

BRITISH COLUMBIA UTILITIES COMMISSION

**BCUC Project No. 1598941
British Columbia Utilities Commission
Inquiry into the Regulation of Electric Vehicle Charging Service**

British Columbia Sustainable Energy Association and Sierra Club British Columbia

Responses to Information Request No. 1 from:

Commercial Energy Consumers (Exhibit C24-5)

6 June 2018

1. Reference: Exhibit C6-2, Page 5

6. The Commission should approach the provision of EV charging services by BC Hydro and FBC bearing in mind the following:
- a. During the development of the EV sector in B.C., the Commission should allow BC Hydro and FBC to play an active role in developing EV charging services and infrastructure.
 - b. Particular projects or programs that may be proposed by BC Hydro or FBC should be examined by the Commission on their own merits, bearing in mind, among other things, the importance of innovation and market development.

- 1.1 Does BCSEA envisage that the public utility involvement in the EV market would be transitioned over to the competitive markets once the EV development has gained sufficient size and momentum?

Response:

BCSEA-SCBC's recommendation – that the Commission allow BC Hydro and FBC to play an active role in developing EV charging services and infrastructure during the development of the EV sector in B.C. – is intended to apply during an initial phase. The assumption is that the Commission would, in due course, determine if the EV sector in B.C. has developed to an extent that warrants a move to a new phase in BC Hydro's and FBC's participation in EV charging services. If so, the Commission would determine the appropriate role for BC Hydro and FBC based on the circumstances at the time.

The assumption is that the second phase would involve less participation by BC Hydro and FBC and more participation by other parties than in the first phase. Presumably, in the second stage of the development of the EV sector in B.C. there would be more direct competition between providers of EV charging services to attract business from EV drivers than was characteristic of the earlier stage.

BCSEA-SCBC would not endorse the phrase “transitioned over to the competitive markets” as necessarily describing the second phase of the involvement of BC Hydro and FBC in EV charging services. They are unsure what the phrase would mean, either

now or in the future when the roles of BC Hydro and FBC are re-evaluated. To be clear, BCSEA-SCBC are not opposed to the word “competitive.” Rather, their vision is that the Commission will determine the most appropriate second-phase role for BC Hydro and FBC in EV charging services when the time comes.

1.2 Please explain what BCSEA means in (b) with regard to reviewing utility programs in regard to innovation and market development.

Response:

BCSEA-SCBC’s point 6(b) encourages the Commission not to be overly prescriptive in the findings it makes in this Inquiry process regarding the (respective) roles of BC Hydro and FBC in EV charging services now and into the future. For example, it shouldn’t be assumed that public DCFC charging programs proposed by FBC must be the same as those proposed by BC Hydro. And, the nature of the acceptable service should not be narrowly defined in the Inquiry in terms of aspects that may change with innovation, such as voltage, network connectivity, payment systems, plug standards, rate design and so on.

1.3 Does BCSEA expect the market development to eventually be non-regulated EV charging in robust market place where utility participation if any would not be public regulated utility monopoly service but competitive market service?

Response:

BCSEA-SCBC are not able to speculate on the eventual role of BC Hydro and FBC in the delivery of EV charging services in B.C. An important aspect of BCSEA-SCBC’s evidence is that the Commission should allow BC Hydro and FBC to play an active role in developing EV charging services and infrastructure during the development of the EV sector in B.C., in order to foster rapid displacement of fossil fuel energy used in transportation. BCSEA-SCBC urge the Commission to adopt an approach to the role of BC Hydro and FBC in EV charging services during the development phase that puts a higher priority on effectiveness in developing the EV sector than on conformity with an idealized model of a fully competitive unregulated market.

That said, BCSEA-SCBC are not opposed to the possibility of a future competitive marketplace for public EV charging services in B.C. without participation by BC Hydro and FBC.

2. Reference: Exhibit C6-2, Page 11

BCSEA-SCBC’s preliminary responses to the question of whether the Commission should regulate the provision of EV charging services are as follows:

1. EV charging services provided by BC Hydro or FBC should be regulated by the Commission, albeit on some form of light-handed basis.
- 2.1 Would BCSEA have any problems with a model where the public utility participation would be through non-regulated entities owned by the utilities with a program of contributions from the utilities similar to the Power Smart programs such that private sector development of charging stations can have access to the same degree of subsidy

that would be available to the public utilities, thereby creating a level playing field for private sector investment and development of the EV market?

Response:

The question contains several points, which are addressed as follows.

First, BCSEA-SCBC do not agree that BC Hydro and FBC should be barred from providing public EV charging services, particularly DCFC services. Nor do they agree that BC Hydro and FBC should be limited to providing public EV charging services only through a separate corporate entity. In BCSEA-SCBC's view, this approach would not foster the early and strategic implementation of public EV fast charging services that is crucial for the rapid development of the EV sector in B.C.

Second, BCSEA-SCBC disagree with the question's premise that BC Hydro's and FBC's DSM programs are (a) delivered by a subsidiary and (b) unregulated. BC Hydro's PowerSmart (demand-side management) programs are carried out by BC Hydro, not by a non-regulated subsidiary of BC Hydro. Similarly, FBC's DSM portfolio is carried out by FBC, not by a non-regulated subsidiary. For both utilities, DSM programs are not delivered by third parties except perhaps on a contract basis. In addition, BC Hydro's and FBC's DSM portfolio expenditures are fully regulated by the Commission. If the suggestion is that BC Hydro or FBC would have a program in which funds were transferred to private sector actors to assist them to provide EV charging services to the public, then in BCSEA-SCBC's view BC Hydro's and FBC's DSM portfolios are not an apt model for such a program.

Third, there is no private sector business case for for-profit public EV charging services in B.C., yet. Having BC Hydro and FBC pay private sector entities to provide public EV charging services would amount to contracting out, in effect. BCSEA-SCBC are not convinced that that procurement model would be more cost effective than the utilities doing it themselves until the market matures.

Fourth, there are already various sources of subsidy funding for the purchase of EV charging equipment in certain circumstances. Where there is a particular gap is in the implementation and operation of public DCFC stations accessible to non-Tesla EVs. This is where both FBC and BC Hydro are focussing their current efforts.

2.2 Would the BCSEA see such a model as discussed above being better designed to transition to a competitive market as the competitive market develops critical mass size and a robust economic model?

Response:

BCSEA-SCBC would not reject a model they do not fully understand. However, it is unclear to BCSEA-SCBC how – at least until there is a viable private sector business case for public EV charging services – the proposed model would differ in principle from BC Hydro or FBC choosing to 'contract out' certain aspects of the delivery of the public EV charging services that they, the utilities, are designing, funding and implementing.

3. Reference: Exhibit C6-2, Page 14

2. Given the public interest in encouraging the development of the EV sector in B.C. and the associated availability of publicly available EV charging services provided by BC Hydro and FBC as well as other entities, and the early development stage of the EV sector in B.C., BCSEA-SCBC's view is that the Commission should take a staged approach. In the first stage, while EVs and EV charging services are undergoing early rapid development, the Commission should take a purpose-oriented approach to the pricing and cost recovery of EV charging services by BC Hydro and FBC. During this first stage, the Commission should not attempt to apply the types of meticulous cost of service analysis that might be more suitable in a later stage if and when BC Hydro and FBC are providing EV charging services in a relatively mature EV market situation.

3.1 Would it make sense to the BCSEA that electricity for the EV sector simply be priced under existing tariffs and to the extent that there is merit in accelerating the development of EV charging that this be done through a simple contribution mechanism to the EV charging providers, particularly in the early stages of development when the greater support may be required and geographic distribution of the support will be most important?

Response:

Regarding “electricity for the EV sector simply be priced under existing tariffs,” BCSEA-SCBC’s recommendation quoted in the preamble is not intended to address the price and rate structure under which electricity is provided to whatever entity operates the public-facing EV charging service. The assumption behind BCSEA-SCBC’s recommendation is that existing BC Hydro and FBC rates and rate schedules would apply to the acquisition of electricity for public EV charging services.

BCSEA-SCBC do not see “a simple contribution mechanism to the EV charging providers” as an effective substitute for FBC or BC Hydro providing public DCFC service in targeted locations.

4. Reference: Exhibit C6-2, Page 15

2. That said, before (logically and chronologically) considering separate corporate entities, whether regulated or unregulated, it would be appropriate to consider measures such as accounting treatments. Requiring BC Hydro and/or FBC to create separate corporate entities for EV charging services could be costly, time-consuming and potentially disruptive.

4.1 Please provide a breakdown of what the BCSEA estimates the costs of establishing an unregulated corporate entity under a public utility would be?

Response:

This responds to IR 4.1 and 4.2. The cost of incorporating a new legal entity is nominal. However, the cost of moving staff, plant and corporate services from an existing large corporate entity to a newly created arm’s-length corporate entity can be substantial, both

initially and on an ongoing basis. The intention of BCSEA-SCBC's recommendation is to emphasize that it can be less costly and equally effective to use accounting solutions rather than corporate divestment, depending on what exactly the objective is.

4.2 Does BCSEA expect that in the private sector is it normally costly, time-consuming and disruptive to set up a corporate entity?

Response:

Please see the response to CEC IR 4.1

End of document.