

LAW DEPARTMENT

David Li
Direct Line: 604.871.6924
File number: LS-18-00260
E-mail: david.li@vancouver.ca

June 6, 2018

BY EMAIL: Commission.secretary@bcuc.com

British Columbia Utilities Commission
Suite 410 - 900 Howe Street
Vancouver, BC. V6Z 2N3

Attention: Commission Secretary - Mr. Patrick Wruck

RE: BCUC Inquiry into the Regulation of Electric Vehicle Charging Service - Information
Request No. 1 from British Columbia Old Age Pensioners' Organization

Dear Commission Secretary,

Please find enclosed the City of Vancouver's responses to the Information Request No. 1 from
British Columbia Old Age Pensioners' Organization.

Sincerely,



for: David K.S. Li

Mailing Address:
453 West 12th Avenue
Vancouver, BC V5Y 1V4
Canada

Telephone: (604) 873-7512
Fax: (604) 873-7445
{01015350v1}

Delivery Address:
401-515 West 10th Avenue
Vancouver, BC V5Z 4A8
Canada

**CITY OF VANCOUVER RESPONSES DATED JUNE 6, 2018 TO INFORMATION
REQUEST NO. 1 FROM BC OLD AGE PENSIONERS' ORGANIZATION**

REQUESTOR NAME: BCOAPO
INFORMATION REQUEST ROUND NO: 1
TO: CITY OF VANCOUVER
DATE: May 15, 2018
PROJECT NO: 1598941
APPLICATION NAME: BCUC Inquiry into the Regulation of Electric
Vehicle Charging Service

1.0 Reference: Exhibit C5-2, page 11 (lines 25-27)

- 1.1 What restricts interested businesses from being able to recover their costs (e.g., is it the limited number of current EV users in total, is it the ability of many EV users to charge "at home", is it the availability of free/subsidized service offered by other parties, or other factors)?

COV Response to IR 1.1: A number of factors exist today that hamper the ability of interested businesses from recovering the cost of their investment in EV charging infrastructure:

- 1) *Regulatory: Unless a business falls within the narrow set of exemptions from regulation under the current Utilities Commission Act (e.g. a municipality, a landlord selling to its tenants, or an employer selling to its employees), such a business must comply with a fairly onerous and costly set of public utility regulations under the Act in order to charge a fee for allowing others to use their EV charging stations. These regulations can be onerous and costly even for large and mature public utilities to comply with, let alone a variety of small to medium and early stage companies in the emerging EV charging industry space.*
- 2) *Early Market Conditions: EVs and EV charging stations are still relatively new technologies used by a small minority of the general public. Due to this, the following factors contribute to the difficulty in recovering an investment in EV charging infrastructure:*
 - *Few customers – EV's still make up a very small portion of vehicles on our roads.*
 - *Competition from home – EV owners with home charging stations will typically find it cheaper and more convenient to charge at home.*
 - *Competition from free or cheaper public charging stations – due, in part, to the regulatory barrier that currently exists in BC that prevents non-exempt participants from charging a fee for use of EV charging stations, many of the public EV charging stations in BC are currently free. If consumers are able to readily access free charging stations, it is difficult for operators that charge a fee to compete. If the regulatory barrier is*

removed or lessened, the number of free charging stations will likely decline, however, there may be some operators that choose to continue offering free charging as a matter of public policy (e.g. municipalities and other governmental bodies) or if doing so aligns with their corporate mission and/or helps draw customers to their business.

2.0 Reference: Exhibit C5-2, page 13 (lines 22-28)

2.1 How would the Commission determine those situations where “no practical alternative is available”?

COV Response to IR 2.1: Such situations include multi-family and workplace charging where EV charging stations in those situations may be operated by a middle party such as a strata or landlord and the electricity is usually supplied by a public utility. In these situations, users generally have a fixed parking location (e.g. – their home or place of work) where they tend to park their EV for an extended period. Due to the convenience of being able to charge their EV while it is parked at home or the office, and given the relatively long charge times of most home and workplace EV charging stations relative to filling up at a gas station, there may be no practical day-to-day alternative available. In other words, even though public charging alternatives may exist, it may not be practical for EV owners to charge at these public stations on a regular basis due to the inconvenience of having to wait for an available charger and/or wait while charging. These factors may exist in other contexts and may help the Commission determine other situations where no practical alternative is available.

2.2 What form would the City of Vancouver see the guidelines on pricing for EV charging stations taking (e.g., would they set a maximum rate that EV charging stations could charge or simply define the types of costs that the rates should be designed to recover)?

COV Response to IR 2.2: Where it may be more appropriate to provide guidance rather than regulate, the City recommends that a schedule of reasonable rates be provided for guidance. These could include, but not be limited to, BC Hydro account charges (electricity, daily rate, rate riders, etc), capital costs of electrical service upgrades paid for by the site host, network fees, transaction fees by network providers, and possibly demand charges, although the City recognizes that demand charges do not presently apply to residential rate classes. A reasonable timeline for returns on investment could also be set. For example, it would be unreasonable for a provider to expect a simple payback within six months; at the same time, it would be unreasonable for a resident to expect that a payback of 30 years determine the rates set.

In addition to guidance on what costs could be included in rates, the Commission could also publish monthly and energy-based rates for MURBs and workplaces that are exempt from the Commission’s review. That is, if the rates are below specified thresholds, the Commission would not investigate complaints from users because they would be deemed to fall within a reasonable range. This would limit the burden of rate reviews on the Commission, and the impact of frivolous complaints on infrastructure providers.

This guidance has a further benefit: it would provide stratas, landlords, and tenants with guidance on what appropriate rates might be charged; and, could give some boundaries as to what rates may be unreasonable. By setting these out in guidelines as opposed to regulations, it leaves some flexibility on the part of EV infrastructure suppliers to conduct their business as they see fit. To safeguard against unreasonable rates or conduct on the part of suppliers, the Commission could require that, in the event of a complaint where rates deviate from those suggested in guidance materials, a supplier must disclose their decision to deviate from the guidance, for the Commission's review.

3.0 Reference: Exhibit C5-2, pages 13 (lines 22-28) and page 14 (lines 19-22)

- 3.1** Please reconcile the City's responses to questions #3 and #4. In response to #3 the City suggested that simple guidelines for pricing be provided. However, in response to #4 the City indicates that the traditional cost of service model should be established as the default approach.

COV Response to IR 3.1: The two responses are in reference to two unrelated questions. The first is in relation to non-utility operators; the second is in relation to the governance of public utilities.

The reasons for the two different approaches are that non-utility operators are likely to experience significantly higher barriers to entry, generally having less capital, and do not own the underlying electricity supply infrastructure that is necessary for EV charging. Conversely, public utilities have a regulated monopoly position, pre-existing physical assets and a large existing customer base and source of stable revenue that they can leverage to support investments in EV infrastructure.

4.0 Reference: Exhibit C5-2, page 15 (line 25-27)

- 4.1** In what ways might the provision of EV charging service by traditional utilities impede the entry and growth of other competitive participant in the market?

COV Response to IR 4.1: For the reasons discussed in our response to IR 3.1, the characteristics of, and barriers to entry faced by, traditional utilities versus non-utilities can be very different. Utilities have significant capital assets, as well as the control of the electricity supply system that is necessary for EV charging. For these reasons, there may be situations where utility participation is extremely important because utilities, much like local governments, can use patient capital to support investments in EV infrastructure that may have long payback periods that would be undesirable or not viable from the standpoint of private sector operators.

However, if utilities are in direct competition with private sector operators, such competition may have the effect of discouraging entry by private sector operators due to a number of factors, including a utility's ability to limit electrical connections either deliberately or inadvertently, to directly influence the cost or project timelines of utility connections, or to cross-subsidize their costs of EV infrastructure with their existing rate base without the ability of their private sector

competitors to do the same.

The Make-Ready and Utility Incentive models described in the MJ Bradley report referenced by the Commission have the greatest potential for creating a level playing field that encourages new non-utility market entrants. Under both models, it is assumed that the utility will provide the electricity supply system and electrical connection and so the set of decisions in respect of EV charging infrastructure – including what type to install, how many, where, etc, are more or less equal for utilities and private sector operators alike.

- 4.2** What restrictions/conditions should be applied to traditional utilities seeking to provide EV charging services to address these issues? If applicable, please address separately the circumstances where such service is provided by: i) the regulated utility or ii) by a separate non- regulated affiliate of the utility.

COV Response to IR 4.2: The City's intent is not to restrict utilities' activities in the marketplace, but to enable non-utilities to enter and grow within the marketplace. Referring back to the MJ Bradley models described above, the Make-Ready and Utility Incentive models combined with the Owner-Operator model provide a robust opportunity for utilities to participate in the EV infrastructure market, while keeping the potential for new market entrants open. The City's preference would be for a market that provides new entrants the same access and incentives as utilities; but, recognizing that there are many contexts, such as remote locations, where the participation of utilities is essential for the foreseeable future. Please see the City's assessment of the MJ Bradley report's business model archetypes in our response to the Commission.

END OF THE DOCUMENT