

**STATE OF NEW HAMPSHIRE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE,
d/b/a EVERSOURCE ENERGY**

Notice of Intent to File Rate Schedules

Docket No. DE 19-057

NEW HAMPSHIRE DEPARTMENT OF ENVIRONMENTAL SERVICES

**OBJECTION TO MOTION OF STAFF TO REMOVE THE ELECTRIC VEHICLE PROPOSAL FROM
EVERSOURCE'S REQUEST FOR INCREASED DISTRIBUTION REVENUE**

Pursuant to N.H. Code Admin. Rules PUC 203.07(e) RSA 541-A:32, the New Hampshire Department of Environmental Services ("NHDES") hereby objects to the Motion of Staff to Remove the Electric Vehicle Proposal from Eversource's Request for Increased Distribution Revenue (the "Motion") filed on February 5, 2020 by the Commission Staff. The Motion indicates a misunderstanding of: the reason for NHDES' intervention and testimony; the nature of Eversource's electric vehicle (EV) charging infrastructure make-ready proposal; and the scope of Senate Bill 575 (SB 575) (2018), which resulted in the Commission opening IR 20-004 Investigation into Rate Design Standards for Electric Vehicle Charging Stations and Electric Vehicle Time of Day Rates. In support of this Objection, NHDES states as follows:

1. With regard to the purpose of NHDES intervention in DE 19-057:
 - a. In its motion, Staff opined that, "[because] Eversource included a few sentences about its non-specific EV make-ready charging investment, several parties have intervened for the design of a tariff and other cost recovery related to EV charging, generally. The Department of Environmental Services intervened in this docket for the sole purpose of addressing EV rate design." Staff Motion, pg. 3. Item #15.
 - b. NHDES did indeed intervene in this docket "for the sole purpose of addressing EV rate design." The Department specifically intervened because there was no mention in the Eversource proposal of time of use (TOU) rates, demand charge abatement

- strategies for Direct Current Fast Charging (DCFC) EV supply equipment (EVSE), or any other rate mechanism designed to support EV adoption while at the same time protecting air quality by encouraging EV charging during off-peak demand hours.
- c. NHDES did not intervene in this docket because of “a few sentences about its non-specific EV make-ready charging investment.”
 - d. NHDES noted in its petition that the “the deployment of electric vehicle (EV) charging equipment and the cost of operating EVs are key factors that influence the adoption rate of this advanced technology by New Hampshire consumers.” NHDES Petition to Intervene, pg. 1. Item 4. The deployment of such equipment and the ultimate cost to operate an EV are heavily dependent on appropriate rate structure.
 - e. NHDES further noted that “[u]tility rate structures will influence the modernization of the electrical grid and the evolution of distribution utilities, which will in turn influence the deployment and efficacy of each mentioned pollution reduction strategies.” NHDES Petition to Intervene, pg. 1. Item 5.
 - f. NHDES used nearly identical language in its petition to intervene in the Liberty Utilities rate case, DE 19-064, a proceeding that did not include a make-ready proposal, but did include a TOU rate proposal for residential EV charging. NHDES Petition to Intervene, pg. 1. Items 3-5.
 - g. NHDES intervened in both dockets, DE 19-057 and DE 19-064, as it has a direct interest in reducing emissions from the transportation sector, which can be influenced significantly by EV charging rates. Through intervention NHDES preserves standing to participate in discovery, provide testimony, and take part in settlement discussions throughout the proceeding in order to support rate design that will enable and encourage the adoption of EVs in New Hampshire.
 - h. In DE 19-057, NHDES submitted both discovery requests and testimony. In both submittals, NHDES focused only on rate mechanisms, and rate applications. Neither

the discovery request nor the testimony addressed the proposed EV make-ready capital investment.

- i. Specifically, NHDES noted that “[t]he purpose of our testimony is to recommend that Eversource include a proposal for an EV time of use (TOU) rate for the residential sector, and that a separate mechanism, possibly a different rate or customer class designed to overcome the disincentive for investment in DCFC due to demand charges, be considered.” NHDES testimony, pg. 6. Lines 10-13.
 - j. While NHDES made no mention of the make-ready investment in any of its submittals, NHDES views make-ready programs as a mean to encourage private investment in DCFC stations in New Hampshire ensuring that the necessary service is in place for third parties to interconnect to the electric grid. However, these investments should be considered part of the rate base, rather than a “rate” as considered in SB 575.
2. With respect to Eversource’s filing:
- a. DE 19-057 is a general rate case that pertains to Eversource’s electric distribution business in order to set rates that provide utilities an opportunity to earn a reasonable rate of return of and on prudent investments in facilities and other capital costs, and recovery of reasonable operating expenses.
 - b. The testimony of Mr. William J. Quinlan provided an overview of Eversource’s Grid Transformation and Enablement Program (“GTEP”). Mr. Quinlan noted that “[t]he GTEP is designed to operate in concert with the Company’s core capital program to provide critical support for accelerated investments targeted to fortify the overhead distribution system with more resilient equipment and materials, while at the same time creating the operating platform necessary to enable the integration of advanced technology solutions on a cost effective and lasting basis.” See, Testimony of Mr. Quinlan, at Bates 49, beginning line 18.

- c. Similar statements were included in the testimony of Mr. Purington and Mr. Lajoie at Bates 436, lines 17-20.
- d. Mr. Quinlan described how, as a part of the GTEP, Eversource proposed to invest approximately \$2 million in an EV make-ready program. This would be an investment of “base capital to construct distribution facilities, primarily service drops, to energize a series of EV fast chargers.” *Id.*, at Bates 53, lines 3-7.
- e. Similar statements were again repeated in the testimony of Mr. Purington and Mr. Lajoie at Bates 436, lines 18-20.
- f. As noted by Mr. Quinlan, “[t]his project would support customer deployment of up to 48 50kW DC fast-charging stations at approximately 12 sites throughout the Company’s service territory, with the infrastructure to support future expansion of up to 40 additional DC fast chargers.” *Id.*, at Bates 53, lines 12-16.
- g. Similar statements were also included in the testimony of Mr. Purington and Mr. Lajoie at Bates 395, lines 3-7.
- h. This reference of this expenditure as “capital investments” is consistent with the findings of a report commissioned by the Georgetown Climate Center, entitled “Utility Investment in Electric Vehicle Charging Infrastructure: Key Regulatory Considerations” (GCC Report), which noted that make-ready installations include “the electrical infrastructure required up to, but not including, the actual PEV charging equipment.”¹ GCC, pg. 8.
- i. The GCC Report also notes that the “make-ready model limits a utility’s investment to the equipment necessary to connect the PEV charging infrastructure to the grid. This may include upgrades to transformers and service capacity and/or running new service drops. In some cases, it may also mean trenching and running conduit and

¹ Allen, P. *et al.* (2017). Utility Investment in Electric Vehicle Charging Infrastructure: Key Regulatory Considerations, MJ Bradley and Associates & Georgetown Climate Center, https://www.georgetownclimate.org/files/report/GCC-MJBA_Utility-Investment-in-EV-Charging-Infrastructure.pdf (Last accessed February 12, 2020).

cable to specific areas of a host site, such as in a parking lot at a workplace.” *Ibid*, pg. 9-10.

- j. The GCC Report also notes that EV charging equipment can be divided into three elements:
 - 1) secondary distribution infrastructure up to the customer meter to connect the new installation to the electric grid;
 - 2) trenching and wiring required to connect the meter to the charging infrastructure, and the foundation and insulating material required for the charging infrastructure; and
 - 3) the actual purchase and installation of the electric vehicle supply equipment (EVSE).

The report notes that traditionally, responsibility for component one is split between the utility and the customer, depending on the interconnection requirements of the equipment, while components two and three are usually covered by the customer. A make-ready investment by a utility could cover all of components one and two. *Ibid*, pg. 8.

- k. The GCC Report further noted that, while utility engagement in make-ready programs offer numerous benefits, utility regulators have an important role in ensuring that utility programs are well-designed and effectively implemented to address the numerous benefits as well as concerning competitive access to charging infrastructure development for third parties. *Ibid*, pg. 8.
- l. In the above, the elements described are investments in relatively long-lived infrastructure that is consistent with other capital investments that have long been included in the rate base, such as poles, wires, transformers, and substations, as they are related to the provision of service. The exception is that these make-ready investments provide service to a relatively novel electricity distribution application.

- m. While NHDES did not provide testimony on the make-ready investment, it did note in its testimony that EV vehicles sales and total percentage of EVs in the fleet are expected to increase significantly in the next decade. NHDES Testimony, pg. 5. Lines 1-10. It can be inferred from this data that there will be a considerable need for investment in infrastructure to meet demand for EV charging by utilities and third parties entities alike.
 - n. As the make ready investments are infrastructure in nature, and will be needed to meet the demand for charging as it increases, it is appropriate that the discussion and resolution of such investments remain in DE 19-057.
3. With respect to SB 575 and IR 20-004:
- a. On June 12, 2018, SB 575 was signed into law and became effective August 11, 2018. The bill created RSA 236:133,² which states in Section V:

“V. The public utilities commission shall:
(a) Within 2 years, consider and determine whether it is appropriate to implement any of the following rate design standards for electric companies and public service companies:
 - (1) Cost of service;
 - (2) Prohibition of declining block rates;
 - (3) Time of day rates;
 - (4) Seasonal rates;
 - (5) Interruptible rates;
 - (6) Load management techniques; and
 - (7) Demand charges.(b) Consider and determine whether it is appropriate to implement electric vehicle time of day rates for residential and commercial customers. The standards for determination of such implementation shall include consideration whether such

² NH RSA 236:133, 236:133 Operation of Electric Vehicle Charging Stations; Signage, <http://www.gencourt.state.nh.us/rsa/html/XX/236/236-133.htm>. (Last accessed February 14, 2020).

implementation *would encourage energy conservation, optimal and efficient use of facilities and resources* by an electric company, and equitable rates for electric consumers.”

- b. NHDES engaged in the legislative process that led to passage of SB 575 and has held view since that time that the sections of the RSA 366:133 that applied to the PUC were intended to narrowly look at various types of rates paid by customers while charging EVs. The intention is to investigate *price signals* that influence charging behavior. The language in the RSA was clearly not intended to investigate the potential of proposed capital investments or programs of any specific utility.

4. As noted above, the purpose of NHDES testimony in DE 19-057 was to recommend that Eversource include a proposal for an EV TOU rate for the residential sector, and that a separate mechanism, possibly a different rate or customer class designed to overcome the disincentive for investment in DCFC due to demand charges, be considered. As IR 20-004 has now been opened, NHDES would be amenable for the discussion of its recommendation occur within the new proceeding.

Wherefore, NHDES respectfully requests that the Commission deny the Motion and retain the make-ready proposal in the Eversource rate case, Docket No. DE 19-057.

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