

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider
Alternative-Fueled Vehicle Programs, Tariffs, and
Policies.

R.13-11-007
Filed November, 2013

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

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In accordance with the California Public Utilities Commission’s (“Commission’s”) Rules of Practice and Procedure, the California Energy Storage Alliance (“CESA”)¹ hereby submits these reply comments on the *Assigned Commissioner’s Scoping Memo and Ruling*, issued July 16, 2014 (“Scoping Ruling”).

I. INTRODUCTION.

The opening comments filed by the utilities all argue that the Commission should abandon its established policy regarding the potential circumstances under which utility ownership of electric vehicle (“EV”) charging equipment located on the customer’s side of the

¹ 1 Energy Systems Inc. | A123 Energy Systems | AES Energy Storage | Alton Energy | American Vanadium | Aquion Energy | ARES North America | Beacon Power, LLC | Bosch Energy Storage Solutions Company LLC | Bright Energy Storage Technologies | Brookfield | CALMAC | Chargepoint | Clean Energy Systems | Coda Energy | Consolidated Edison Development, Inc. | Customized Energy Solutions | Demand Energy | DN Tanks | Duke Energy | Eagle Crest Energy Company | EaglePicher Technologies, LLC | East Penn Manufacturing Company | Ecoult | EDF Renewable Energy | Enersys | EnerVault Corporation | EV Grid | FAFCO Thermal Storage Systems | FIAMM Energy Storage Solutions | Flextronics | Foresight Renewable Solutions | GE Energy Storage | Green Charge Networks | Greensmith Energy | Gridscape Solutions | Gridtential Energy, Inc. | Halotechnics | Hitachi Chemical Co. | Hydrogenics | Ice Energy | Imergy Power Systems | ImMODO Energy Services Corporation | Sumitomo Electric Group | Invenergy LLC | K&L Gates | KYOCERA Solar, Inc. | LG Chem | LightSail Energy | LS Power Development, LLC | Mitsubishi International Corporation | NextEra Energy Resources | NRG Solar LLC | OCI Company | OutBack Power Technologies | Panasonic | Parker Hannifin Corporation | PDE Total Energy Solutions | Powertree Services Inc. | Primus Power Corporation | Recurrent Energy | Renewable Energy Systems Americas Inc. | Rosendin Electric | S&C Electric Company | Saft America Inc. | SEEO | Sharp Electronics Corporation | SolarCity | Sovereign Energy Storage LLC | STEM | Stoel Rives | SunPower | TAS Energy | Tri-Technic | UniEnergy Technologies, LLC | Wellhead Electric. The views expressed in this Prehearing Conference Statement are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. See, <http://storagealliance.org>.

utility meter may be justified.² However, none of the utilities provide any factual, legal, or policy justification for such a fundamental shift away from well understood Commission policy on the subject that may have very far-reaching (and perhaps unintended) consequences.³ CESA generally supports re-examination of the premises that underlie today’s policies and the wisdom of adjusting them as appropriate to reflect evolution and acceleration of the EV market in California. In this spirit, CESA submits these reply comments to advance the dialogue among stakeholders that is currently underway in a variety of proceedings at the Commission and in the California Independent System Operator’s stakeholder processes that will shape the regulatory landscape for alternative fueled vehicles (“AFVs”) for years to come.

II. REPLY COMMENTS.

Many excellent points were made in Opening Comments, particularly those focused on the subject of defining “under-served” or “failed” markets. CESA agrees in principle with Opening Comments of both Chargepoint, Inc. and San Diego Gas & Electric Company (“SDG&E”) that the term “under-served markets” is not very useful in determining areas where greater utility involvement may be warranted in the near term. Attempting to define an underserved market with precision in this proceeding, or in other open AFV-related Commission dockets⁴, is in fact likely to be counterproductive.

² See, *Southern California Edison Company’s Comments on Assigned Commissioner’s Scoping Memo and Ruling*, filed August 29, 2014, *Opening Comments of Pacific Gas and Electric Company on Proposed Guiding Principles and Current Program Issues*, filed August 29, 2014, and *Response of San Diego Gas & Electric Company to the Order Instituting Rulemaking Assigned Commissioner’s Scoping Memo and Ruling of July 16, 2014 to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies*, filed August 29, 2014.

³ All three utilities invoke the Governor’s Zero Emission Vehicle Action Plan (“ZEV Plan”) to justify reversal of Commission policy with respect to utility ownership of behind-the-meter AFV infrastructure.

⁴ See, e. g. *Application of San Diego Gas & Electric Company to Implement a Pilot Program for Electric Vehicle-Grid Integration*, A.14-04-014, filed April 11, 2014 (“SDG&E’s VGI Pilot Application”). A Prehearing Conference held on in A.14-04-014 was largely devoted to consideration of the relationship of scope and schedule to coordination of issues common to SDG&E’s Application and this proceeding.

CESA therefore agrees with SDG&E's recommendation in its Opening Comments that the Commission's approach "*should be measured in terms of whether California is on an infrastructure deployment and PEV adoption trajectory sufficient to reach the Governor's [1.5 million ZEV] goal for California*" (p. 7). Undeniably, a large (but well thought through) role for utilities in AFV infrastructure deployment that leverages the skills, technologies and sales momentum of the current market participants in concert with the utilities could substantially accelerate AFV adoption to help meet the goals of the ZEV Plan, much as the utility role in affordable and speedy interconnections aided in the deployment of distributed PV solar resources under the California Solar Initiative program. Conversely, without strong incentives from the Commission for utilities to participate in the AFV market, adoption of AFVs might languish. CESA therefore strongly supports the Commission's focus on programs to accelerate AFV adoption, including SCE's statement in Opening Comments: "*Utilities are in a unique position to educate customers on EV benefits and the benefits of fueling from the electric grid. SCE urges the Commission to broaden its existing policies around utility EV education and outreach to allow IOUs to propose new EV awareness campaigns, including broad minority outreach.*" (p.2) CESA notes that this sentiment is also supported by the Joint Minority Parties in early filed Reply Comments: "*We strongly concur with Edison that IOUs should not be precluded from launching massive and broad awareness campaigns about electric vehicles and other alternative fuel vehicles.*" (p.4) CESA also supports allowing utilities to participate actively in a line of business that may be crucial to their long-term growth and viability.

That said, Public Utilities Code Section 740.3 (c) states that: "*The commission's policies shall also ensure that utilities do not unfairly compete with nonutility enterprises.*" This remains a fundamental tenet of utility participation in AFV infrastructure deployment. Any Commission policy that would allow utilities to have an unfair competitive advantage due to their monopoly

position as owners and operators of electric distribution grid infrastructure would very likely cause third party investment in AFV infrastructure to dry up. The Commission must therefore take considerable pains to articulate reasonable safeguards for competition in any re-examination of its utility ownership policy.⁵ As SDG&E stated in its Opening Comments: “*Commission oversight will help ensure that competition is not unfair and that there is adequate availability of grid-integrated charging infrastructure for all customers*” (p. 5). Importantly, CESA strongly recommends that such safeguards be in place for all segments of the value chain, not only for charging equipment but also for network and EV charging *services*. Competition must be preserved especially in this latter portion of the EV infrastructure value chain, as the stakeholders currently working in this portion of the value chain perform a very important and valuable role that is aided by competitive forces – to begin with, they are responsible for proactively developing and securing long term contracts with EV charging hosts. In addition, to stay competitive, they must also continually innovate to advance their products and services, expand consumer choice and diversity in offerings and ensure a superior consumer EV charging experience relative to their competitors. Access to charging infrastructure is indeed a barrier, but much remains to be learned and innovated to facilitate seamless customer experiences appropriate to the customer type and successful business models as well. The EV market is still in its infancy and anything short of a fully competitive market landscape at this stage will curb private sector investment and increase direct costs to ratepayers.

Adherence to the letter and spirit of Public Utilities Code Section 740.3(c) is not by any means mutually exclusive with the Commission authorizing a substantial role for utilities in AFV

⁵ A good starting point would be the Commission’s D.12-12-037, *Decision Granting Application to Establish a Compression Services Tariff Subject to Certain Ratepayer Protections and Rules to Ensure Fair Competition*, issued December 20, 2012. Examples could include establishing balancing and tracking accounts, marketing rules and periodic utility reporting and Commission monitoring of stipulated pilot program metrics.

deployment. To the contrary, utilities and industry stakeholders agree that the Commission's enabling utility deployment of "make-ready" infrastructure would accelerate market adoption of AFVs and be a significant enabler of third party investment in AFV infrastructure by supporting multiple potential business models and service choices for AFV drivers while leveraging the current momentum and investment these, an new, providers are making. There certainly are market sub-segments of AFV infrastructure deployment where utilities and non-utility market participants can likely find common ground to further the greater goal of helping the State meet its greenhouse gas ("GHG") emission reduction and ZEV deployment goals. One market sub-segment that appears to have broad stakeholder support, including from the Joint Minority Parties as per early filed Reply Comments⁶, is an increased utility role in facilitating EV charging infrastructure in low/moderate income families. Participation in this segment would be consistent with the role of a regulated monopoly, as this would help ensure fair access to EV charging infrastructure to all ratepayers. Another market segment that would likely benefit from an expanded utility role includes high current, fast charging locations in transit corridors. Such applications are difficult for private sector entities to enter and could benefit from the utilities unique resources.

Regardless of the Commission's ultimate direction in this proceeding or in A.14-04-014, the Commission must act promptly. As noted by TURN in its Opening Comments, CESA member companies have stated publicly that the regulatory uncertainty perceived by non-utility investors in AFV infrastructure of not knowing the ultimate role of California's utilities in AFV development is already having a chilling effect on new investment in AFV infrastructure.⁷ CESA

⁶ p. 3

⁷ See, *Phase 1 Opening Comments of the Utility Reform Network on Guiding Principles and Current Programs*, filed August 29, 2014, p. 16.

therefore urges the Commission to address these topics with the utmost expediency possible in this proceeding.

III. CONCLUSION.

CESA appreciates this opportunity to submit these comments, and looks forward to continued work with the Commission and the parties in this proceeding.

Respectfully submitted,



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