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PROCEEDING TO RESOLVE ISSUES	)	BEFORE THE STATE OFFICE
IN DOCKET NO. 53719 RELATED TO	)	OF
TRANSPORTATION ELECTRIFICATION	)	ADMINISTRATIVE HEARINGS
AND CHARGING INFRASTRUCTURE	)	

POST-HEARING BRIEF OF WALMART INC.

Walmart Inc. (“Walmart”) respectfully submits its Post-Hearing Brief addressing only the briefing outline issues specifically addressed by Walmart’s witness.

I. Introduction/Summary

Introduction

Walmart is an international retailer with 590 retail units, four fulfillment centers and 22 distribution centers in Texas, employing over 177,700 associates.¹ Approximately 21 of Walmart’s Texas stores, one distribution centers and related facilities take electric service from Entergy Texas, Inc. under its Large General Service, General Service or Small General Service tariffs.²

Walmart also has substantial experience offering electric vehicle (“EV”) charging to its customers in other jurisdictions and is actively growing its presence in the EV charging space. Walmart currently hosts more than 1,200 public Direct Current Fast Chargers at 285 different locations and across 43 states and plans to build its own EV fast-charging network at thousands of Walmart and Sam’s Club locations across the U.S. over the next few years. Walmart’s retail sites are ideally situated for EV charging stations because of their large parking lots, easy public access and multi-site locations.³

¹ Walmart Ex. No. 1, Direct Testimony Of Eric S. Austin On Behalf Of Walmart Inc. (filed Feb. 27, 2024) at p. 2, ln. 10-13.

² *Id.* p. 3, ln. 4-6.

³ *Id.* p. 4, ln. 17 – p. 5, ln.2.

As part of its own renewable energy and carbon reduction efforts, Walmart is committed to supporting EV adoption by providing EV charging stations in thousands of locations serving EV customers residing and/or working nearby, but also to advancing the nationwide EV infrastructure as a whole.⁴ Walmart offers EV charging as a convenience to its customers who currently own EVs and for future EV owners as well. Building an EV charging infrastructure that serves local communities, as well as corridors located within states and throughout the country, is critical as vehicle owners consider their options when purchasing a new vehicle.⁵

Summary

Walmart sponsored the testimony of Eric S. Austin, Senior Manager, Utility Partnerships. Mr. Austin's testimony focused on the economic proposition presented by EV charging from the perspective of a potential host and/or provider, and the ratemaking treatments needed to encourage development of EV charging infrastructure.

Mr. Austin testified that, as a general rule, Walmart seeks to site EV charger locations to provide value to both Walmart and its customers. Walmart seeks to balance the risks and costs of installing and maintaining EV charging infrastructure by participating in various EV-specific programs offered through states or utility companies, such as rebate programs and make ready programs. Additionally, as discussed in more detail later, the economics of a particular EV charging station are informed, in large part, by the tariff under which electricity is provided by the utility to the owner of the EV charger.⁶

⁴ *Id.* p. 5, ln.5-8.

⁵ *Id.* ln. 9-13.

⁶ *Id.* p. 6, ln. 16-23.

III. Contested Issues

TECDA Rider

- b. Do the proposed rates for the TECDA Rider comply with the requirements of PURA § 36.003? (PO Issue No. 7)
 - i. Is the rate just and reasonable?
 - ii. Is the rate not unreasonably preferential, prejudicial, or discriminatory?
 - iii. Is the rate sufficient, equitable, and consistent in application to each class of consumer?
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Walmart believes the proposed rates for the TECDA Rider comply with requirements of PURA § 36.003. As Mr. Austin testified, there is value and economic importance to limiting the potentially high monthly operating costs of public EV charging stations in low utilization times. EV charging infrastructure placement is heavily dependent on many factors, and favorable electric rates are a top contributor to the equation. The expectation of public stations is a multi-year ramp-up in utilization. The proposed TECDA rider allows for the economic bridge to get to high utilization on new sites and allows for better quantifications in future site selections.⁷

In the short term, specific rate designs for customers that diverge from traditional cost-based rates are needed to support third-party investment in EV charging equipment. As an investor in EV charging equipment for both the public and its own private fleet, Walmart understands how EV charging rates can either promote or impede EV charging investment and experience.⁸

While the EV industry continues to grow, there will still be a ramp-up to sufficient

⁷ *Id.* p. 7, ln. 6-13.

⁸ *Id.* p. 7, ln. 19 – p. 8, ln. 1.

EV adoption to support an extensive public EV charging network. This will create geographical locations where public EV chargers are either not being used or are used infrequently. For these underutilized chargers being billed by the utility under a rate tariff with a demand charge, the charger operator may be assessed the demand charge after only a single use of that charging unit regardless of whether there is any additional charging during that month.⁹

This outcome negatively impacts the economics for that unit and may lead to little or no third-party investment in public EV chargers sited in areas of low usage. Programs such as the TECDA rider help eliminate this risk by providing temporary volumetric solutions to high demand, low usage EV charging services, without subsidization from other rate classes.¹⁰

As the transportation industry and the role EVs and EV chargers play in this industry continue to grow and evolve, the challenges of today may not be the challenges of tomorrow. To ensure programs and policies implemented to support electrification of the transportation sector are current and relevant, it is important that they are flexible and adapt over time.¹¹

A low- or no-demand charge may improve the economics of underutilized chargers and encourage third-party investment. However, as usage of the charger increases with EV adoption, the economics for that charger under the low- or no-demand tariff rider option will likely decline as more electricity is sold. In this case, it is better to have the option to return to a more traditional demand-based tariff once

⁹ *Id.* p. 8, ln. 1-8.

¹⁰ *Id.* ln. 8-13.

¹¹ *Id.* p. 9, ln. 14-18.

utilization exceeds a certain percentage, as the program is designed to offer.¹²

Walmart advocates setting electric rates based on the utility's cost to serve its various customers. This produces equitable rates that reflect cost causation, send proper price signals, and minimize price distortions. Providing special rates for EV charging in the short term to remove barriers to third-party buildout of a robust EV charging infrastructure provides benefits to all Texas residents by enabling EV adoption and reducing tailpipe emissions. However, these modified rates may not be cost-based, and as such, could create inter- or intra-class subsidies.¹³

To avoid this result over the longer term, as EV adoption and charging matures, utilities and the Commission will need to examine the load size, usage characteristics, and unique financial and operational characteristics of the different charging use cases to determine how to create different EV charging rate classes. These classes can then be included in cost-of-service studies, where all costs and benefits of the class loads can be examined, and class revenue requirements can be set at cost-based levels.¹⁴

With class revenue requirements set at cost-based levels, together with solid load forecasts, rate designs can be tailored to each class to meet the user experience requirements for each class while creating the best opportunity for fixed cost recovery.¹⁵

IV. Conclusion

Walmart appreciates the Company's development of the TECDA Rider for customers investing in the transition to electric transportation. As such, allowing a more

¹² *Id.* p. 8, ln. 19 – p. 9, ln. 2.

¹³ *Id.* p. 9, ln. 5-12.

¹⁴ *Id.* ln. 12-18.

¹⁵ *Id.* ln. 18-22.

robust charging network for public and fleet use. Walmart recommends the Commission approve the TECDA Rider.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of this document was served on all parties of record in this proceeding on April 15, 2024, by electronic mail (e-mail), facsimile, hand delivery or by depositing a copy in the United States mail.

/s/ Rick D. Chamberlain

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