BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Investigation into the Implementation of the Federal Infrastructure Investment and Jobs Act's Electric Vehicle Charging PURPA Standard.	)))))	Case No. 22-1025-AU-COI

REPLY COMMENTS OF DUKE ENERGY OHIO, INC. REGARDING AMENDMENT OF THE FEDERAL PUBLIC UTILITY REGULATORY POLICY ACT – ELECTRIC VEHICLE CHARGING

I. INTRODUCTION

Please accept these Reply Comments submitted on behalf of Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) in response to the Public Utilities Commission of Ohio's (Commission's) request for comments set forth in its November 14, 2022 Entry (Entry). By that Entry, the Commission opened the underlying proceeding to consider the standard established by the amendment of the federal Infrastructure Investment and Jobs Act (IIJA) to the federal Public Utility Regulatory Policy Act (PURPA) regarding electric vehicle charging (EVC), as codified in 16 U.S.C. 2621(d)(21).

In response to the Commission's Entry in this matter, numerous parties filed comments offering opinions on how the Commission should implement the IIJA directive to each state to consider "measures to promote greater electrification of the transportation sector." This included concepts such as establishing rates that promote affordable and equitable EV charging options for residential, commercial, and public EV charging infrastructure; and accelerate third-party investment in EV charging, among other things.[1]

[1] IIJA SEC. 40431.

Many initial comments were consistent with the views of Duke Energy Ohio and advocated for the adoption or promotion of greater electrification of the transportation sector through potential avenues such as rate offerings and programming.[2] Duke Energy Ohio offers these Reply Comments to provide support for certain concepts, to respond to or shed light on positions advanced by certain parties, and to address dissenting opinions, where required.

II. DISCUSSION

A. Consideration should be given to how costs created from increased EV load are allocated to customers, and how utility costs incurred are covered via innovative rate design approaches.

Many parties who commented in the underlying docket showed support for creative approaches to rate design and rate offerings to further opportunities for EV charger proliferation.[3] The Company is likewise supportive of exploration of rate mechanisms targeted directly at EV charging use cases. Moreover, Duke Energy Ohio currently offers multiple rates and or riders that EV customers can leverage. These rates and riders have robust design characteristics but have not been specifically assessed for EV charging and the possible outcomes associated with EV adoption. These rates include the recently approved critical peak pricing rate for residential customers and the long-standing Rider LM for non-residential customers.[4]. The Company would welcome a framework within which to discuss programs its sister utilities have pioneered in other jurisdictions. These programs would promote competition, are optional, are often participant funded, and allow autonomy of charger operation by the customer.

[2] *See, e.g.*, Comments of ChargePoint, EVgo, Electrify America, Charge Ahead Partnership, etc.
[3] *Id.*
[4] Regarding Rider LM, the Company intends to give careful review of the revenue allocation implications resulting from use of this rider as it relates to electric vehicle adoption.

Multiple commenting parties cited demand charges as a "significant barrier to sustainable economics for [direct current fast charging] DCFC stations[.]"[5] In reality, demand charges are levied according to decades' long principles and practice, and are based upon peak demand, a design theory which helps utilities cover the cost of providing equipment such as transformers that are sized to meet customers' maximum demand and utilization. Larger equipment is generally more expensive than smaller, and demand charges help to ensure that smaller customers are not subsidizing those who may be larger. Peak demand spikes drive costs for utilities, and demand charges were designed to help cover those costs. Nonetheless, the Company's Rate DS, applicable to non-residential customers served at secondary voltage, contains low load factor customer provisions that limit the demand charges billed. In the face of electric vehicle adoption, review of the costs created by electric vehicle charging and how those costs are allocated across customer bills may be necessary. Insomuch as the Company is open to structures that bridge to a future time when DCFC utilization has grown, any consideration or directive to require Ohio's EDUs to propose rates for the sale of electricity to EV charging providers that utilize alternatives to traditional demand-based rate structures must appropriately provide for recovery of utility costs incurred, as is dictated by the language of these PURPA amendments.

Considerable thought should be given to how demand charges should be handled to promote EV adoption and how the costs created from increased EV load should be allocated to customers. Utilities should be kept whole for their investments to accommodate whatever expenses are prudently incurred, whether they be program or asset based. Inclusion in rate base of used and useful assets is a fundamental principle of the regulatory model. Striking a balance of customer interests and the encouragement of EV adoption and charging proliferation, while

[5] *See* Comments of Electrify America at 2.

working within that model will be necessary for the state of Ohio to continue rapid development in this space. The Company looks forward to continued work with the Commission and stakeholders focused on these issues and believes this docket and the PURPA EV amendments are a good step in the right direction.

B. <u>The Company supports, as one way to support electrification, the call for utility make-ready programs echoed by many of the parties offering initial comments.</u>

Support for utility make-ready programs and pilots was expressed by many of the parties offering comments in the underlying docket, and not just from other EDUs.[6] As stated by EVgo in its initial comments, the Company agrees that "utility make-ready programs can accelerate the adoption of EVs by incenting private investment in charging infrastructure[, where u]nder this approach, utilities would invest in the utility-side wiring and backbone infrastructure up to but not including the charger[.]"[7] As indicated in its initial comments, Duke Energy Ohio believes that such programs have demonstrated prior success in the state of Ohio, fit within the bounds of the state's regulatory framework, and serve the purpose and concepts set forth in the PURPA amendments regarding encouragement of adoption and proliferation of EVs and charging mechanisms. The Company would only note that it does not believe this should become the limit of utility ability to participate, and that it is important to not look at enabling programs solely in the light of perceived additional revenue generation when considering the costs to manage and implement such programs. Time of use rates to offer lower rates for things like overnight charging, as mentioned by AEP Ohio in its initial comments, managed charging programs, as mentioned by ChargePoint and others in their initial comments, outreach and education programming, EV

[6] EVgo, ChargePoint, and Charge Ahead Partnership, for example, all expressed support for make-ready programming, *i.e.* Comments of Charge Ahead Partnership at 2, "These strategies should include utility-owned make-ready programs that support customer-owned investments in EV charging stations."
[7] Comments of EVgo at 5.

charging specific tariffs, and other creative programming exist and should be explored, in addition to the concept of rebate programs. These concepts will require Commission and EDU involvement to maximize investments in the distribution system, and properly allocate marginal costs.

C. Requiring EDUs to maintain and distribute "hosting capacity maps" may provide a level of sensitive information inappropriate for general publication; other opportunities should be explored to narrow the scope for EV charging siting.

In its initial comments, OMA-EG asked that the Commission implement the EV charging standards in "a way that requires EDUs to publish 'hosting capacity' maps to encourage cost effective development of charging infrastructure."[8] Hosting capacity maps are generally used to provide information on where distributed generation can be added to the distribution grid without significant system improvements. With EV charging stations being a load on the distribution system, versus a load reduction, a hosting capacity map is not likely to provide the information OMA-EG and others may seek. Moreover, it is not typical that EDUs publish widely true capacity maps, showing how much additional load could be added to the system at each line segment. There are system safety considerations at play with providing maps that could become public which include available electric capacity to the level of detail being requested. Additionally, if a map such as that suggested were to be provided, there is no guarantee the capacity would be available as load is served on a first come first serve basis. Effectively the customer would still need to contact the utility to determine or confirm the ability to serve at a specific location.

In the past, and at an enterprise level, Duke Energy has provided responsive high-level information in terms of the available capacity around specific interchanges and corridors. This concept of a high level, "heat map" of corridors and interchanges, without including detailed distribution system capacity information, could provide relevant information necessary to narrow

[8] Initial Comments of OMA-EG at 6.

the scope, without publicly providing detailed system information that could be out of date the moment it is provided and provide more information than is appropriate for system safety. Additionally, especially without consideration as to how EV charging load clusters may necessitate different approaches to provision of electrical service, a risk of such maps is that they create an "easy button" for first movers. As a result, less affluent entities may later face the challenge of expensive and time-intensive grid upgrades. Nonetheless, the Company appreciates OMA-EG's concepts and believes that there could be avenues for collaboration there.

III. CONCLUSION

As the electrification of the transportation sector continues, it is incumbent upon electric distribution utilities and the Commission to undertake appropriate preparation. This includes distribution and transmission planning as well as providing adequate investment in charging infrastructure and price signals. Duke Energy Ohio supports the intent of the proposed standards and the Commission's efforts to clarify the roles of electric transportation market actors. Duke Energy Ohio welcomes the opportunity to work with Commission and the many stakeholders to define the roles for utilities, site hosts, third-party charging providers, and others.

Respectfully submitted,

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CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, 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 was sent by, or on behalf of, the undersigned counsel to the following parties of record this 16th day of February, 2023, via e-mail:

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Summary: Comments Reply Comments of Duke Energy Ohio, Inc. Regarding Amendment of the Federal Public Utility Regulatory Policy Act - Electric Vehicle Charging electronically filed by Mrs. Tammy M. Meyer on behalf of D'Ascenzo, Rocco and Duke Energy Ohio Inc. and Akhbari, Elyse Hanson and Vaysman, Larisa