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January 12, 2018

Sent via eFile

**FORTISBC INC. RATE DESIGN & RATES FOR ELECTRIC VEHICLE
DIRECT CURRENT FAST CHARGING SERVICE EXHIBIT A-2**

Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
electricity.regulatory.affairs@fortisbc.com

Re: FortisBC Inc. – Rate Design and Rates for Electric Vehicle Direct Current Fast Charging Service Application

Dear Ms. Roy:

Further to your December 22, 2017 Rate Design and Rates for Electric Vehicle Direct Current Fast Charging Service Application, enclosed please find Commission Order G-9-18 approving interim rates and adjourning the proceeding.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

/kbb



ORDER NUMBER
G-9-18

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.
Application for Approval of Rate Design and Rates
for Electric Vehicle Direct Current Fast Charging Service

BEFORE:

D. M. Morton, Panel Chair/Commissioner
A. K. Fung, Q.C., Commissioner
H. G. Harowitz, Commissioner

on January 12, 2018

ORDER

WHEREAS:

- A. On December 22, 2017, FortisBC Inc. (FBC) submitted an application to the British Columbia Utilities Commission (Commission) for Approval of Rate Design and Rates for Electric Vehicle (EV) Direct Current Fast Charging (DCFC) Service (Application) pursuant to sections 59 to 61 and 90 of the *Utilities Commission Act* (UCA);
- B. In the Application, FBC submits that as part of the Accelerate Kootenays project FBC has installed and owns five DCFC stations located along the Highway 3 corridor in Greenwood, Christina Lake, Castlegar, Salmo and Creston, British Columbia;
- C. FBC is of the view that the EV charging initiative is consistent with government policy contained in the *Greenhouse Gas Reduction (Clean Energy) Regulation*, the *Clean Energy Act* and climate action objectives;
- D. In the Application, FBC seeks the following Commission approvals:
 - i. on an interim and permanent basis, a new Electric Tariff Rate Schedule 96 (RS 96) for EV charging at FBC-owned DCFC stations, a time-based rate of \$9.00 per half hour charging session prorated to the second of time spent at the station; and
 - ii. an Emissions Regulation deferral account to attract interest at FBC's short-term interest rate to record net revenues realized from the monetization of carbon credits. The balance of the deferral account will be amortized in customers' rates in the subsequent years' revenue requirement;
- E. FBC seeks Commission approval of RS 96 on an interim basis, effective January 12, 2018, which is when the FBC EV DCFC stations are available for service.

- F. Due to the nature of the service, FBC submits that it will not have the ability to track users of the charging service and therefore will not charge or refund customers on a retroactive basis once a permanent rate is determined;
- G. FBC submits that the EV DCFC stations are, in effect, a pilot project for FBC to own and operate EV fast charging stations for the first time; and
- H. The Commission has reviewed the interim rate request on the basis of the materials filed.

NOW THEREFORE as set out in the Reasons for Decision attached as Appendix A to this order, the Commission orders as follows:

1. Pursuant to section 90 of the UCA, a time-based rate of \$9.00 per 30-minute period for EV charging at FBC owned DCFC stations, as set out in RS 96, is approved on an interim basis effective January 12, 2018.
2. FBC is directed to separately track and account for all costs associated with the EV DCFC stations and exclude all such costs from its utility rate base until the Commission directs otherwise.
3. The review of the FBC Application is adjourned until further notice.
4. The Application, together with any supporting materials, will be available for inspection at FBC Office, Suite 100, 1975 Springfield Road, Kelowna, BC V1Y 7V7. The Application and supporting materials also will be available on the FortisBC website at www.fortisbc.com and on the Commission website at www.bcuc.com.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of January 2018.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachment

FortisBC Inc.
Application for Approval of Rate Design and Rates
for Electric Vehicle Direct Current Fast Charging Service

REASONS FOR DECISION

1.0 Background

On December 22, 2017, FortisBC Inc. (FBC) submitted an application to the British Columbia Utilities Commission (Commission) for Approval of Rate Design and Rates for Electric Vehicle (EV) Direct Current Fast Charging (DCFC) Service (Application) pursuant to sections 59 to 61 and 90 of the *Utilities Commission Act (UCA)*.

As part of the Accelerate Kootenays project, FBC has installed and owns five DCFC stations located along the Highway 3 corridor in Greenwood, Christina Lake, Castlegar, Salmo and Creston, British Columbia. FBC submits that the EV DCFC stations are, in effect, a pilot project for FBC to own and operate EV fast charging technology for the first time.

FBC is of the view that the EV charging initiative is consistent with government policy contained in the *Greenhouse Gas Reduction (Clean Energy) Regulation*, the *Clean Energy Act* and climate action objectives.

Approvals sought

In the Application, FBC seeks the following Commission approvals:

- i. on an interim and permanent basis, a new Electric Tariff Rate Schedule 96 (RS 96) for EV charging at FBC-owned DCFC stations, a time-based rate of \$9.00 per half hour charging session prorated to the second of time spent at the station; and
- ii. an Emissions Regulation deferral account to attract interest at FBC's short term interest rate to record net revenues realized from the monetization of carbon credits. The balance of the deferral account will be amortized in customers' rates in the subsequent years' revenue requirement.

FBC seeks Commission approval of RS 96 on an interim basis, effective January 12, 2018, which is when the FBC EV DCFC stations are available for service. Due to the nature of the service, FBC submits that it will not have the ability to track users of the charging service and therefore will not charge or refund customers on a retroactive basis once a permanent rate is determined.

In these reasons, the Panel will address the interim rate request as proposed by FBC and provide further comments with respect to the Application.

2.0 Commission determination

Interim approval

Pursuant to section 90 of the UCA, the Panel approves a time-based rate of \$9.00 per 30-minute period for EV charging at FBC owned DCFC stations, as set out in RS 96, on an interim basis effective January 12, 2018.

The Panel has reviewed the interim rate request and accepts that FBC will face difficulties in tracking users of the charging service for any retroactive refund and collection process. Given the pilot nature of this proposed service by FBC, and the developing landscape of the EV charging stations market in BC, the Panel is of the view

that the cost of EV DCFC stations should not be included in the utility's rate base at this time prior to the conclusion of a more comprehensive regulatory review process.

Therefore, the Panel directs FBC to separately track and account for all costs associated with the EV DCFC stations and exclude all such costs from its utility rate base until the Commission directs otherwise.

Review process

As noted by FBC in the Application, the EV DCFC stations are a pilot project for FBC to own and operate EV fast charging technology for the first time. The Panel notes that the rate design and rates for EV charging including the services provided by DCFC stations are currently in an early development stage in BC and other entities may emerge over time to provide EV charging service.

In light of this context, the Panel has identified the following matters, amongst others, that should be examined in a regulatory review process, subject to any stakeholder input:

1. Do EV charging stations operate in a competitive environment in BC or are they a natural monopoly service?
2. Are the customers of EV charging stations captive or do they have a choice?
3. Should the Commission regulate the services provided by EV charging stations? What are benefits and detriments to such regulation?
4. Should the rate design of EV charging stations be established under a public utility's traditional cost of service model or some other model? And within that context, what are the customer pricing options (e.g. energy-based rate vs. time-based rate)?
5. Should the EV charging station service rate be based on a public utility's existing wholesale or commercial retail rate or some other rate?
6. Should public utilities include EV charging stations in their regulated rate base or through a separate non-regulated entity?
7. If public utilities provide EV charging services within their regulated business, is there a risk of cross subsidization from other rate classes to support this new service and if so, is the proposed rate design potentially unduly discriminatory?

The Panel is of the view that the above matters, amongst others, should be canvassed before undertaking a full review of the FBC Application. The Panel finds that there are merits for a general inquiry to explore the potential regulatory issues in the EV charging stations market which may have broader stakeholder impacts. **Accordingly, the review of the FBC Application is adjourned until further notice.**