

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

Docket No. DE 20-170

ELECTRIC DISTRIBUTION UTILITIES

Electric Vehicle Time of Use Rates

WRITTEN CLOSING OF UNITIL ENERGY SYSTEMS, INC.

Unitil Energy Systems, Inc. (“Unitil” or the “Company”) appreciates the opportunity to provide this written closing statement to the Commission. As Unitil and its fellow settling parties explained at the hearings on January 25 and 28, 2022, the Settlement Agreement signed by the Department of Energy (“DOE”), Unitil, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty, the Office of the Consumer Advocate (“OCA”), and the Department of Environmental Services (“DES”) (collectively, the “Settling Parties”) is consistent with the guidelines established by the Commission in IR 20-004, Order No. 26,394, is in the public interest, and will result in just and reasonable rates.

In Order No. 26,394, the Commission determined the appropriateness of rate design standards for electric vehicle (“EV”) charging stations as required by SB 575, which is codified at RSA 236:133. IR 20-004, Investigation into Rate Design Standards for Electric Vehicle Charging Stations and Electric Vehicle Time of Day Rates, Order No. 26,394 (August 18, 2020); RSA 236:133. Among other things, the Commission concluded: that appropriate initial electric vehicle charging rate designs would reflect the marginal cost of providing electric vehicle charging services to the maximum extent practicable; that appropriate to charge seasonal rates to account for seasonality of winter and summer cost drivers on the electric system; that demand charges may be an appropriate rate design for high demand draw EV supply equipment (“EVSE”); and that separately metered EV time of use (“EV TOU”) rates are appropriate for EV

charging. Id. at 5, 7, 9, 11. The Commission further found that separately metered residential electric vehicle charging rates should (1) be based directly on cost causation; (2) incorporate time varying energy supply, transmission, and distribution components; (3) have three periods (off peak, mid-peak, peak); (4) be seasonably differentiated; (5) have an annual average price differential between off-peak and peak of no less than 3:1; and (6) have a peak period no longer than five hours in duration. Id. at 17.

As Unitil has explained in other dockets before the Commission, the Company's vision for a utility of the future as an enabling platform capable of unlocking the full potential of today's customers, markets, and technologies. In furtherance of the Company's vision, and in recognition of the need to transform ways in which customers meet their evolving energy needs to create a clean and sustainable future, the Company proposed, in its concurrently pending rate case, a number of program offerings designed to promote the adoption of electric vehicles in New Hampshire while minimizing system costs related to such adoption. These program offerings included a suite of EV time of use rates, as well as a rebate program for residential chargers, a make ready infrastructure proposal for Level 2 and DC Fast Charge Public Stations, and a customer marketing, communications, and education program. The development of the Company's proposed EV TOU rates was informed by the Commission's findings in Order No. 26,394. Hearing Exhibit 2 at Bates 19.

Through extensive discussions with the parties, Unitil and the Settling Parties were able to develop a collaborative approach that incorporates their respective objectives while remaining true to the guidelines established by the Commission. Though not all parties to this docket entered into the Settlement, it represents a cross-section of critical interests, including those of the DOE (state energy and utility policy), the OCA (ratepayer interests), and DES

(environmental and public health considerations). That these diverse parties were able to collaboratively develop an EV TOU framework demonstrates that the Settlement is in the public interest and will result in just and reasonable rates.

Several of the non-settling parties have raised concerns about the application of cost causation principles and the inclusion of demand charges in EV rate design. The general theme of these arguments is that adherence to principles of cost causation and the inclusion of demand charges, at least in rates for commercial-level charging, will negatively impact the business case for developing and operating public charging stations. However, no party submitted analytical support demonstrating that this would actually be the case in New Hampshire under rates proposed by the parties or as proposed in the Settlement Agreement.¹ Moreover, the Commission has already expressed a preference for the application of cost causation principles, and acknowledged that demand charges may be appropriate for high demand draw EVSE notwithstanding the concerns raised by the non-settling parties: “We understand that demand charges may limit the economic viability of low utilization rate, high demand draw EVSE, but also acknowledge their role in limiting cost shifts between classes and customers.” IR 20-004, Order No. 26,394 at 9. In other words, the non-settling parties are attempting to re-litigate matters already addressed in IR 20-004.

Eliminating demand charges causes distortions, including cost shifting across customers and classes and restrictions on revenue recovery. Hearing Exhibit 12 at Bates 7. Distribution equipment that is dedicated to a charging facility and upstream assets must be sized to provide

¹ Conservation Law Foundation (“CLF”) cites, without providing for the record, a Rocky Mountain Institute analysis purportedly showing that “some locations” in California “could” incur bills comprising a high percentage of demand charges. There is no evidence in the record as to the rate design or the amount of the demand charge applicable to these locations, nor is there any attempt to explain how this limited experience in California is relevant to the rate design methodology in this case. As DOE witness Dr. Sanem Sergici explained at the hearing, a 50% demand charge will actually comprise a relatively small portion of a bill under the rate design methodology presented for the Commission’s consideration in the settlement agreement.

service to that facility based upon its demand requirements. Such costs exist regardless of utilization rates, and demand charges appropriately assign and recover them. The rate design methodology proposed in the Settlement Agreement incorporates a significant reduction in demand charges (50%) and strikes the appropriate balance between minimizing cost shifting and cross-subsidization among classes and mitigating potential barriers to the development of EV chargers.

The Settlement balances the interests of ratepayers, EV owners and drivers, and the developers and owners of public charging stations. If the Commission adopts the Settlement as proposed, it will take an important step towards EV adoption and the development of EV-supportive infrastructure in the state of New Hampshire. This will benefit not only ratepayers but residents and business throughout the state generally. Unitil enthusiastically recommends adoption of the Settlement and appreciates the Commission's time and consideration.