BEFORE THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Docket No. DE 20-170

ELECTRIC DISTRIBUTION UTILITIES

Electric Vehicle Time of Use Rates

CONSERVATION LAW FOUNDATION'S CLOSING STATEMENT FOR THE PROCEEDINGS

The Conservation Law Foundation ("CLF"), intervenor in this docket, offers the following closing statement for the proceedings, which took place on January 25 and 28, 2022, as instructed by the Commission in its February 1, 2022 order issued in the instant docket.

CLF generally supports the settlement agreement's provisions regarding residential time of use ("TOU") rates and the Commission should adopt this provision of the settlement. However, CLF urges the Commission to reject the commercial rate proposals included in the settlement agreement and adopt a commercial rate that more significantly reduces demand charges than what has been proposed.

I. The Commission Should Elevate Other Ratemaking Considerations Above Strict Cost Causation When Analyzing the Settlement Agreement.

DOE and the other settling parties have elevated cost causation to the most important rate-setting principle that the Commission should consider in this proceeding. However, as noted by CLF's witness, Christopher P. Villarreal, in both his pre-filed testimony and at the January 28, 2022 hearing, there are other important considerations that the Commission should examine in this proceeding, including the diffusion of benefits rate setting principle. Because "increased EV adoption will benefit the community as a whole," at this early phase in the adoption of EVs, "charging infrastructure need not be held strictly to cost causation." (Ex. 6, Villarreal Testimony at Bates 13). The Commission could decide "that for some period of time, developing rates that will promote EV adoption should be prioritized over other rate design principles." *Id.* Transportation electrification is likely to accelerate in New Hampshire in the next several years and will result in a number of benefits for New Hampshire. In particular, increased transportation electrification will result in increased electricity demand, which will result in decreased rates for all ratepayers, as well as environmental benefits from fewer emissions. To the extent the Commission prioritizes transportation electrification in NH, it will benefit NH ratepayers as a whole, result in environmental benefits, and increase efficiencies in the long run.

II. The Demand Charge Alternative Included in the Settlement Agreement Would Still Act as a Significant Barrier to Public Charging Station Investments.

Nearly all of the parties in these proceedings acknowledged in the hearing and in their pre-filed testimonies that demand charges can be detrimental to low utilization public EV charging station investments. As these parties recognize, for low utilization rate public charging stations, demand charges can make up a significant portion of the electric bill, which can result in such stations being uneconomical. Moreover, the Commission itself recognized that "demand charges may limit the economic viability of low utilization rate, high demand draw EVSE" in order No. 26,394 in Docket No. IR 20-004. For the next few years, most public charging stations in NH will be low utilization.

As Mr. Villarreal testified at the hearing, the demand charge alternative included in the settlement agreement, which would impose a 50 percent demand charge rate, would be inadequate to resolve the problems associated with demand charges reducing the viability of low utilization public charging stations. In particular, under the proposed 50 percent demand charge, demand charges would remain sufficiently high such that demand charges would still prove cost prohibitive to public charging station investments in NH. The Commission, therefore, should set a commercial rate that eliminates or reduces most demand charges for public charging stations.

III. The State Energy Strategy Supports Rejection of the Commercial Rate Provisions in the Settlement Agreement.

The NH State Energy Strategy states that with respect to transportation, the state should not prioritize function over form. *New Hampshire 10-Year State Energy Strategy*, at 47 (April 2018). However, the commercial rate proposal developed by DOE and the two utilities that are party to the settlement agreement has precisely done that, effectively prioritizing function over form. The settling parties have developed a rate proposal for public charging stations that prioritizes TOU rates over other considerations, despite several of the witnesses at the hearing recognizing that TOU rates may be ineffective in modifying charging behavior for public charging station users. In fact, some of the settling parties' witnesses admitted that they do not know the extent to which public charging station users will shift charging times from peak to off-peak times in response to the TOU rates included in the settlement agreement. While revenue neutrality should not be the Commission's sole priority, if the Commission chooses to prioritize revenue neutrality, it would be better and more feasible to adopt a revenue neutral rate for public charging stations that reduces demand charges below the 50 percent reduction in the settlement agreement and that does not include TOU rates. Both Liberty's and Unitil's witnesses acknowledged at the hearing that Liberty and Unitil have designed revenue neutral EV commercial rates that eliminated all or most demand charges at low utilization rates, without TOU rates. *See, e.g.*, Ex. 1, Tebbetts Attachment at Bates 8-9; Ex. 19, Unitil Response to Staff 2-6 (Attachment 2) at Bates 2-3. The Commission could adopt a similar rate here that would do more to encourage public charging station development than the commercial EV rates included in the settlement agreement.

Additionally, the State Energy Strategy notes that there is “market potential for non-internal combustion vehicles, but that potential has not yet been realized.” *New Hampshire 10-Year State Energy Strategy*, at 49 (April 2018). The State Energy Strategy also finds that although “[p]rivate entities are better positioned over the long-term to invest in charging infrastructure that will economically deliver in the market,” “state programming may have a role in encouraging early investments.” *Id.* at 50. The use of demand charges distorts the market and proves cost-prohibitive to investments in low utilization public charging stations. Regrettably, as testified to by Mr. Villarreal, the 50 percent demand charge in the settlement agreement will not unleash the market conditions necessary for public charging station investments to accelerate. Instead of approving the settlement agreement with respect to the 50 percent demand charge, the Commission should instead approve a demand charge alternative with at most a 25 percent demand charge. This would create the market conditions for public charging stations to thrive in NH.

IV. Conclusion

In sum, because the demand charge alternative included in the proposed settlement agreement will not do enough to encourage the development of a public charging station market in NH, the Commission should reject this provision of the settlement agreement and, instead, approve a demand charge alternative that eliminates all or most demand charges.

Sincerely,

/s/ Nicholas A. Krakoff
Nicholas A. Krakoff, Staff Attorney
Conservation Law Foundation
27 North Main Street
Concord, New Hampshire 03301
(603) 369-4787
nkrakoff@clf.org