuation of the line extension, and the utility already providing the distribution grid infrastructure is well suited to own and maintain the EVSI.<sup>7</sup> EVSE is the EV charger itself (labeled as "charging equipment" in the illustration above). EVSE is available in a wide variety of capacities and provided by many competitive providers.<sup>8</sup> At the EVSE level, owners of EV charging infrastructure have a wide variety of choices in hardware, software, network, and rate structures.<sup>9</sup>

According to U.S. Department of Energy data, there are 2,365 active public charging stations located in Texas.<sup>10</sup> A charging station is defined as a site with one or more EVSE ports at the same address.<sup>11</sup> At the aforementioned Texas charging stations there are 6,064 EVSE ports.<sup>12</sup> However, when level 2 ports—which are not fast enough to conveniently serve the needs for long-distance trips<sup>13</sup>—are removed from consideration, the public charging landscape in Texas is much less robust.<sup>14</sup> To support the roughly 80,000 registered EVs in Texas, currently there are only 291 fast charging station locations with 1,447 EVSE ports.<sup>15</sup> Strikingly, 128 counties in the State of

<sup>&</sup>lt;sup>6</sup> Id.

<sup>&</sup>lt;sup>7</sup> Cunningham Rebuttal at 9.

<sup>&</sup>lt;sup>8</sup> Cunningham Rebuttal at 9.

<sup>&</sup>lt;sup>9</sup> Cunningham Rebuttal at 9.

<sup>&</sup>lt;sup>10</sup> U.S. Department of Energy, Alternative Fuels Data Center. (Data retrieved January 8, 2023).

<sup>&</sup>lt;sup>11</sup> <u>Alternative Fuels Data Center: Developing Infrastructure to Charge Electric Vehicles (energy.gov).</u>

<sup>&</sup>lt;sup>12</sup> U.S. Department of Energy, Alternative Fuels Data Center. (Data retrieved January 8, 2023).

<sup>&</sup>lt;sup>13</sup> Level 2 Charging may take between 4-10 hours to fully charge the battery of a battery-electric vehicle (BEV). *See* U.S. Department of Transportation, "Electric Vehicle Charging Speeds," <u>https://www.transportation.gov/rural/ev/toolkit/ev-basics/charging-speeds</u>.

<sup>&</sup>lt;sup>14</sup> Cunningham Direct at 16.

<sup>&</sup>lt;sup>15</sup> U.S. Department of Energy, Alternative Fuels Data Center EV Charging Station Location Data (filtered

Texas, or approximately 50%, currently have no publicly accessible EV charging infrastructure available. <sup>16</sup> Of these 128 counties with no charging infrastructure, 124 are rural<sup>17</sup> and 74 are low/moderate income counties.<sup>18</sup>

# II. Preliminary Order Issue No. 68. Is it appropriate for an electric utility in a vertically integrated area to own vehicle-charging facilities or other transportation electrification and charging infrastructure, or should the ownership of such facilities be left to competitive providers?

Preliminary Order Issue No. 68 requires the Commission to resolve the question of whether electric utilities in vertically integrated areas in Texas should be entirely barred from owning vehicle-charging facilities or other transportation electrification and charging infrastructure. SPS respectfully requests that a Final Order be issued in this case finding that, as a matter of Texas policy, it would be inappropriate to impose a wholesale bar on utility ownership of such facilities, as this would improperly hinder Texas's goal of ensuring ready access to vehicle charging facilities throughout the state.

# a. The State of Texas has a stated policy of supporting the expansion of transportation electrification infrastructure.

EV adoption is growing rapidly. In Texas, year-over-year growth in EV registrations from 2020 to 2021 was more than 55%.<sup>19</sup> Furthermore, as of 2021 more than 5% of all registered EVs in the United States were registered in Texas.<sup>20</sup> Because the EV market in Texas is growing at

 $^{20}$  *Id*.

for Texas-DC Fast locations, data retrieved January 8, 2023).

<sup>&</sup>lt;sup>16</sup> <u>Alternative Fuels Data Center: Alternative Fueling Station Locator (energy.gov)</u>; Cunningham Direct at 16.

<sup>&</sup>lt;sup>17</sup> <u>https://www.arts.texas.gov/initiatives/rural-initiatives/rural-texas-counties/</u>; Cunningham Direct at 16.

<sup>&</sup>lt;sup>18</sup> 74 have per capita income less than or equal to the median per capita income in Texas. <u>https://txcip.org/tac/census/morecountyinfo.php?MORE=1011</u>; Cunningham Direct at 16.

<sup>&</sup>lt;sup>19</sup> See Current EV registrations in the US: How does your state stack up and who grew the most YOY? | Electrek.

such a pace, EV charging infrastructure is needed to support Texas citizens and ensure the continued growth of the State's economy.

In March 2022, Governor Abbott, in response to the passage of federal legislation authorizing funding for EV charging infrastructure, requested the Texas Department of Transportation (TxDOT) create a plan that would "ensure that every Texan can access the infrastructure they need to charge an [electric vehicle (EV)]" and include in the plan a way "for Texans to easily get from Beaumont to El Paso and Texline to Brownsville in an EV—*with a focus on rural placement and connectivity*."<sup>21</sup> TxDOT responded by submitting the Texas National Electric Vehicle Infrastructure ("NEVI") Plan to the Federal Highway Administration ("FHWA") in July 2022, which was developed in conjunction with numerous state agencies, utilities, and advocacy groups.<sup>22</sup> FHWA approved TxDOT's NEVI Plan in September 2022.<sup>23</sup> The FHWA's approval letter recognized the role of the Texas Electric Vehicle Infrastructure Plan in "putting the United States on a path to a nationwide network of EV chargers that can ensure a convenient, affordable, reliable, and equitable charging experience for all users."<sup>24</sup>

The NEVI Plan reflects that by year five of implementation, Texas intends to have EV charging facilities available in each of the 254 counties in the state, including in highly rural areas, enabled in part through federal funding administered through the federal NEVI program.<sup>25</sup> It further sets forth a goal of ensuring fast-changing stations, each with a minimum of four ports, every 50 miles on designated Electric Alternative Fuel Corridors and every 70 miles elsewhere in

<sup>&</sup>lt;sup>21</sup> Cunningham Direct at Attachment JWC-2 (emphasis added).

<sup>&</sup>lt;sup>22</sup> Cunningham Direct at Attachment JWC-3.

<sup>&</sup>lt;sup>23</sup> See Cunningham Direct at Attachment JWC-4.

<sup>&</sup>lt;sup>24</sup> See Cunningham Direct at Attachment JWC-4.

<sup>&</sup>lt;sup>25</sup> See Cunningham Direct at Attachment JWC-3 at 16.

the state.<sup>26</sup> These proposed potential designated charging station locations are located throughout SPS's Texas service territory, including many in rural areas in the Texas panhandle.<sup>27</sup>

Texas has instituted other policies reflecting its strong support for EVs. For example, since 2018, the State of Texas has offered tax credits to incentivize the purchase and lease of a wide range of EVs through the Texas Commission on Environmental Quality's ("TCEQ") Light-Duty Motor Vehicle Purchase or Lease Incentive Program.<sup>28</sup> Other state incentives include grants administered by TCEQ for clean fleets, clean school buses, clean vehicles and infrastructure, government fleets, and heavy-duty vehicles and equipment, as well as light-duty alternative fuel vehicle rebates.<sup>29</sup>

In addition to Texas's policies, support for the build out of EV infrastructure is reflected in federal policy. For example, the Inflation Reduction Act ("IRA") of 2022 aims to lower the sticker price of electric vehicles by providing tax credits to purchase new and used electric vehicles. Other tax incentives under the IRA may make investment from the private sector in EV charging more appealing. Further, the Federal Infrastructure Investment and Jobs Act, signed into law in 2021, established the NEVI Formula Program. NEVI will provide funding to states to deploy EV charging infrastructure along public roads to establish an interconnected network across the state and nation. For fiscal years 2022-2026, Texas will receive \$407.8 million.<sup>30</sup>

## b. Texas utilities have committed to increasing access to EV charging facilities to support Texas's EV policy goals.

<sup>&</sup>lt;sup>26</sup> See Cunningham Direct at Attachment JWC-3 at 11

<sup>&</sup>lt;sup>27</sup> See, e.g., Cunningham Direct at Attachment JWC-3 at 16.

<sup>&</sup>lt;sup>28</sup> Cunningham Direct at 11.

<sup>&</sup>lt;sup>29</sup> Texas Emissions Reduction Plan (TERP) - Texas Commission on Environmental Quality - www.tceq.texas.gov

<sup>&</sup>lt;sup>30</sup> <u>Bipartisan Infrastructure Law - 5-year National Electric Vehicle Infrastructure Funding by State | Federal Highway Administration (dot.gov)</u>

Xcel Energy, SPS's parent company, along with other Texas utilities have joined the National Electric Highway Coalition ("NEHC"), and committed to creating a network of direct current fast charging ("DCFC") stations connecting major highway systems from the Atlantic Coast to the Pacific Coast of the United States.<sup>31</sup> NEHC utility members agree, subject to regulatory authority, to ensure efficient and effective fast charging deployment plans that enable long distance EV travel, avoiding duplication among coalition utilities, and complement existing corridor DCFC sites. Xcel Energy is one of the more than 60 coalition member companies who collectively serve more than 120 million U.S. electric customers across 48 states and the District of Columbia.<sup>32</sup>

#### c. SPS's service territory has a demonstrated need for EV charging infrastructure.

Areas of SPS's service territory have been identified as Electric Alternative Fuel Corridors under the Texas NEVI Plan.<sup>33</sup> More specifically, the interstate corridors of I-40 and I-27 have been identified by TxDOT as an Electric Alternative Fuel Corridor.<sup>34</sup> Those sections of interstate highway are part of the roll-out of six new charging stations in Texas in year one of the NEVI Plan.<sup>35</sup> I-40 and I-27, along with state highways 87 and 60, are major transportation corridors in the Texas panhandle that TxDOT expects will have a significant increase in future traffic.<sup>36</sup>

<sup>&</sup>lt;sup>31</sup> Cunningham Direct at 11-12.

<sup>&</sup>lt;sup>32</sup> National Electric Highway Coalition | (eei.org)

<sup>&</sup>lt;sup>33</sup> Cunningham Direct at 19.

<sup>&</sup>lt;sup>34</sup> <u>https://www.txdot.gov/apps/statewide\_mapping/StatewidePlanningMap.html?coords=35.215805,-</u> 101.099201&z=8; Cunningham Direct at Attachment JWC-3.

<sup>&</sup>lt;sup>35</sup> Cunningham Direct at Attachment JWC-3.

<sup>&</sup>lt;sup>36</sup> Cunningham Direct at 19.

Further, while in the cities of Amarillo and Lubbock there are approximately 1,000 registered EVs, in the Texas Panhandle and South Plains regions, there are less than 30 public charging stations—the vast majority of which are level 2 chargers located at private businesses.<sup>37</sup> Excluding level 2 chargers, which are not practical for long-distance travel, and proprietary chargers,<sup>38</sup> there is only one networked DCFC located in Amarillo (in SPS's service territory) and one limited port option in Lubbock.<sup>39</sup>

In areas like SPS's service territory, the lack of EV charging infrastructure—particularly in rural counties—leaves many portions of the state entirely unserved, and those areas that do have service have only a limited number of charging ports. This is not sufficient to meet the needs of Texas citizens today, and certainly not in the years ahead.

### d. Utility ownership of EV charging infrastructure need not supplant, but can instead work alongside, competitive market ownership of EV facilities.

In the competitive market, EV charging station ownership typically falls into one of two categories: site-host owned or third party-owned (e.g., owned by a charging network), though there may be other possible arrangements. Charging infrastructure (i.e., EVSI and EVSE) owned by the site host is purchased, installed, and maintained by the site host, which allows for full control over the station and the ability to keep all direct revenue from customers at the station.<sup>40</sup> In this scenario,

<sup>&</sup>lt;sup>37</sup> Cunningham Direct at 19-20.

<sup>&</sup>lt;sup>38</sup> Cunningham Direct at 19. In referencing proprietary chargers SPS is referring to chargers that have historically been accessible to a limited network of users such as drivers of Tesla vehicles. The White House announced on June 28, 2022, that "[1]ater this year, Tesla will begin production of new Supercharger equipment that will enable non-Tesla EV drivers in North America to use Tesla Superchargers," which could provide additional public fast charging access moving forward. SPS will continue to monitor this and any other market developments. *See <u>https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/28/fact-sheet-biden-harris-administration-catalyzes-more-than-700-million-in-private-sector-commitments-to-make-ev-charging-more-affordable-and-accessible/\_*.</u>

<sup>&</sup>lt;sup>39</sup> Cunningham Direct at 20 (Figure JWC-3).

<sup>&</sup>lt;sup>40</sup> Cunningham Rebuttal at 9.

site hosts are responsible for all associated operating costs of the facility, including maintenance and payment transaction fees.<sup>41</sup> Alternatively, EVSI and EVSE owned by a third party is installed and maintained by the third party, which can minimize responsibility to the site host, consistent with whatever arrangement may exist between the site host and the third party.<sup>42</sup>

Relevant here, SPS believes that utility ownership of EV charging infrastructure in Texas could take many different forms. For example, utility ownership of EVSI has the possibility to support development of charging stations that are otherwise owned and operated by site-hosts or third-parties.<sup>43</sup> Further, utility ownership of EVSE could serve as an alternative option for site hosts who do not wish to own EVSE. This model could help support development of EVSE in locations where development by third-party providers is not adequate, including in critical areas where it may be needed to facilitate equitable access to EV charging facilities for rural and low-income communities.<sup>44</sup>

There may also be instances, however, where it is reasonable for a utility to own the entirety of an EV charging facility. Of note, utilities necessarily own that part of the utility grid that connects to the EVSI. Further, EVSI operates much like a traditional utility line extension. EVSI is the panels, conduit, wiring, and associated equipment necessary to facilitate installation of an EV charging station.<sup>45</sup> Utilities are experienced in the installation and maintenance of this type of equipment and, where appropriate, should be allowed to install, own, and maintain EVSI on behalf of their customers. While EVSE, in contrast, may in many instances be owned by third-parties or

<sup>&</sup>lt;sup>41</sup> Cunningham Rebuttal at 9.

<sup>&</sup>lt;sup>42</sup> Cunningham Rebuttal at 9.

<sup>&</sup>lt;sup>43</sup> Cunningham Rebuttal at 10.

<sup>&</sup>lt;sup>44</sup> Cunningham Rebuttal at 10.

<sup>&</sup>lt;sup>45</sup> Cunningham Rebuttal at 11.

site-host, utilities should not be wholly barred from owning EVSE. This is particularly true when such ownership will meet customers' needs, further Texas's EV policy goals, or facilitate equitable access to EV charging for rural or low-income communities.

### e. Ownership of EV facilities by Texas utilities will allow for greater diversity in the market and ensure investment in all areas of the state.

SPS's review of the EV market indicates that currently only a small number of companies control ownership of EV charging infrastructure in Texas.<sup>46</sup> Further, development of this infrastructure has been largely centered on urban and high-income areas, because those areas tend to have higher concentrations of early adopters of new technology that make those locations more attractive to competitive market participants.<sup>47</sup> As such, competitive forces tend to delay or even neglect the establishment of infrastructure key to advanced technology in more rural or low-income areas due to low adoption rates relative to high development costs.<sup>48</sup>

The State of Texas has recognized that this phenomenon can impede adoption of new technology in certain areas of the state and has taken affirmative steps to address it in other contexts. For example, Texas established the Texas Broadband Development Office and passed legislation allowing electric utilities to lease excess fiber capabilities to internet service providers in high need areas.<sup>49</sup> A similar recognition should occur with respect to the build out of EV charging infrastructure, such that investment by vertically integrated utilities should not be prohibited. This is particularly true with respect to geographic areas where competitive market forces may make installation of EV charging facilities less desirable to the competitive market.

<sup>&</sup>lt;sup>46</sup> Cunningham Direct at 22.

<sup>&</sup>lt;sup>47</sup> Cunningham Direct at 23.

<sup>&</sup>lt;sup>48</sup> Cunningham Direct at 23.

<sup>&</sup>lt;sup>49</sup> Cunningham Direct at 23.

Texas should allow for greater participation of a diverse range of EV infrastructure ownership—which includes utility ownership—to support the identified need to build scores of additional public fast charging ports in Texas, including in SPS's service territory, over the coming decade to both keep up with and help further induce EV adoption. To date, charging providers operating solely in the competitive market have not filled these gaps, and precluding vertically integrated utilities from supporting this infrastructure expansion would be inconsistent with state policy objectives.

### f. Allowing for utility ownership of EV charging facilities will complement, not impede, the competitive market.

Coordinated utility and government support can help facilitate the expansion of the public EV charging market in Texas so that it may grow to meet expected EV charging demands in coming years. A utility is uniquely positioned to target areas of the state where the competitive market is not currently investing in public charging infrastructure or is unlikely to invest based on economic considerations—these include rural areas of the state, like those in SPS's service territory, that have been recognized as having a particular need for EV charging facilities.

The nature of public EV charging facilities means that some locations will likely see material increases in utilization over time while others are likely to be utilized less frequently due to their proximity to less densely populated areas or lower utilized transportation corridors.<sup>50</sup> As Governor Abbott recognized in his letter to TxDOT, these lower utilization locations are essential to a complete, convenient, and reliable charging network that can meet the needs of EV drivers today and into the future.<sup>51</sup> There are likely only a limited number of cases where a competitive

<sup>&</sup>lt;sup>50</sup> Cunningham Direct at 28.

<sup>&</sup>lt;sup>51</sup> Cunningham Direct at Attachment JWC-2.

market participant may deem infrastructure investments in such low-use areas economically justified. With support from a utility in supplying EV charging infrastructure, however, the installation of facilities in lower use areas may become more viable and occur at a more rapid pace.<sup>52</sup> As such, access to fast public charging may not be equitable, or may not be sufficiently distributed across the state—particularly in rural locations such as much of SPS's service territory—without a utility supporting the state's efforts by owning and maintain EV charging stations and equipment where appropriate.

EV adoption can serve as both a catalyst to, and a result of, an increase in public charging infrastructure. Prospective EV drivers often cite the lack of availability of public charging as a barrier to purchasing an EV.<sup>53</sup> Research has shown that an increase in public charging availability in a given location increases EV adoption.<sup>54</sup> Thus, allowing regulated utilities in the state to make early investments in public fast charging infrastructure—particularly in underserved areas of the state—can increase EV adoption rates and, in turn, increase the viability of the competitive EV charging market as a whole.

To be clear, SPS is not proposing in this matter that utilities be the sole provider of EV charging infrastructure in their service territories. Rather, and for the reasons explained herein, SPS is requesting only that the Commission find that utilities in vertically integrated areas in Texas

<sup>53</sup> See Consumer Reports, "Battery Electric Vehicles and Low Carbon Fuel: A Nationally Representative Multi-Mode Survey," 2022, *available at* 

<sup>&</sup>lt;sup>52</sup> Cunningham Direct at 28.

https://article.images.consumerreports.org/prod/content/dam/surveys/Consumer\_Reports\_BEV%20AND\_%20LCF%20SURVEY\_18\_FEBRUARY\_2022\_.

<sup>&</sup>lt;sup>54</sup> See Li et al, "The Market for Electric Vehicles: Indirect Network Effects and Policy Design," Journal of the Association of Environmental and Resource Economists, March 2017; Clinton, Bentley C and Daniel C. Steinberg, "Providing the Spark: Impact of financial incentives on battery electric vehicle adoption." Journal of Environmental Economics and Management, November 2019.

are not prohibited from owning EV charging infrastructure, because these utilities are uniquely positioned to support the development of EV infrastructure in critical areas of the state that may be underserved by the competitive market.

### g. Utilities should also not be precluded from proposing programs allowing for utility ownership of residential EV charging facilities.

Although the focus of the policy discussion in the instant case has centered largely on public charging stations, it should be noted that utilities should also not be barred from proposing programs that contemplate utility ownership of residential EV charging. For example, programs already exist in other Xcel service territories allowing for the utility to install EV charging units at residences, which are rented to the utility customer.<sup>55</sup> Such programs allow customers to access EV charging in their homes with little upfront cost, and also allow for utility matinaence of the changing equipment. These programs can serve as a critical component of supporting increased access to EVs for Texans, and it would be imprudent to impose a policy that could serve to prohibit customer access to such programs.

## h. Utilities can support, in numerous respects, the increased adoption of EVs in Texas.

Finally, utilities can play a critical role in clearing barriers to EV adoption, making infrastructure accessible, supporting equitable access to the benefits of transportation electrification, and encouraging efficient use of the grid. Regulators and policymakers in other jurisdictions in which Xcel Energy operates have acknowledged these benefits.<sup>56</sup>

<sup>&</sup>lt;sup>55</sup> See, e.g., <u>EV Accelerate at Home</u>.

<sup>&</sup>lt;sup>56</sup> See February 1, 2019 ORDER MAKING FINDINGS AND REQUIRING FILINGS, Minnesota Public Utilities Commission Docket No. E-999/CI-17-879, In the Matter of a Commission Inquiry Into Electric Vehicle Charging and Infrastructure. See also Colorado Senate Bill 19-077.

Research demonstrates that increased access to charging stations is correlated with increased EV adoption, because it reduces what has been termed "range anxiety."<sup>57</sup> Because utilities such as SPS can play a critical role in increasing the diversity of charging station locations, allowing their participation in the EV infrastructure market will help to clear barriers for customers to move to transportation electrification. <sup>58</sup>

Allowing EV infrastructure ownership by Texas utilities will also help increase awareness and reduce education gaps concerning transportation electrification. Both historically and going forward, as more EVs are visible on the road as the result of increased EV charging infrastructure, the interest in transportation electrification is expected to increase. According to a recent study by Consumer Reports, nearly two-thirds of respondents were *not* familiar with the fundamentals of EV ownership.<sup>59</sup> Despite this, in 2021 the National Renewable Energy Laboratory (NREL) expected the number of EVs on the road nationally to reach 7 million by 2025.<sup>60</sup> Further, major manufacturers have announced plans for EVs to comprise 50% of all new vehicle sales by 2030.<sup>61</sup> Thus, there is a recognized gap in current consumer understanding of electric vehicles at the same time EV adoption is projected to scale rapidly in the next decade.

Utilities can play a key role in amplifying consumer awareness of electric transportation to support its expected rapid adoption. Customers need information regarding EVs from a trusted energy advisor, and their electric utility provider is often that reliable source. When a customer

<sup>&</sup>lt;sup>57</sup> Cunningham Direct at 25.

<sup>&</sup>lt;sup>58</sup> Cunningham Direct at 25.

<sup>&</sup>lt;sup>59</sup> See Consumer Reports, "Battery Electric Vehicles and Low Carbon Fuel: A Nationally Representative Multi-Mode Survey."

<sup>&</sup>lt;sup>60</sup> <u>NREL Vehicle and Mobility Technologies 2021 Annual Impact Report</u> at 17.

 $<sup>^{61}</sup>$  *Id*.

first seeks to obtain an EV, there is considerable, and often complex, information to digest. Customers need to understand varying charging speeds, different connector types, changes in range depending on varying weather conditions, and estimating potential cost savings.<sup>62</sup> For commercial fleet operators, adopting electrifying fleets may require significant changes in business operations. Improved education and outreach can help address these barriers, and Xcel Energy has experience providing such advisory services to customers in its other jurisdictions.<sup>63</sup>

Thus, while allowing for utilities to contribute to building out EV charging infrastructure in Texas is of utmost importance, this ownership of infrastructure can be complemented by utilities playing a central role in addressing other barriers to EV adoption related to lack of information.

# **III.** Preliminary Order Issue No. 69. Should Entergy be allowed to own transportation electrification and charging infrastructure-including vehicle-charging facilities-in the manner it has proposed in its application, or should such ownership be wholly left to customers or third parties?

SPS takes no position on whether the Commission should approve the specific EV-related riders Entergy Texas, Inc. (ETI) requests in this matter. SPS, however, does request that the Commission find that vertically integrated Texas utilities such as ETI are not *per se* prohibited from seeking and obtaining Commission approval of proposals that contemplate utility ownership of transportation electrification equipment.

To the extent Intervenors offering testimony on ETI's rider requests have raised issues in their testimony implicating wider-ranging policy questions, SPS briefly notes as follows:

First, some Intervenors raise the question of how utility ownership, in whole or part, of EV charging infrastructure at a site should impact whether the utility or the third-party may control

<sup>&</sup>lt;sup>62</sup> Cunningham Direct at 27.

<sup>&</sup>lt;sup>63</sup> Cunningham Direct at 27.

selection of EV charging equipment, the network service provider, or pricing. It is SPS position that in situations where a site-host seeks to own and maintain an EV charging station and have the utility install the EVSI, the choice of hardware, software, network, and pricing is up to the sitehost, provided the equipment and installation complies with applicable safety and operational standards. However, in situations where the customer desires a full-service option where the utility installs and owns both the EVSI and the EVSE, or in a situation where the customer does not need additional EVSI but requests EVSE owned by the utility, then SPS believes that limited customer choice is appropriate. While SPS would support the utility having a pre-approved list of hardware vendors to choose from for EVSE for this service, SPS does not support the same option with software and pricing for EVSE owned by the utility. Regarding software, to keep costs reasonable, support operations, maintain security, ensure reliable and consistent data management, and ensure integration into operations and billing, it is imperative that the utility have a consistent, single software solution for these installations. Furthermore, the per charging station cost to integrate two or more different software-driven network service provider options would likely be significant. For utility-owned EVSE, it is appropriate for the utility to set pricing for customers in accordance with Commission-approved tariffs. SPS believes that allowing site hosts to establish pricing on utility-owned charging stations would detract from a more standardized and networked experience.<sup>64</sup>

Second, some Intervenors raise questions regarding line extension and bad debt policies applicable to customers taking service under ETI's proposed riders. As a general matter, SPS does not support any policy that would make the costs of line extensions necessary for EV charging

<sup>&</sup>lt;sup>64</sup> Cunningham Rebuttal at 12-13.

infrastructure more burdensome than the policy otherwise applicable to a customer simply because of the end-use technology being deployed.<sup>65</sup> Further, to the extent some Intervenors raise concerns that utility customers not participating in an EV-related rider may have costs shifted to them if a participating customer defaults, SPS does not believe this concern warrants imposition of a wholesale bar on utility ownership of EV facilities. Any time a utility provides a service, it runs the risk of its customer defaulting and the utility incurring bad debt or uncollectible expenses. Utilities have policies in place to mitigate the impact of such bad debt on its customers, and any such risk associated with utility ownership of EV facilities can be similarly addressed with appropriate policies.<sup>66</sup>

#### IV. Conclusion

For the reasons explained herein, SPS respectfully requests that the Commission issue a Final Order in this matter finding that it is appropriate—and in the interest of the State of Texas and its citizens—for an electric utility in a vertically integrated area in Texas to have the ability to own EV charging facilities or other transportation electrification and charging infrastructure.

Respectfully submitted,

/s/ Erika M. Kane

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<sup>&</sup>lt;sup>65</sup> Cunningham Rebuttal at 13.

<sup>&</sup>lt;sup>66</sup> Cunningham Rebuttal at 14-15.

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#### **CERTIFICATE OF SERVICE**

I certify that on January 13, 2023, a true and correct copy of the foregoing instrument was served on all parties of record by electronic service, hand delivery, Federal Express, regular First Class mail, certified mail, or facsimile transmission.

<u>/s/ Jeremiah W. Cunningham</u>