

**FINAL ARGUMENTS
ON SCOPED ITEMS FOR PHASE 1**

This document contains my final arguments summarizing my position/opinion on the EV Inquiry, Order G-119-18.

“Entities not otherwise public utilities will, with respect to the provision of electric vehicle charging services, be exempt from Part 3 of the UCA except for sections 25, 26, 38, 42, 43, 44, and 49.”

The Utilities Commission Act (ACT) was enacted in the early 1980s to protect ratepayers from electric utility monopolies. There were significant financial barriers to enter the electricity generation/distribution market, as construction and infrastructure maintenance were expensive and system roll-out required decades to complete.

For this reason, two major organizations emerged as Public Utilities – natural monopolies. The concept of third parties buying electricity from a Public Utility and selling it to others was not considered.

The Act’s focus was on electrical generation, distribution and rates and, since ratepayers were beholden to only one source, it was crafted to protect ratepayers in this monopolistic situation. The key factor being the “source” of the electricity.

Electric Vehicle Supply Equipment (EVSE) operators “use” the electricity they purchase from the Public Utilities. Since there are numerous third-party EVSEs providers, from whom to purchase electricity, EV owners have options in a competitive market and do not need protection from monopolies.

We do not require regulated protection for ratepayers on how they “use” the electricity they purchase. The electricity purchased for EVs is no different than that purchased to dry clothes or heat ovens. The fact that some electrical purchases are resold by third parties does not warrant regulated protection in a competitive marketplace.

Therefore:

Third party EVSE entities, not otherwise Public Utilities, should be exempt from all the ACT’s provisions.

The Act should be amended, and the wording clarified, so that it’s clearly understood that it only applies to Public Utilities (i.e.: BC Hydro (BCH), FortisBC Inc. (FBC) and several smaller providers like Nelson Hydro)) which operate as electricity supplier monopolies in their markets.

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“be exempt from Part 3 of the UCA except for sections 25, 26, 38, 42, 43, 44, and 49”

I believe that third party EVSE entities should be completely exempt from the ACT, without the exceptions listed above. There is a competitive market in EVSEs and the imposition of these sections will hamper further expansion and may lead to the shrinkage of this market.

Many EVSEs providers consider their EVSE service a small subset of their overall operations. The amount of ‘red tape’ required by the above Sections will persuade many to discontinue their EVSE service.

Some general issues related to these Sections:

BCUC Resources: Does the BCUC have the financial and staff resources required to monitor and enforce these sections? Instead of 2 major entities, there will be countless organizations for BCUC to oversee. For instance under Section 38, how is the BCUC going to police the numerous EVSE providers, especially Level 1 and 2 providers?

Safety factors: What additional safety expertise does the BCUC possess beyond what already exists in the marketplace? There are numerous third party experts providing safety expertise to the EV market. For instance, the Society of Automotive Engineers (SAE) designed industry standard couplers and charging protocols. Manufacturers developed proprietary AC/DC conversion components to safely manage battery recharging and long-term capacity. What safety standards (Section 26) would the BCUC set that are not already in place?

Record keeping: Again does the BCUC have the resources to manage the influx of required operation information? Placing a ‘duty to provide’ on EVSE providers could severely impeded the market expansion of EVSEs. Small EVSE providers will be discouraged by the amount of information associated with Section 43. Given the nature of the service provided, what benefit would all the information provide? How would EV owners be better protected?

Many Level 1 and Level 2 providers do not keep any EVSE records nor do they separate EVSE costs from other electrical consumption. I spoke to one Level 2 provider who said his EVSE costs were minimal to his overall electrical consumption. He used his Level 2 EVSE as a customer attraction. He didn’t track what this service enhancement cost him. Under the proposed exempt Sections, he could be required to submit to the BCUC information he is currently not tracking. What would the advantage be for him to comply? What benefit would

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he receive?

Market forces: BCUC should be encouraging the growth of the EVSE market. Many of the proposed Section exceptions will do just the opposite. A competitive EVSE market will be a much more efficient way of accomplishing the desired outcomes from the exempted Sections.

Protection from what? Why are these Sections required to protect the EV owner? Level 1 and Level 2 electricity consumption is the same as that already used in household appliances and fixtures. EV owners are well-experienced in safe home electrical operation. External safety standards exist for Level 3 charging.

Therefore:

EVSE third party providers should be exempt from the entire ACT. Market expertise and competitive forces will compensate for BCUC's lack of enforcement.

“Entities that are otherwise public utilities may apply for BCUC approval to provide regulated EV charging services.”

BCH and FBC have a unique market advantage. They are the sole electrical supplier to their EVSE competitors. They also have significant financial and capital access advantages given their size and credit worthiness.

To protect EV owners, BCUC must maintain oversight and control of the kWh rates charged by the Public Utilities to third-party EVSE providers. These rates must be the same as those approved for use by BCH and FBC in their own EVSE operations. Without consistent rate application, BCH and FBC could quickly become market dominant, forcing third parties out of the market and reducing competition.

Therefore:

I think the statement should be amended as follows:

“Entities that are otherwise public utilities MUST apply for BCUC approval to provide regulated EV charging services.”

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“The legal interpretation regarding the “for compensation” wording within the definition of a public utility under the UCA.”

I am not a lawyer and offer no legal interpretation.

The ACT should be amended to clarify that it applies only to Public Utilities, which by amended definition, exist as a monopoly. The ACT should be further clarified that there are few such organizations which would have to comply (e.g.: specifically BCH, FBC, smaller others).

BCUC’s regulatory focus should be on the generation, distribution and rates – SOURCE – of electricity. The USE of the electricity should not be covered by the ACT. EVSE provision by third parties is a USE and should be exempt.

Therefore:

If the above amendments to clarify the Act were enacted, to me as EV owner and ratepayer, the “for compensation” as described could appropriately remain in an amended ACT.

“Interpretation of section 18 of the Clean Energy Act and section 4 of the GGRR as a prescribed undertaking, thereby enabling existing public utilities such as BC Hydro and FBC to provide EV charging services with the inclusion of EV charging stations in their regulated rate base.”

Increased use of EVs will reduce BC Greenhouse gases, as most of the electricity consumed is generated from renewable, non-polluting sources.

BCUC must carefully regulate the kWh rates charged by BCH and FBC to their own EVSE operations. These rates will need to be sufficient to recover the capital and operating costs of the Public utility’s EVSE services, as detailed in Section 18 (2). BCUC, however, will have to ensure the kWh rates are not subsidized through offsets from other Public Utility non-EV ratepayers nor discounted to gain marketplace advantage over third-party EVSE providers.

As noted above, these monopolies are being permitted to compete in a market with their customers. Rate control will be essential to ensure their inclusion does not destroy the competitive nature of the market.

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Therefore:

The kWh rates the Public Utilities are allowed to charge themselves must be comparable to the kWh rates they charge third parties, to eliminate any unfair advantage.

Finally. . .

BCUC should initiate discussions with the Public Utilities on how to invest the new revenues from EV vehicle recharging to finance the implementation of time-shifting rates. Most EVs (and many other modern appliances) can be programmed to charge at specified times. Lower overnight rates could encourage EV owners to charge their vehicles during non-peak, low demand periods, thus reducing system load factors.

BCUC has a rare opportunity to utilize new revenues to reduce the electrical costs charged to ratepayers.