



bcuc
British Columbia
Utilities Commission

Electric Vehicle Charging Service Inquiry Phase Two Report

June 2019



About the BCUC

The British Columbia Utilities Commission (BCUC) is an independent regulatory agency of the Government of British Columbia that is responsible for regulating BC's energy utilities, the Insurance Corporation of BC's compulsory automobile insurance rates, intra-provincial pipelines, and the reliability of the electrical transmission grid. Our jurisdiction and authority are legislated under the *Utilities Commission Act (UCA)* and the *Clean Energy Act*. In particular we have responsibility to ensure that British Columbians get value from their utilities with safe, reliable energy services and fair energy and basic auto insurance rates, while ensuring the entities we regulate have the opportunity to earn a fair return on their capital investments. The BCUC is established as the sole independent regulator for energy services in the province of BC.

Definition of a Public Utility

The definition of "public utility" in the UCA broadly includes many forms of energy services, if provided for compensation. In particular, a relevant excerpt from the UCA states that:

"public utility" means a person, who owns or operates in British Columbia, equipment or facilities for

(a) the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power to or for the public or a corporation for compensation, ...

but does not include

(c) a municipality or regional district in respect of services provided by the municipality or regional district within its own boundaries,

(d) a person not otherwise a public utility who provides the service or commodity only to the person or the person's employees or tenants, if the service or commodity is not resold to or used by others,...



About the EV Inquiry

The BCUC established an Inquiry in January 2018 to review the regulation of electric vehicle (EV) charging services in British Columbia. This Inquiry was undertaken in two phases.

Phase 1:

Phase 1 examined the EV charging services market in general and provided recommendations to Government for an exemption with respect to the BCUC's regulation of EV charging services but that the BCUC retain oversight on safety.

On March 22, 2019, subsequent to receiving Ministerial approval, the BCUC issued Order G-66-19 to exempt EV charging service providers that are not otherwise public utilities, as well as landlords and strata corporations, from regulation under Part 3 of the *Utilities Commission Act (UCA)* other than safety.

Phase 2:

Phase 2 focused on the role of "non-exempt public utilities" (e.g. BC Hydro and FortisBC Inc.). This Phase 2 Report provides an overview of how these entities might participate in this market and how their participation should be regulated, if at all.



Scope

Based on Government policy objectives, which state that there should be a role for non-exempt utilities to provide EV charging services in BC, the Panel revised the scope of Phase 2 of the Inquiry:

- ⇒ In the absence of price regulation, how can exempt EV charging service providers 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 to serve?
- ⇒ For EV charging services provided by non-exempt public utilities, should EV charging customers constitute a separate class from which costs associated with EV charging infrastructure are recovered?
- ⇒ 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?
- ⇒ If assets are stranded as a result of changing technology, who should pay for the potential stranded EV charging assets which may be in the non-exempt public utility's rate base?
- ⇒ 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?
- ⇒ Do non-exempt public utilities have any obligation to serve EV charging customers?
- ⇒ Is there a need for a specific tariff for the wholesale provision of electricity for the purpose of EV charging? If so, how should this tariff be designed?



Key Panel Findings:

Non-exempt utilities

Justification for non-exempt public utility participation

- There may be circumstances that justify non-exempt utility ratepayers bearing the risk of EV infrastructure investments. However, an important aspect of qualifying those investments as being in the public interest would require the non-exempt utility to demonstrate that the investment in question would not likely have been undertaken by the private sector.

Potential impact of non-exempt utility participation on exempt utilities

- It is in the public interest to ensure that the playing field remains as level as possible. There is an opportunity for thoughtful regulation to ensure that non-exempt public utility investments do not crowd out exempt utility investment. There is a role for BCUC's regulatory oversight over non-exempt public utility investments in EV charging infrastructure.

Kickstarting the EV market

- There is insufficient evidence to determine what specific levels of non-exempt public utility investment in EV charging infrastructure is required to kick start the EV charging market or the extent to which this investment will actually provide a kick-start in that market.

Where is investment required?

- Non-exempt public utilities may have a role in developing highway charging infrastructure and participation in activities downstream of the meter. However, careful consideration must be given to the extent of that role and the appropriate level of risk for the non-exempt public utility's ratepayers to bear.
- Regulatory oversight can help to mitigate ratepayer risk and potential impact on exempt utilities.

The obligation to serve

- There is no obligation of non-exempt utilities to build any specific station or stations in any specific location. However, once a non-exempt utility has built a station in a specific location, it must ensure that the station remain in good working condition unless the BCUC orders otherwise.

Safety

We recommend that the BCUC continue to retain jurisdiction relating to safety in accordance with Sections 25 and 38 of the UCA.



Recommendations to Government

Possible Approaches to Regulation for Non-exempt Public Utilities in the EV Charging Services Market

Regulatory Framework

Broadly defined Government direction (non-prescriptive, high level direction to the BCUC)

Recommendations

- ⇒ Non-exempt public utilities should review opportunities to revise existing tariffs to remove barriers to provide EV charging for residents and users of multiple unit buildings, malls and institutions such as hospitals and schools, etc.
- ⇒ Exempt utilities should be provided access to timely and efficient interconnection services on the same terms and conditions as non-exempt utility projects
- ⇒ Non-exempt public utilities should obtain BCUC approval for a transparent wholesale pricing mechanism, for all operators (including itself)
- ⇒ Non-exempt public utilities should be required to develop Resource Plans for EV charging infrastructure investments
- ⇒ Non-exempt public utilities should pursue practices, such as adopting open protocols and standards
- ⇒ Non-exempt public utilities should not be permitted to include ancillary services within its regulated rate base
- ⇒ Non-exempt public utilities should develop a separate rate and tariff (or a separate class of service) for EV charging service





Recommendations to Government Continued

Possible Approaches to Regulation for Non-exempt Public Utilities in the EV Charging Services Market

Narrowly defined Government direction (eg. specific direction)

Recommendations

If Government considers it appropriate to provide prescriptive direction to the BCUC, the scope of the direction should be defined as narrowly as possible with monetary caps and/or time limits, for example:

- ⇒ stipulating which costs can be included,
- ⇒ geography and/or other descriptors.

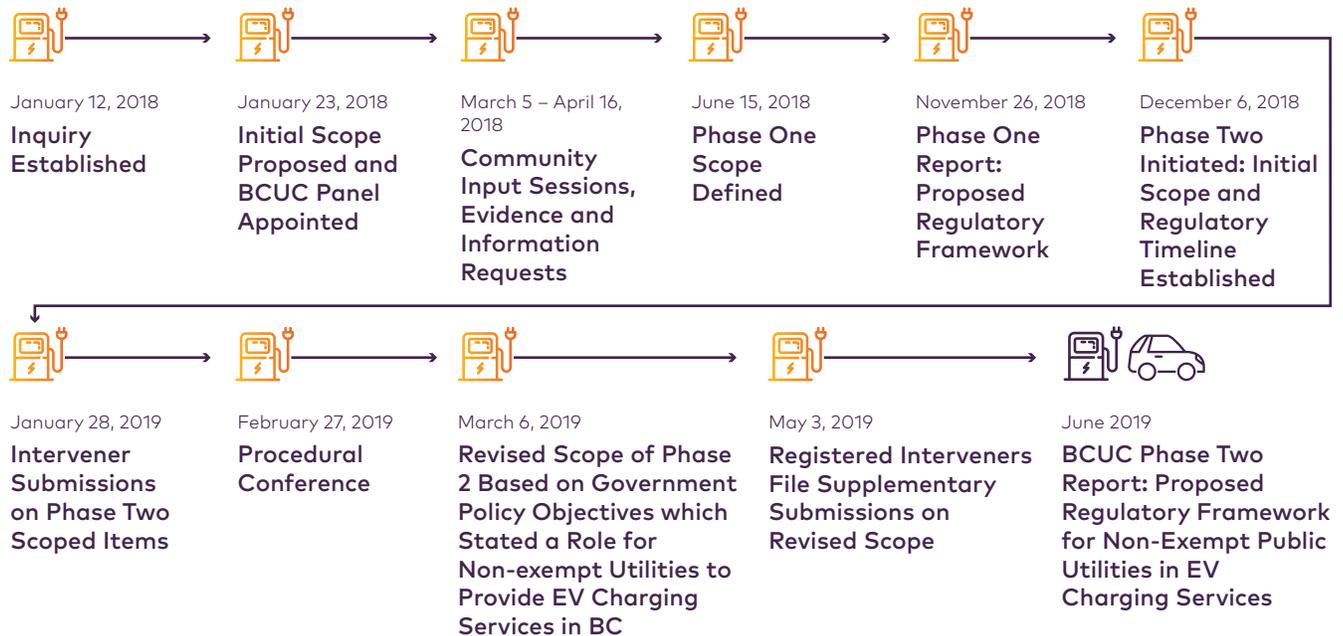
If Government considers it appropriate to amend the *Greenhouse Gas Reduction Regulation* to define EV charging infrastructure as a prescribe undertaking, BCUC should retain its jurisdiction to determine whether a proposed investment qualifies as a prescribed undertaking.



Recommendations regarding legislated amendments to the UCA

- ⇒ The language in the capital approval sections of the UCA should be reviewed and, if possible, amended to make these sections more consistent.
- ⇒ Revise the energy objectives in the *Clean Energy Act* to enable the BCUC to prioritize the electrification of transportation infrastructure.

Process



Public Participation

The EV Charging Service Inquiry included two phases of public participation. During Phase 1, the BCUC held a series of Community Input Sessions throughout the province which provided an opportunity for the public to speak directly to the Panel. In Phase 2, the BCUC hosted a Procedural Conference to hear oral submissions from registered interveners on specific topics. During both phases, the public was invited to intervene and/or submit letters of comment on issues within the scope of the Inquiry.



Disclaimer

This document is a summary of the Electric Vehicle Charging Service Inquiry Phase 2 Report. If there are any discrepancies or differences between this summary and the Final Report, the Final Report shall prevail.

For more information about the Inquiry or to review the Final Report, please visit <https://www.bcuc.com/ApplicationView.aspx?ApplicationId=653>



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