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BEFORE THE ARIZONA CORPORATION COMMISSION

ROBERT "BOB" BURNS
Chairman

BOYD DUNN
Commissioner

SANDRA D. KENNEDY
Commissioner

JUSTIN OLSON
Commissioner

LEA MÁRQUEZ PETERSON
Commissioner

Arizona Corporation Commission

DOCKETED

JUL 19 2019

DOCKETED BY
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IN THE MATTER OF POSSIBLE
MODIFICATIONS TO THE ARIZONA
CORPORATION COMMISSION'S
ENERGY RULES.

DOCKET NO. RU-00000A-18-0284

DECISION NO. 77289

ORDER

**ELECTRIC VEHICLE POLICY
IMPLEMENTATION PLAN**

Open Meeting
June 11 and 12, 2019
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Background

1. The Arizona Corporation Commission ("Commission") adopted a Policy Statement on Electric Vehicles ("EV"), EV Infrastructure, and the Electrification of the Transportation Sector in Arizona (Decision No. 77044) and directed Staff to develop an Implementation Plan for the Policy. The attached document reflects the Commission Implementation Plan and is intended to provide guidelines to Public Service Corporations ("PSCs") regulated by the Commission on how to best implement the Policy. The Implementation Plan was produced through two EV stakeholder meetings and from written comments filed in the docket.

Staff Analysis and Recommendations

2. Staff recommends approval of the attached EV Policy Implementation Plan.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over Public Service Corporations pursuant to Article XV § 2 of the Arizona Constitution.

1 2. The Commission has sole and exclusive authority over the establishment of
2 classifications and setting of rates by Public Service Corporations.

3 3. The Commission has jurisdiction over the subject matter of this proceeding as it
4 pertains to Public Service Corporations and ratemaking, the provision of safe and reliable electric
5 service, the efficient use of electric resources and the maximalization of grid benefits.

6 4. The Commission, having reviewed the application and Staff’s Memorandum dated
7 June 7, 2019, concludes that it is in the public interest to approve the Electric Vehicle Policy
8 Implementation Plan as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that the Electric Vehicle Policy Implementation Plan is hereby approved.

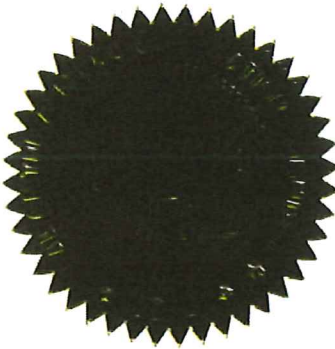
IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION


 CHAIRMAN BURNS
 
 COMMISSIONER DUNNY
 
 COMMISSIONER KENNEDY

DISSENT


 COMMISSIONER OLSON
 
 COMMISSIONER MÁRQUEZ PETERSON



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 19th day of July, 2019.


 MATTHEW J. NEUBERT
 EXECUTIVE DIRECTOR

DISSENT: 

DISSENT: _____

EOA:DJM:elr/MAS

**Arizona Corporation Commission Staff Implementation Plan for the Electric Vehicles,
Electric Vehicle Infrastructure, and the Electrification of the Transportation Sector in
Arizona Policy Statement**

I. Introduction

The Arizona Corporation Commission (“Commission”) developed a Policy Statement on Electric Vehicles, Electric Vehicle Infrastructure, and the Electrification of the Transportation Sector in Arizona (Decision No. 77044) and directed Staff to develop an Implementation Plan for the Policy. This document reflects the Commission Implementation Plan and is intended to provide guidelines to Public Service Corporations (“PSCs”) regulated by the Commission on how to best implement the Policy. This Implementation Plan was produced through two Electric Vehicle (“EV”) stakeholder meetings and from written comments filed in the docket.

II. Regulation of Electric Charging Providers

The Arizona Constitution grants the Arizona Corporation Commission the authority and responsibility to regulate the rates and charges of public service corporations.¹ A “public service corporation” is defined as “all corporations...engaged in furnishing gas, oil, or electricity for light, fuel or power”² We find the service engaged by companies to charge batteries for electric vehicles does not qualify electric charging providers as public service corporations under the Arizona Constitution.³

In our view, electric charging providers do not “furnish” electricity used for “power.” Unlike power utilities who generate, transmit, and distribute electricity to customers for a variety of uses, electric charging providers are customers of the power company that offer the use of specialized equipment for a specific service- to charge a battery in an electric vehicle. We recognize our decision here is not unique having found no state that currently regulates charging providers as public utilities. We conclude based on our constitutional mandate and case law that electric charging providers should not be considered public service corporations.

III. Implementation Plan

I. Pilot Programs

PSCs are encouraged to propose EV pilot programs to the Commission for consideration and approval by no later than September 1, 2019. In their proposals, the regulated entities are encouraged to focus on infrastructure, education and outreach, make-ready, rate design, incentives/rebates, cost recovery, and underserved and disadvantaged communities. The pilot programs will continue until further order by the Commission.

¹ Ariz. Const. Art. 15, Sec. 3.

² Ariz. Const. Art 15, Sec. 2.

³ *Natural Gas Service Co. v. Serv-Yu Cooperative, Inc.*, 70 Ariz. 235 (1950).

2. Rate Design

PSCs should, as appropriate:

- a. Develop and propose innovative rate designs and load management strategies applicable to EV charging. The Commission may choose to adopt these interim rates in EV pilot programs prior to approval in rate cases.
- b. Propose rate design tariffs and load management strategies that incentivize customers to charge vehicles during off-peak hours, to take advantage of periods of low or negative pricing or during times when excess renewable energy generation is available.
- c. Develop optional rate design tariffs and technology-based load management strategies for workplace, fleet charging, and electrified mass transit that encourage light, medium and heavy-duty vehicle charging at times that would improve the integration of variable resources and the electric system's operational flexibility.
- d. Propose rate design tariffs and technology-based load management strategies that alleviate, or address demand charges and other issues faced when deploying DC fast charging stations. If demand charge waivers are a component of the proposed tariffs, an equivalent incentive should be offered to technology-based approaches that reduce or eliminate peak demand entirely. This ensures that PSCs are not subsidizing one solution over another in their rate design.
- e. Work with the non-regulated entities in developing DC fast charging rate design tariffs.

3. Cost Recovery

- a. Cost recovery for approved EV pilot programs may be addressed in the PSC's rate case (pursuant to R-14-2-103 or R-14-2-107) where the prudence of incurred costs shall be evaluated. PSCs may request an accounting order to track pilot program costs. Alternative methods of cost recovery may also be requested, and such requests will be addressed on a case by case basis.
- b. PSCs may be permitted to enter joint investment with non-regulated entities when appropriate.
- c. PSCs may request Commission approval to fund and seek cost recovery of make-ready infrastructure, while non-regulated entities will bear any additional costs. If technology-based approaches can reduce or eliminate make-ready costs entirely,

they should receive an equivalent make-ready incentive to ensure PSCs are not subsidizing one solution over another in their approach to make-ready costs.

- d. PSCs are expected to address in their pilot programs how they will account for and minimize and/or offset the financial impacts of EV pilot programs on low-income customers until such time that the EV market and services are better able to serve low-income customers directly.

4. Education and Outreach

As part of their pilot programs, PSCs should develop education and outreach programs for Commission consideration and approval. A PSC may also seek recovery of the costs of its education and outreach program.

5. Best Practices/Consumer Protections

Current best practices for publicly funded and publicly located PSC EV infrastructure investments may include but are not limited to the following:

- a. Charging infrastructure should be based on open technical standards to prevent vendor lock-in and enable customer-switching capability.
- b. EV charging station site hosts should be permitted to choose the electric vehicle infrastructure equipment, software, and services that are utilized on their property. PSCs should provide a list of qualified vendors and products to site hosts. Qualified vendor and product lists should be updated on a rolling basis. In order to be a qualified vendor, the vendor and all of its subcontractors must be licensed by the Arizona Registrar of Contractors.
- c. Charging infrastructure should provide universal customer access through multiple payment options. In their proposals, PSCs are expected to prove how they intend to provide universal customer access. In addition, PSCs should develop a proposal for alternative forms of payment to make it more convenient for customers who may use cash, which could include a proposal that, upon request, the PSC should provide their customers a special card that allows them to utilize the EV charging station to be directly added as a line item on the customer's bill.
- d. EV infrastructure equipment, software and services may be procured directly and in bulk through a fair and open Request for Proposal process to maximize cost effectiveness and ensure a competitive market.

- e. In their proposals, PSCs are expected to address how they will ensure interoperability and customer switching capability to minimize the risk of their investments becoming stranded assets.
- f. Future proofing considerations should be made for EV charging stations and make-ready infrastructure investments. In their proposals, PSCs are expected to prove how they intend to future proof these investments.

6. Location of EV Charging Stations and Make-Ready Infrastructure

- a. In deploying EV charging stations, PSCs are encouraged to explore deployments in areas of inadequate coverage such as rural and low-income areas, multi-dwelling units, interstate corridors or highways, other under-served areas, school and transit buses, and to fill other important gaps in the EV charging infrastructure market.
- b. If the market segment where EV charging stations are proposed has other providers and is competitive, the PSC should provide information to the Commission and Staff on the degree of competition in the market segment and explain the need for PSC charging stations.
- c. If PSCs provide turn-key EV charging station solutions for end users, it must be done in a manner that supports a competitive marketplace. Site hosts must have the option to choose from a qualified vendor and product list which chargers they want installed.
- d. PSCs are encouraged to work with developers where make-ready infrastructure during new construction may be appropriate.
- e. PSCs should coordinate with non-regulated entities to ensure public health, safety and reliability in the maintenance of charging stations and related infrastructure.
- f. As part of the pilot program, a PSC shall allow vendors to submit proposals for EV infrastructure for each area that has been identified as having inadequate coverage. The PSC shall utilize a Request for Proposal process that includes an independent monitor in the review and selection process in consultation with Staff.

7. Reporting Requirements

- a. PSCs participating in EV pilot programs are expected to give informal verbal updates on their programs at the quarterly ACC EV Stakeholder Meetings. A written report containing information gathered from pilot programs should be filed in this docket on a yearly basis to allow the Commission and Staff to evaluate the

effectiveness of the EV pilot programs and to make further recommendations on the issues covered.

- b. PSCs should include EV infrastructure plans, needs and costs in their future Integrated Resource Plans. For PSCs who do not file Integrated Resource Plans, this information should be included in an annual report.

8. Other Implementation Items

PSCs shall coordinate and jointly develop, with stakeholder input, a joint, long-term, comprehensive transportation electrification plan for Arizona, to be filed by December 31, 2019, for Commission review and approval. This plan should include all pilot program activities and lessons learned from 2019. The comprehensive plan shall incorporate goals and metrics for evaluating success, and the PSCs shall report publicly on a semi-annual and annual basis on their progress, achievements, budget, and expenditures.