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

CHARGEPOINT, INC.'S EXCEPTIONS TO THE PROPOSAL FOR DECISION

July 12, 2023

TABLE OF CONTENTS

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CHARGEPOINT, INC.'S EXCEPTIONS TO THE PROPOSAL FOR DECISION

ChargePoint, Inc. (ChargePoint) respectfully provides the following exceptions to the Proposal for Decision (PFD) in the above-captioned proceeding. Consistent with the Commission's June 28, 2023 Exceptions Memorandum, ChargePoint respectfully states that it takes exception only to Section V.B.2.d. of the PFD.

I. Introduction.

The two remaining contested issues in this proceeding addressed in the Administrative Law Judge's (ALJ) June 19, 2023 PFD relate to two questions for parties stemming from ETI's proposed TECI-1 Rider and TECDA-1 Rider.[1] Specifically, Issue 68 asked whether it is "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?"[2] Issue 69 asked: "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?"[3]

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1 Preliminary Order, p. 15.

2 *Id.*

3 *Id.*

The PFD defers to the Commission regarding whether it is appropriate for a vertically integrated electric utility, including ETI, to own EV charging facilities or other transportation electrification (TE) and charging infrastructure.[4] If the Commission determines ETI should be allowed to own such infrastructure and facilities, the PFD recommends approval of ETI's proposed TECI-1 Rider and denial of the proposed TECDA-1 Rider.[5] Alternately, if the Commission determines ETI should not be allowed to own such infrastructure or facilities, the ALJ concludes the proposed EV charging riders should be denied.[6] While the ALJ correctly found that it is reasonable to approve the TECI-1 Rider, it erred in recommending denial of ETI's proposed TECDA-1 Rider.

ChargePoint addressed these issues in direct and cross-rebuttal testimony, as well as in its initial brief on January 13, 2023 and its reply brief filed on January 27, 2023. First, ChargePoint recommended that the Commission approve the TECI-1 Rider because it will support the competitive EV charging market by allowing site hosts to choose their preferred charging equipment and network service provider.[7] Second, ChargePoint recommended that the Commission direct ETI to ensure that all marketing and education materials for the TECI-1 rider are vendor neutral.[8] Third, ChargePoint recommended that the Commission approve the TECDA-1 Rider with modifications to (a) remove the five-year limitation on customer participation; (b) increase the proposed cap on participating EV charging load from 30,000 kW to 50,000 kW; and (c) allow all separately metered charging sites that meet the applicable load requirements to

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4 PFD at 2.

5 *Id.*

6 *Id.*

7 ChargePoint Initial Brief at 17; ChargePoint Reply Brief at 11.

8 *Id.*

participate in Rider TECDA, regardless of when the charging site became operational.[9] Fourth and finally, ChargePoint recommended that the Commission direct ETI 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.[10]

With respect to the TECI-1 Rider, ChargePoint appreciates the ALJ's thorough analysis, and recommends that the Commission adopt the ALJ's recommended approval of the TECI-1 Rider. Regarding ETI's proposed TECDA-1 Rider, the ALJ erred in recommending denial because the TECDA would *not* result in unjust cost-shifting between participating and non-participating customers, nor is it unreasonably discriminatory.

II. ChargePoint's Exceptions to Section V.B.2.d. – ALJ's Analysis.

A. The TECDA-1 Rider will not inappropriately shift costs between participating and non-participating customers.

Under the TECDA-1 Rider, ETI proposes to provide demand charge relief to customers with separately metered charging equipment taking service under Rate Schedule GS.[11] Under Rate Schedule GS, with the TECDA-1 Rider applied, the billed demand for a customer during a particular billing period would be the lesser of: (a) the measured demand (kW), as conventionally determined under Schedule GS; or (b) demand (kW) as calculated based on actual usage adjusted to a 15% load factor.[12]

The PFD errs in recommending denial of ETI's proposed TECDA-1 Rider based on cost-shifting arguments put forth by Staff and OPUC. Staff argues the TECDA-1 Rider will impact

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9 *Id.*

10 *Id.*

11 ETI Ex. 40 at 27.

12 *Id.*

non-participating customers by allowing qualifying customers to pay only a portion of their capacity costs that they cause ETI to incur, thereby discriminating against non-participating customers with identical usage and load.[13] Similarly, OPUC cites PURA § 36.007(d), which addresses discounted rates, and argues that the under-recovered demand revenues that result from the application of the billing demand cap should not be borne by other customers.[14] Despite the PFD's finding that the TECDA-Rider raises cost-shifting concerns, Staff's and OPUC's arguments are without merit, go against the weight of evidence in the record, and should not be relied upon to make the final determination in the proceeding. The Commission should reject the PFD's finding that the TECDA-1 Rider is preferential, prejudicial, and discriminatory and approve the TECDA-1 Rider.[15]

1. The record demonstrates that the TECDA-1 Rider will effectively mitigate demand charges for EV charging site hosts, encourage EV charger deployment, increase EV adoption, and benefit all customers.

Demand charges can pose significant challenges to EV charging site hosts, for which ETI's proposed TECDA-1 Rider seeks to provide meaningful relief. As ETI explains, demand charges can represent a significant share of the electric bill for an EV charging station, particularly at low utilization levels, where high demand charges can result in a high effective cost per kWh.[16] Further, as ETI points out, this can lead to prohibitively expensive costs to operate an EV charging station during the early phase of EV market growth, and can lead to unpredictable electricity bills where the electricity rate far exceeds the revenue a station can receive from drivers.[17]

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13 Staff Initial Brief at 11.

14 OPUC Initial Brief at 6.

15 PFD at 37.

16 ETI Ex. 40 at 31.

17 *Id.*

As discussed by ChargePoint witness Wilson, ETI's analysis on the impact that demand charges can have on EV charging site hosts is correct.[18] For public charging sites, conventional commercial rate design with demand charges often makes otherwise viable and desirable projects uneconomic. Also, traditional demand-based electricity rates were designed to recover costs from non-residential customers that have consistently high load factors.[19] By contrast, many EV charging sites have sporadic sessions of high demand resulting in unpredictable utilization, lower load factors, and high demand charges. This leads to situations where the demand-based (per kW) component of an EV charging site host's electricity bill is far higher than the volumetric (per kWh) component, driving up the effective cost per kWh for the site host.[20] To counter this, the TECDA-1 Rider would adjust the site host's demand charge based on a 15 percent load factor, which will mitigate the negative impact of demand charges on site hosts that are experiencing low load factors as EV adoption grows. By mitigating one of the biggest obstacles to deploying public EV chargers – high demand charges – the TECDA-1 Rider can be expected to encourage public EV charger deployment and EV adoption in ETI's service territory.

No party presented any compelling evidence to counter ETI's and ChargePoint's analyses demonstrating that the TECDA-1 Rider will effectively support new EV charging load in ETI's service territory. The PFD characterizes these analyses as only "one hypothetical situation in which incremental revenues generated by the TECDA-1 Rider cover the under-recovered revenues that ETI would have recovered from the same customers if the TECDA-1 Rider were not in place."[21]

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18 ChargePoint Ex. 1.0 at 18-19 (Direct of Justin Wilson).

19 ETI Ex. 40 at 32.

20 ChargePoint Ex. 1.0 at 18-19 (Direct of Justin Wilson).

21 PFD at 37.

Respectfully, this is not "one hypothetical situation" but rather is one of the primary reasons that the Commission should approve the TECDA-1 Rider; namely, that the TECDA-1 Rider will benefit all customers by encouraging EV adoption. It is also not hypothetical; incremental EV adoption in ETI's service territory will lead to incremental revenue to ETI from EV drivers charging their vehicles.

The PFD also states that the "record fails to reflect whether ETI would obtain those under-recovered revenues from other classes of customers or if, perhaps, ETI would absorb those costs."[22] To the contrary, EV drivers charge their vehicles at a variety of locations, including at home, at work, and at public chargers. Accordingly, ETI would receive incremental revenue from EV charging not just from customers on the TECDA-1 Rider but from a wide variety of customers. ChargePoint cited to multiple studies in testimony demonstrating that the benefits of incremental revenues to all customers from EV charging load far outweigh the costs of EV charging programs[23] (and the record does not demonstrate that ETI would incur any unrecovered costs by implementing the TECDA-1 Rider). Crucially, however, the public chargers needed to support new EVs and the incremental revenue EVs represent will require rate structures like the TECDA-1 Rider that mitigate the negative impacts of demand charges.

2. The TECDA-1 Rider would not provide inappropriate cross-subsidies to EV charging customers.

Contrary to the cost-shifting arguments of Staff and OPUC, the TECDA-1 Rider would not provide inappropriate cross-subsidies to EV charging customers. As noted in the ChargePoint witness Wilson's cross-rebuttal testimony, data from other states supports this point. For example,

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22 *Id.*

23 ChargePoint Cross-Rebuttal at 6-7.

data from Xcel Energy in Colorado demonstrate that load from EV charging customers contributes much less to system peaks when compared to other commercial and industrial customers.[24] These data indicate that EV charging customers do not impose the same costs on the system, and under traditional demand-based rates EV charging customers are typically allocated costs in *excess* of the actual cost to serve.[25] This dynamic places an unreasonable burden on customers who wish to provide EV charging services and effectively penalizes site hosts for providing charging services. For these reasons, there is no reason to expect that the TECDA-1 Rider would result in a cross-subsidy or under-recovered revenues, as the PFD found.[26] ETI, with support from ChargePoint, has demonstrated by a preponderance of the evidence that the TECDA-1 Rider is just and reasonable and should be approved.

B. The TECDA-1 Rider Should Be Approved With ChargePoint's Recommended Modifications.

ChargePoint continues to support the TECDA-1 Rider, for the same reasons outlined in ChargePoint's initial brief, reply brief, and ChargePoint witness Wilson's direct and cross-rebuttal testimony. If approved, the TECDA-1 Rider would provide meaningful relief from demand charges to site hosts and encourage greater investment in EV charging infrastructure, which will provide benefits to all customers through incremental EV charging revenue.

Notwithstanding, ChargePoint continues to recommend the slight modifications below, which were proposed in ChargePoint's initial brief and reply brief, and summarized below:

- Remove the five-year limitation on customer participation.

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[24] ChargePoint Ex. 4.0 at 11 (Cross-Rebuttal of Justin Wilson), *citing* p. 19 of Hearing Exhibit 101 in Colorado PUC Proceeding No. 21AL-0494E.

[25] ChargePoint Ex. 4.0 at 11 (Cross-Rebuttal of Justin Wilson).

[26] PFD at 37.

- 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 load requirements to participate in the TECDA-1 Rider, regardless of when the charging site became operational.

These modifications will increase the effectiveness of the TECDA-1 Rider by ensuring it remains available to customers that benefit from it, increasing its availability, and ensuring a level playing field between existing EV charging site hosts and new customers that take service on the TECDA-1 Rider.

While ChargePoint's recommended modifications above will improve the TECDA-1 Rider, ChargePoint respectfully clarifies that its support of the TECDA-1 Rider is not contingent on the Commission adopting these modifications. ChargePoint would prefer for the Commission to approve the TECDA-1 Rider as proposed by ETI without ChargePoint's modifications than reject it entirely as the PFD recommends.

III. Conclusion

For the foregoing reasons, ChargePoint takes exception to the ALJ's recommended denial of ETI's proposed TECDA-1 Rider. ChargePoint recommends that the Commission reverse the PFD on this issue and 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 load requirements to participate in the TECDA Rider, regardless of when the charging site became operational.

As stated above, the Commission should approve the TECDA-1 Rider even if it does not adopt ChargePoint's recommended improvements to the rider.

Respectfully submitted on July 12, 2023,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record on July 12, 2023:

/s/ Alicia Zaloga