BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the matter of the Application of Ohio Power Company For an increase in Electric Distribution Rates	)))	Case No. 20-585-EL-AIR
In the Matter of the Application of Ohio Power Company For Tariff Approval	))	Case No. 20-586-EL-ATA
In the Matter of the Application of Ohio Power Company For Approval to Change Accounting	)))	Case No. 20-587-EL-AAM

OBJECTIONS TO THE STAFF REPORT BY CHARGEPOINT, INC.

I. INTRODUCTION

In accordance with Ohio Revised Code ("R.C.") 4909.19 and Ohio Admin. Code Rule 4901-1-28(B), ChargePoint, Inc. submits its objections to the November 18, 2020 Report filed by the Staff of the Public Utilities Commission of Ohio ("PUCO" or "Staff"). ChargePoint submits these objections without prejudice to or limitation upon its right to fully participate at the hearing in this proceeding, including the cross-examination of all witnesses presented as to all issues raised during the course of the proceeding. Whether or not it presents witnesses at the hearing, ChargePoint may adduce evidence through cross-examination of any witness concerning not only ChargePoint's objections to the Staff Report, but also to objections filed by others parties, particularly the Ohio Power Company ("AEP Ohio" or "Company"), and as to such additional issues which the Commission or the Hearing Examiner may permit the parties to present in accordance with Ohio Admin. Code Rule 4901-1-28(C).

II. OBJECTIONS

1. The Staff Report unreasonably eliminates the entire DSM Plan without any examination of individual programs or associated benefits.

The AEP Ohio Demand Side Management Plan ("DSM Plan") proposes a diverse group of programs, ranging from retrofits for low income residential customers and efficient products for businesses, to an electric transportation program. The Staff Report unreasonably recommends the wholesale rejection of the DSM Plan. In part, this recommendation is unreasonable because it fails to consider any of the programs individually or take into account the projected benefits of the DSM Plan.

The DSM Plan proposes programs that are projected to benefit ratepayers, including those who do not directly participate in the programs. AEP Ohio asserts that the total benefits of the DSM Plan are $100 million annually, compared to an annual cost of $36.6 million. Comparatively, the cost of the DSM Plan, according to AEP Ohio, is less than programs approved ten years ago.

The Staff Report fails to address the DSM Plan's projected benefits in any way. The Staff Report neither acknowledges the projected benefits nor takes issue with AEP Ohio's projections or underlying assumptions. The rejection of the DSM Plan in its entirety, without any examination of the projected benefits to ratepayers, is unreasonable. Moreover, the DSM Plan's individual programs each have specific benefits as projected by AEP Ohio. However, the Staff Report fails to address any of the individual programs and their associated benefits.

2. The Staff Report's justifications for rejecting the DSM Plan do not support a complete elimination of the Plan.

The Staff Report provides sparse reasoning to support its recommendation that the entire DSM Plan be rejected. The limited justification provided is that "Staff believes that the framework for the DSM plan puts unnecessary risk on rate payers for several reasons," but then limits its

explanation to two specific reasons. First, the Staff Report notes that the proposal is contingent on the continuation of the Economic Development Cost Recovery Rider ("EDR"). Second, the Staff Report refers to the "legislative uncertainty" concerning the future of Ohio House Bill 6, which "seems to make it impractical to include an EE/PDR of this magnitude in base rates, at this time."

These are the sole reasons cited in support of the Staff Report's assertion that the DSM Plan presents an "unnecessary risk to ratepayers." However, the Staff Report fails to provide any elaboration as to why these limited reasons justify the elimination of the DSM Plan and fails to articulate a specified risk to ratepayers that cannot be mitigated or otherwise overcome. With respect to the EDR, the Staff Report does not provide any detail as to why the use of this rider is problematic. Perhaps more significantly, the Staff Report fails to consider or recommend an alternative mechanism, instead opting to simply reject the entire concept of demand side management within this rate case.

Similarly, the Staff Report fails to link the uncertainty surrounding the fate of H.B. 6 to the recommended elimination of the DSM Plan. The Application provides independent justifications for the Plan, separate from statutory requirements implicated in the ongoing H.B. 6 debate. Moreover, the Staff Report fails to explain its concern about the "magnitude" of the Plan. As the Application notes, the proposed DSM plan is comparable in cost to the Columbia Gas DSM plan, which is not tethered to statutory EE/PDR requirements. To the extent the Staff Report means to convey concern that a repeal of H.B. 6 may reactivate statutory EE/PDR requirements, it fails to suggest alternatives to addressing this contingency. The rejection of the entire Plan, based only on the potential of the changing legislative landscape, could justify inaction on nearly every endeavor before the Commission. The DSM Plan should be considered in the context of the current law, and it is unreasonable to reject the entirety of the proposal based on mere legislative speculation.

3. **As an alternative to rejecting the entire DSM Plan, the Staff Report should have recommended the ongoing inclusion of the Electric Transportation Program.**

As discussed above, the Staff Report's reliance on the uncertainty surrounding the future of H.B. 6 is unfounded and unreasonable. However, for the sake of argument, if the potential repeal of H.B. 6 and the return of the statutory EE/PDR standards was somehow a sufficient basis to reject the DSM Plan, the Staff Report should have recommended the ongoing inclusion of the Electric Transportation Program. The Electric Transportation Program is distinct from the other programs proposed in the DSM Plan, which generally align with the types of programs that have traditionally been included in utility EE/PDR plans to meet statutory requirements. In contrast to these programs, the Electric Transportation Program is more akin to recent utility pilot and grid modernization proposals than the traditional EE/PDR statutory compliance plans. However, because of the significant grid and ratepayer benefits stemming from the Electric Transportation Program, it was included in the DSM Plan.

4. **The Staff Report fails to address a myriad of potential grid and ratepayer benefits from the Electric Transportation Program, including downward electricity rate pressure; reduced system peaks due to managed charging; the reduction of transportation emissions; and increased access to public and corridor charging.**

The Electric Transportation Program has the potential to create value for all ratepayers, including those who do not directly participate in the program. Several studies highlight that the expected long-term energy revenues from incremental electric vehicle ("EV") load generally exceeds the costs for the grid to support that load. According to a NARUC report published in October 2019, EV load that charges during off-peak hours can provide positive net revenue due to

the efficient use of the existing electric grid.[1] Further, a study by Synapse Energy Economics found that in the territories of PG&E and Southern California Edison, the revenue provided by EV programs exceeded the costs to the electric system by more than 3 to 1.[2] The addition of new dispersed load during off-peak hours can result in the wider distribution of fixed costs across customers, leading to lower rates for all ratepayers.[3] In effect, prudent investments in charging infrastructure with increases in energy use, exert a downward pressure on unit energy costs that can benefit all utility customers.

In addition, the Electric Transportation Program will benefit AEP Ohio's customers and the public interest through the reduction of transportation emissions and increased access to public and corridor charging. According to the US Department of Energy, one battery EV in Ohio can reduce greenhouse gas emissions by approximately 5,568 pounds of carbon dioxide equivalent annually.[4] Further, AEP Ohio's Electric Transportation Plan provides incentives for the deployment of publicly accessible EV charging infrastructure – whether that is publicly accessible EV chargers, or electrification of public fleets (school buses, public transit buses, municipal fleets, etc.). Therefore, all customers in AEP Ohio's service territory will directly or indirectly benefit including, but not limited to: (i) families with school children will benefit from the availability and use of electric school bus fleets; (ii) public transportation patrons will benefit from the availability and use of electric city bus fleets; (iii) fleet owners will benefit from lower total cost of ownership,

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[1] 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), at http://eta-publications.lbl.gov/sites/default/files/feur_10_transportation_electrification_final_20180813.pdf).

[2] Synapse Energy Economics, Electric Vehicles Are Driving Rates Down, at 4 (Feb. 2019), available at https://www.synapse-energy.com/sites/default/files/EVs-Driving-Rates-Down-8-122.pdf.

[3] NARUC EV White Paper at 21.

[4] U.S. Department of Energy, Alternative Fuels Data Center: Emissions from Hybrid and Plug-in Electric Vehicles, available at https://afdc.energy.gov/vehicles/electric_emissions.html.

and a healthier experience for drivers; and (iv) society will benefit from lower emissions and improved air quality.

The Staff Report improperly recommends the rejection of the Electric Transportation Program without considering any of these benefits and discounts their potential to improve grid stability, lower ratepayer costs, and promote the public interest. These benefits were clearly presented in AEP Ohio's application. The recommendation in the Staff Report should have addressed these benefits, and at a minimum, provided a reasoned explanation as to why these program benefits are not sufficient to sustain the program's inclusion in this proceeding.

5. <u>The Staff Report fails to address how the Electric Transportation Plan advances state policy and builds upon previous Commission decisions, as well as the PowerForward Roadmap.</u>

The past few years have seen growing recognition of the importance of the transition to electrification of the transportation system, along with the related opportunities for grid, environmental, and economic benefits associated with this transition. The Commission, in its PowerForward Roadmap, recognized the need to "address how the existing distribution grid will adapt to meet the anticipated energy and power needs of EVs, so that the societal benefits associated with EV charging can be maximized" as a fundamental distribution system issue.[5] Earlier this year, the Commission issued a keystone decision clarifying the regulatory treatment and utility status of EV charging stations.[6] And two other electric distribution utilities have proposals related to EVs pending before the Commission.[7] Outside of the PUCO, Ohio EPA is

[5] PowerForward Roadmap at 20.

[6] *In the Matter of the Commission's Investigation into Electric Vehicle Charging Service in the State*, Case No. 20-434-EL-COI, Finding & Order (July 1, 2020).

[7] *See In the Matter of the Application of Duke Energy Ohio, Inc. for Authority to Adjust its Power Future Initiative*, Case No. 19-1750-EL-UNC and *In the Matter of The Dayton Power & Light Company for Approval of its Plan to Modernize its Distribution Grid*, Case No. 18-1875-EL-GRD.

implementing the Volkswagen Settlement Environmental Mitigation program involving EV infrastructure, and the state of Ohio has found itself at the center of the burgeoning EV industry.[8]

Notably, it was in a prior AEP Ohio proceeding where the Commission first addressed the subject of EV charging and approved a first-of-its-kind (in Ohio) EV charging station rebate program. In approving that pilot program, the Commission stated that it "considers electric vehicles and the charging station pilot, with the right foundation and consumer protections, a key element to decarbonizing the transportation sector" and that "now is the time to be aware of and prepare for the potential impact on the electric market; the impact on the electric grid, electric distribution, and distribution infrastructure; and the effect, if any, on other AEP Ohio customers."[9] Since its implementation, the pilot program's rebates were quickly subscribed to capacity.

The Staff Report fails to consider how the Electric Transportation Program builds upon these prior Commission efforts and does not address the role of the program in the changing transportation sector in Ohio. Specifically, the Staff Report fails to address whether the Electric Transportation Plan is an appropriate next phase to AEP Ohio's initial pilot program. The Staff Report also fails to address whether the Electric Transportation Plan is consistent with the principles set forth in the PowerForward Roadmap and the Commission's prior recognition that the transportation sector is changing with significant implications to the electric grid. Finally, the Staff Report fails to consider whether the Electric Transportation Plan advances state policies set forth in R.C. 4928.02.[10]

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[8] *See, e.g.*, "Lordstown Motors is growing in and out of Northeast Ohio," Crain's Cleveland (Nov. 22, 2020), available at https://www.crainscleveland.com/manufacturing/lordstown-motors-growing-and-out-northeast-ohio.

[9] *In the Matter of the Application of the Ohio Power Company for Authority to Establish a Standard Service Offer*, Case No. 16-1852-EL-SSO, Opinion & Order (April 25, 2018) at Par. 175.

[10] *See* R.C. 4928.02(D) (Encourage innovation and market access for cost-effective supply-and demand-side retail electric service including, but not limited to, demand-side management); R.C. 4928.02(N) (Facilitate the state's effectiveness in the global economy).

6. **The Staff Report fails to consider opportunities for rate design to promote EV charging and manage impacts to the grid.**

As noted above, the Commission has recognized that the transition to an electrified transportation sector will have a significant impact to the grid. Rate design that does not hinder charging services and incentivizes off-peak charging is integral to minimizing grid impacts and realizing benefits is integral to distribution system planning. In fact, properly designed rates can provide important functions to ensure that EVs are properly integrated in a way that optimizes the grid, while also reducing barriers to widespread adoption of EVs. Exploring new rate designs could unlock investment in EV charging infrastructure needed to support EV drivers in Ohio as well as those transiting through the state. A distribution rate case is the appropriate time to examine whether rate design achieves these objectives, however the Staff Report fails to address this issue in any respect.

AEP Ohio's Transportation Electrification Plan presents the Commission and stakeholders with an opportunity to ensure that Ohio's EV charging market continues to develop in a manner that benefits the grid and all ratepayers. Utility rate design is an effective tool for incentivizing EV charging and this proceeding will enable an examination of the range of EV load management options to ensure that the increased adoption of EVs leads to beneficial load growth across the grid. EV drivers, as well as all utility ratepayers, can realize great value when EV charging occurs at times that are most beneficial to the grid. Incentivizing charging behavior to take place during off-peak or super off-peak periods can lead to increased utilization of utility assets and avoid the need for additional capacity and grid infrastructure. Research indicates that incentivizing this type

of behavior can be part of a strategy for managing the increasing adoption of EVs in a way that can put a downward pressure on rates.[11]

Respectfully submitted on behalf of
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[11] *See* Energy and Environmental Economics, "Engaging Utilities and Regulators on Transportation Electrification" (May 2015).

CERTIFICATE OF SERVICE

In accordance with O.A.C. 4901-1-05, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing *Objections* was sent by, or on behalf of, the undersigned counsel to the following parties of record this 18th day of December 2020.

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Summary: Objection to The Staff Report by ChargePoint, Inc. electronically filed by Teresa Orahood on behalf of Dylan F. Borchers