

British Columbia Utilities Commission
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To: British Columbia Utility Commission

Re: BCUC -- Inquiry into the Regulation of Electric Charging Service – Project No. 1598941 –
Order G-231-18

Note: LeadingAhead Energy Inc. will not be present that the Feb 27th 2019 to present the evidence below at the Procedural Conference.

Regulatory framework for non-exempt public utilities (pp. 47–48 of the Phase 1 Report)

1. Can both regulatory models – little or no regulation for those exempt public utilities and the participation of non-exempt utilities – co-exist?

- *Only if the exempt public utilities implement a charging fee across all EV charging stations owned by the said entity. Otherwise, it will be hard for private players (non-exempt utilities) to make a business case when another provider may offer the same service for free. In such case, the exempt public utility will have the burden to build the entire EV charging network across British Columbia which is an impossible task since the EV adoption rate far outpace the implementation of new level 2 and level 3 stations.*

In the absence of price regulation, how can EV charging providers that are not otherwise public utilities (which would be exempt from regulation in accordance with the Panel's recommendation) 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 for exempt EV charging providers to serve?

- *No especially when the exempt utility is setting the kWh rate. Allowing non-exempt utilities would be a great way to accelerate private investments in EV charging stations*



as a business model instead of installing one station per location. A gas station like business model providing additional services such as wi-fi, convenience stores, etc would draw attention and eliminate the fear of lack of EV charging infrastructure from potential EV buyers.

2. If the provision of EV charging is exempt from regulation, is there any justification for non-exempt public utilities to provide EV charging services? If the role of non-exempt public utilities is to kick start the market, how can the BCUC determine when the kick start is no longer needed? What is the role of those utilities once that kick start is completed? If there are stranded assets at that time how should they be dealt with?

It appears this question should read as: If the role of EXEMPT public utilities...

- *All DCFC installed by BC-Hydro and Fortis BC has CHAdeMo and CCS connection making the asset stranded unlikely. That is not to say that the asset might need to be updated in the future like gas pumps requiring maintenance and update.*

We believe that there is a role in having utilities in the market especially in BC as BC Hydro is a crown corporation. However, it would be prudent to have a mix of private and public players to not create any monopoly which is the approach that most Scandinavian countries have chosen being in a similar geopolitical and economic environment.

If the market is becoming fierce and it does not make sense for a exempt public utility to be operating in the future market conditions, the public utility company would then have the option to sell its assets to a private entity.

3. If non-exempt public utilities participate in the EV charging market, should EV charging customers constitute a separate class from which costs associated with EV charging infrastructure is recovered?

- *In this scenario, it would be a pay per use and kWh combination scenario in which case, the EV charging infrastructure costs would be recovered as part of the ROI.*

Or should the service be offered in a separate non-regulated business?

- *We believe that it should be offered in a separate non-regulated business model so that private investment can add additional EV charging infrastructure to the market whereas a public utility company might not be able to deliver following the rate of EV sales growth rate due to budget constraints while being constraint to a monopoly or oligopoly situation. If there is a shopping mall, car dealership, or other private entities with decides to provide EV charging infrastructure (level 2 or 3) then everyone can participate in the desired market. If the ability to charge a fee stays with the expect public utility company alone, there is no business case for any private investment therefore making the entire EV charging infrastructure deployment up to one (or very few) public entities.*

What are the implications of each of these regulatory models?



4. 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 for them to subsidize – should there be a cap?

- *Subsidies will be needed until there is a real business case to be made and private companies get into the EV charging industry. Should there be a cap? It depends on the perspective. It should not be necessary to have additional subsidies to help the market once it makes financial sense to invest in the EV charging industry, however the oil industry has been subsidized by many levels of government for a long time same as LNG project in by the BC government. Therefore, if other industries are benefiting from subsidies, it would only be fair to keep consistency across the board or eliminate them altogether.*

5. If assets are stranded as a result of changing technology or other factors, who should pay for the potential stranded EV charging assets which may be in the non-exempt public utility's rate base?

- *The private entity. It is part of business risks and why they should charge a fee to recover initial investment costs.*

6. 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?

- *Subsidizing the utilities for incremental load should not be subsidized as they will be profiting for increased purchase of electricity from users.*

7. What are the implications of the province's energy objectives, as stated in the Clean Energy Act, with respect to non-exempt public utilities providing potentially subsidized EV charging services? Are there noneconomic justifications such as environmental benefits or meeting greenhouse gas reduction targets?

- *There is a great point to be made to subsidize such initiative until the market is big enough to provide a ROI and leave it to the private market. Subsidies may be redirected to private companies (NRCAN) like the federal government is doing toward the oil and gas industry.*

8. If non-exempt public utilities participate in the EV charging market, do they have any obligation to serve EV charging customers?

- *Private companies do have to include maintenance, reliability and customer service. Failing to do so would lead people to charge to a competitor therefore losing business same as gas stations in the current ICE situation.*

9. Should non-exempt public utilities be provided the same exemptions in regard to EV charging services as are other EV charging market participants? This includes exemption from Part 3 of the UCA, with similar retentions of certain sections by the BCUC.



- *Yes, definitely*

10. Any other comments that may be helpful to the Panel.

- *I would look closely at the European model where it is allowed to charge a fee for electricity and time per use. Some monthly membership models are also adopted in which you get discounts depending on different tiers of memberships / usage. Having the EV charging market open to private investments creates a more options for the end user as well as removing the burden of building the entire EV charging network across the province to exempt utility companies (BC Hydro & Fortis BC) which clearly can't keep up with the market demand. If being the case, it would result in a slower EV adoption rate are people would see a lake of charging infrastructure therefore deciding to purchase a conventional ICE vehicle over an EV.*

Wholesale rate (p. 49 of the Phase 1 Report)

11. Is there a need for a specific tariff provisions for the wholesale provision of electricity for the purpose of EV charging?

- *Having all the players get access to the same electricity rate would definitely bring everyone to the same playing field without any competitive advantage.*

12. If so, how should this wholesale tariff be designed? Since BC Hydro it's a crown corporation, the tariff will need to be at a profit for BC Hydro but fair for the end user as well where any utility will not make profit on reselling electricity but by charging a fee per hour/minute. Is a time of use rate appropriate? Should there be any differences depending on the type of EV charging – Level 1, Level 2, and/or DCFC stations?

- *See previous answer for part of the answer. Yes, price should vary from level 2 in a residential setting (Strata home rates) versus a level 2 or level 3 in a public / commercial setting (BC Hydro makes a profit)*

Safety (pp. 38 and 48 of the Phase 1 Report)

13. Section 3 of the Electrical Safety Regulation states that it “does not apply to a public utility as defined in the Utilities Commission Act in the exercise of its function as a utility with respect to the generation, transmission and distribution of electrical energy.” Further, “distribution equipment” is a defined term in the UCA. Although it seems clear that EV charging equipment is not “generation or transmission,” the Panel did not make any finding in the Phase 1 Report on whether EV charging infrastructure is “distribution equipment.” The Panel invites submissions on this issue in Phase 2. In responding, Interveners are requested to consider the status of the provider – for example, is the interpretation different for a non-exempt public utility than it would be for an exempt utility or a provider excluded from the definition of a public utility?



Greenhouse Gas Reduction Regulation (p. 52 of the Phase 1 Report)

14. In Phase 2, the Panel invites submissions from Interveners on whether amendments to the Greenhouse Gas Reduction Regulation to allow public utilities to own and operate EV charging stations as a “prescribed undertaking” are appropriate and if so, the appropriate extent and scope of such undertaking.

- *Public utilities (such as BC Hydro) should definitely be part of the EV market. However, all EV charging stations shall charge a fee to the user to not deter private investment to increase the well needed EV charging infrastructure.*