



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Action Request Response

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant Supervisor

Bob Davis, Utility Technical Consultant

Date: December 17, 2019

Re: **Tariff Sheet Changes, Docket No. 19-035-T16** – Rocky Mountain Power’s Proposed Tariff Revisions to the Plug-in Electric Vehicle Program (“EV Program”) administered through Electric Service Schedule No. 120, specifically to adjust existing incentives, add customer project cap capability, and add a new offering for residential customers.

Recommendation

The Division of Public Utilities (“Division”) has reviewed Rocky Mountain Power’s (“RMP”) proposed changes to Electric Service Schedule No. 120. Based on RMP’s filing and additional information provided, the Division concludes the revisions to Schedule No. 120 are reasonable, and in the public interest. However, in-light of ChargePoint’s request to extend the schedule for another round of comments, the Division may file reply comments.

Issue

On November 18, 2019, RMP filed with the Commission its proposed revisions to Electric Service Schedule No. 120 and requested an effective date of December 18, 2019. On November 18, 2019, the Commission issued an action request to the Division requesting it to review RMP’s filing and make recommendations. The Commission asked the Division to report back by December 3, 2019. On November 20, 2019, the Commission issued its Notice of Filing and Comment Period allowing any interested party to submit comments on or before December 3, 2019 and reply comments on or before December 10, 2019. RMP met with the Division and

others on November 12, 2019, to explain the proposed changes to Schedule No. 120. On November 25, 2019, ChargePoint, Inc. (“ChargePoint”) filed a combined motion to intervene, a motion for extension of procedural schedule, and requested a revised effective date of January 1, 2020. On November 26, 2019, the Commission issued its Second Notice of Filing and Comment Period and Order Suspending the current Tariff. The PSC gave notice that any interested party may submit comments on the Tariff Revisions on or before December 17, 2019 and reply comments on or before December 24, 2019. This memorandum represents the Division’s comments.

Background

During the 2019 General Legislative Session, the State Legislature appropriated \$4.9 million of incentive funding for installation of Electric Vehicle Supply Equipment (“EVSE”) administered through the Utah Department of Environmental Quality (“DEQ”).¹ The incentive program allows businesses, non-profit organizations, and other governmental entities to apply for reimbursements of up to fifty-percent of the purchase and installation costs for pre-approved EVSE projects. RMP’s current STEP program covers up to 75 percent of the purchase and installation costs. Together, these two incentive programs can potentially result in incentives totaling more than the actual project costs. To address this problem, RMP’s proposes changing Electric Service Schedule No. 120 by adjusting existing incentives, adding customer project caps, and adding a new residential offering to better align RMP’s STEP-provided incentives with the DEQ incentives.

Discussion

Similar to the STEP EV Program incentive, the DEQ incentive offsets the costs of both alternating current (AC) Level 2 and direct current (DC) Fast Charging equipment. The potential for over-reimbursement exists when a customer applies for both the DEQ incentive and the STEP incentive. Under the DEQ program, if a customer purchased and installed 4, single-port, DC Fast Chargers for \$160k, the customer could receive up to fifty-percent of that cost from the DEQ, subject to a cap of \$75k. That same customer could also apply for an incentive through the STEP EV Program, which currently provides \$30k per single port DC Fast Charger up to 75

¹ Rocky Mountain Power Advice No. 19-16, page 1.

percent of the total project costs. This results in the customer being incentivized \$120k (\$30k times 4 units) from the STEP EV Program plus \$75k from the DEQ for a total of \$195k, which is more than the \$160k cost.²

RMP plans to address these unintended situations through program controls. RMP's proposal decreases incentives for non-residential and multi-family AC Level 2 Chargers,³ and adds the project caps. Currently, prescriptive STEP incentives for AC Level 2 and DC Fast Chargers are on a per charger basis up to 75 percent of total charger cost. RMP is currently coordinating with the DEQ to compare customer applications for each program to prevent over-incentivizing customers. For example, using the same DC Fast Charger example above, the customer's incentive from the DEQ remains capped at \$75k. Considering the DEQ incentive of \$75k, the STEP incentive under RMP's proposal becomes \$45k (\$120k less \$75k).

RMP also proposes to cap STEP incentives at \$75k, the same cap employed by the DEQ. In the previous example, the proposed cap did not apply. However, RMP provides an example illustrating how caps might work on 10, single-port, DC Fast Chargers that cost \$400k installed. The DEQ incentive pays 50 percent of the cost up to a maximum of \$75k (cap amount). The proposed STEP EV incentive, without the cap, pays up to 75 percent of the installed cost or \$300k less the DEQ incentive, or \$225k. With both the DEQ cap of \$75k and the proposed STEP EV cap of \$75k, the total incentive payout from both would be \$150k versus \$300k.

Finally, RMP proposes to add a new offering to Residential customers. With technology changes to EVs, the need to charge EVs with longer lasting batteries in a shorter amount of time is growing. RMP proposes to offer residential customers a \$200 per charger incentive up to 75 percent of total charger and/or installation cost.

RMP's proposed changes to Schedule No. 120 mitigate gaming of the incentives and make additional incentive money available to other customers. The addition of a residential incentive to install AC Level 2 chargers gives those customers an opportunity to meet their charging needs by reducing purchasing and/or installation costs. The Division concludes that

² Id., page 2.

³ Id., from \$2,500 to \$1,000 and \$3,500 to \$1,500, respectively.

RMP's proposed changes are an improvement to the incentive program but not ideal. Incentive programs should generally not relieve the customer of most or all of the cost of the product as demonstrated herein. The Division will monitor the use of these incentives and may propose changes if the incentives prove to be too high in some instances. RMP should be cautious and report quickly if it observes rapid adoption and exhaustion of dedicated funds.

ChargePoint was not present during the RMP discussion with the Division and other parties on November 12, 2019. The Division is unaware of ChargePoint's concerns in this matter. The Division may change its recommendation for approval after it has reviewed ChargePoint's and other comments on December 17, 2019 if there is new information presented.

In review of RMP's advice letter for this matter, the Division reviewed Utah Administrative Code Rule 746- 405-2 (D) (3) (g), which requires a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule. However, the rule also states that the filing of proposed tariff sheets shall of itself constitute the representation of the filing utility that it, in good faith, believes the proposed sheets or revised sheets to be consistent with applicable statutes, rules and orders. The filing does not appear to violate statute or rule.

Conclusion

The Division has reviewed RMP's proposed changes to Electric Service Schedule No. 120. RMP met with the Division and others on November 12, 2019, to explain the changes to Schedule No. 120. Based on that discussion, the Division concludes the revisions to Schedule No. 120 are reasonable, and in the public interest. However, the Division understands that other parties may present additional information. Therefore, the Division reserves its right to revise its recommendations in reply comments on December 24, 2019.

Cc: Michael Snow, RMP
Jana Saba, RMP
Michele Beck, OCS