



June 24, 2019

**NEWS RELEASE – BCUC Issues Phase Two Report on the Regulation of Electric Vehicle Charging Services in BC**

VANCOUVER – Today, the British Columbia Utilities Commission (BCUC) issued a report outlining its findings and recommendations from the second and final phase of its inquiry into electric vehicle (EV) charging services in the province.

In Phase 2 of its EV charging service inquiry, the Inquiry Panel focused on the role of “non-exempt public utilities” (e.g. BC Hydro and FortisBC Inc.) in the EV charging service market, how these entities might participate in this market and how, if at all, their participation should be regulated.

The Panel considered evidence filed by participants, government policy objectives, and the approach to regulation of EV charging service in other jurisdictions before making the following key findings, outlined below.

<b>Non-Exempt Public Utility Participation</b>	<ul style="list-style-type: none"> <li>• There may be circumstances that justify non-exempt utility ratepayers bearing the risk of EV infrastructure investments, but the non-exempt utility should be required to demonstrate that the investment would not likely have been undertaken by the private sector.</li> </ul>
<b>Potential Impact of Non-Exempt Utility Participation</b>	<ul style="list-style-type: none"> <li>• It is in the public interest to ensure that the playing field remains as level as possible to ensure that non-exempt public utility investments do not crowd out exempt utility investment.</li> </ul>
<b>Kickstarting the EV Market</b>	<ul style="list-style-type: none"> <li>• There is insufficient evidence to determine what specific levels of non-exempt public utility investment in EV charging infrastructure is required to kick start the EV charging market.</li> </ul>
<b>Where is Investment Required?</b>	<ul style="list-style-type: none"> <li>• Non-exempt public utilities may have a role in developing highway charging infrastructure. However, regulatory oversight may be required to help mitigate ratepayer risk and potential impact on exempt utilities.</li> </ul>
<b>Obligation to Serve</b>	<ul style="list-style-type: none"> <li>• There is no obligation of non-exempt utilities to build any specific station, or stations, in any specific location.</li> </ul>
<b>Safety</b>	<ul style="list-style-type: none"> <li>• It is recommended that the BCUC continue to retain jurisdiction relating to safety in accordance with sections 25 and 38 of the <i>Utilities Commission Act</i> (UCA).</li> </ul>

Based on the above key findings, the Panel provided two possible approaches to regulation for non-exempt public utilities in the EV charging services market.

## POSSIBLE APPROACHES TO REGULATION

### Broadly-Defined Government Direction

- Non-exempt public utilities should review opportunities to revise existing tariffs to remove barriers to provide EV charging for residents and users of multiple unit buildings, malls, and institutions.
- Non-exempt public utilities should provide exempt utilities with access to timely and efficient interconnection services.
- Non-exempt public utilities should be required to develop Resource Plans for EV charging infrastructure investments.
- Non-exempt public utilities should adopt open protocols and standards related to EV charging service.
- Non-exempt public utilities should not be permitted to include ancillary services within its regulated rate base.
- Non-exempt public utilities should obtain BCUC approval for a transparent wholesale pricing mechanism.
- Non-exempt public utilities should develop a separate rate and tariff for the provision of EV charging service.

### Narrowly-Defined Government Direction

If Government considers it appropriate to provide prescriptive direction to the BCUC, the scope of the direction should be defined as narrowly as possible with monetary caps and/or time limits, for example:

- stipulating which EV charging service related costs non-exempt public utilities can include in rate-base;
- specifying specific geographic locations where non-exempt public utilities can provide EV charging service.

If the Government considers it appropriate to amend the *Greenhouse Gas Reduction Regulation* to define EV charging infrastructure as a prescribed undertaking (expenditures not subject to regulatory approval), the BCUC should retain its jurisdiction to determine whether a proposed investment qualifies as a prescribed undertaking.

The Panel also provided the following general recommendations to Government:

### Recommendation regarding legislated amendments to the UCA

- That the language in the capital approval sections of the UCA be reviewed and, if possible, amended to make the sections more consistent.
- That Government revise the energy objectives in the *Clean Energy Act* to enable the BCUC to prioritize the electrification of transportation infrastructure.

An executive summary of the EV Charging Service Phase 2 Report is available [here](#). To review the Panel's detailed findings and recommendations please refer to the Electric Vehicle Charging Service Inquiry Phase 2 Report [here](#).

## Background

In January 2018, the BCUC established an inquiry to review the regulation of electric vehicle charging service in British Columbia. The Inquiry aimed to explore the potential regulatory issues, including the level of regulation necessary in the EV charging services market and the rates for EV charging service.

The BCUC determined a phased approach would be an appropriate way forward for the Inquiry, with the first phase of inquiry addressing the following issues:

- Does a person who does not expressly require customers to pay for EV charging services but instead recovers the cost from other services, meet the definition of a “public utility”?
- Should there be any regulation of persons that provide charging services if they are not already a regulated utility such as FortisBC or BC Hydro?

Further, the Panel stated that further clarity is needed on whether public utilities such as BC Hydro and FortisBC are permitted to invest in EV charging stations as a “prescribed undertaking” under section 18 of the *Clean Energy Act* and section 4 of the *Greenhouse Gas Reduction Regulation*.

## Community Input and Inquiry Participation

In Phase 1, the BCUC held 10 Community Input Sessions at 8 locations across the province where the Inquiry Panel heard from a range of British Columbians, including: EV owners; potential EV owners; EV manufacturers; charging station providers; electrical utilities; electrical ratepayer organizations; and provincial and municipal government representatives. During Phase 2, the Inquiry Panel hosted a procedural conference to hear oral submissions from interveners. In total, the BCUC EV Charging Service Inquiry included input from 37 registered interveners, 54 interested parties and 25 letters of comment.

## Phase One

After reviewing the evidence and submissions received in Phase 1, the Panel made several key findings and recommendations, outlined below and included in its Phase 1 Report. To review the Panel’s detailed findings and recommendations please refer to the Electric Vehicle Charging Service Inquiry Phase 1 Report [here](#).

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### Recommendation to Government

**We recommend that the Minister of Energy, Mines and Petroleum Resources issue an exemption with respect to BCUC’s regulation of EV Charging Services but retain oversight on safety.**

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<b>Market Monopoly</b>	<ul style="list-style-type: none"><li>• The public EV charging market, including landlords and strata corporations, does not exhibit monopoly characteristics.</li></ul>
<b>Public Utility Status</b>	<ul style="list-style-type: none"><li>• The broad definition of “compensation” in the UCA encompasses many forms of direct and indirect compensation rendering most EV charging stations to be public utilities.</li></ul>
<b>Economic Regulation</b>	<ul style="list-style-type: none"><li>• Economic regulation of any aspect of the EV market is not required to protect consumers from potential abuse of monopoly power. This means there is no need to regulate price and terms of service. We recommend an exemption from BCUC regulation.</li><li>• This recommendation also applies to landlords and/or strata corporations and any person not otherwise a public utility that provides EV charging services for compensation (e.g. Tesla, ChargePoint, Parkades, etc.).</li></ul>

## Government Exemption

On March 18, 2019, the BCUC received approval from the Minister of Energy, Mines and Petroleum Resources, to make EV charging service providers who are not otherwise public utilities, as well as landlords and strata corporations, exempt from Part 3 of the *Utilities Commission Act*, other than sections 25 and 38 which pertain to safety. This approval has been outlined in [Ministerial Order No. M104](#). This exemption was the result of a BCUC recommendation to the Government of BC outlined in the BCUC EV Charging Service Inquiry Phase 1 Report.

## Phase Two

In January 2019, the BCUC initiated Phase 2 of its inquiry into Electric Vehicle charging service in BC. Early in Phase 2 of the inquiry process, Government stated that there should be a role for non-exempt utilities to provide EV charging services in BC and as a result, the Panel revised the scope of Phase 2 of the Inquiry as follows:

- In the absence of price regulation, how can exempt EV charging service providers be protected from being undercut by non-exempt public utilities? Should non-exempt public utilities be restricted to participate only in remote geographical locations that are currently uneconomical to serve?
- For EV charging services provided by non-exempt public utilities, should EV charging customers constitute a separate class from which costs associated with EV charging infrastructure are recovered?
- Should other customer classes of non-exempt public utilities subsidize costs associated with the provision of charging services that can't be recovered from EV charging customers? How much of the cost is it appropriate?
- If assets are stranded as a result of changing technology, who should pay for the potential stranded EV charging assets which may be in the non-exempt public utility's rate base?
- In the context of BCUC economic regulation, what regulatory justification is required to allow existing utilities to cross subsidize EV charging services? If EV charging services add incremental load, does that justify cross-subsidization? Would the incremental load appear without the subsidization?
- Do non-exempt public utilities have any obligation to serve EV charging customers?
- Is there a need for a specific tariff for the wholesale provision of electricity for the purpose of EV charging? If so, how should this tariff be designed?

The Panel considered the evidence filed by participants on the above scope, as well as government policy objectives, and the approach to regulation in EV charging service markets in other jurisdictions before making its key findings and recommendations to Government. An executive summary of the EV Charging Service Phase 2 Report is available [here](#).

## About the BCUC

The BCUC is a regulatory agency responsible for oversight of energy utilities and compulsory auto insurance in British Columbia. It is the BCUC's role to balance the interests of customers with the interests of the businesses it regulates. The BCUC carries out fair and transparent reviews of matters within its jurisdiction and considers public input where public interest is impacted.

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