STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission On Its Own Motion	:	
	:	20-NOI-03
Notice of Inquiry Regarding Rate Design and Affordability with respect to Transportation Electrification and Other Beneficial Electrification	:	

NOTICE OF INQUIRY

I. Background

The Illinois General Assembly established within the Illinois Public Utilities Act (PUA) the goal of ensuring environmental quality, specifically establishing that the goals and objectives of public utility regulation should include:

> [t]he protection of the environment from the adverse external costs of public utility services so that (i) environmental costs of proposed actions having a significant impact on the environment and the environmental impact of the alternatives are identified, documented and considered in the regulatory process; (ii) the prudently and reasonably incurred costs of environmental controls are recovered.

220 ILCS 5/1-102(b).

The transportation sector is among the largest source of greenhouse gas emissions from human activities in the United States. According to the United States Environmental Protection Agency:

> Transportation activities accounted for 36.3 percent of U.S. CO2 emissions from fossil fuel combustion in 2018. The largest sources of transportation

> CO_2 emissions in 2018 were passenger cars (41.2 percent); freight trucks (23.2percent); light-duty trucks, which include sport utility vehicles, pickup trucks, and minivans (17.4 percent); commercial aircraft (6.9 percent); pipelines (2.6 percent); other aircraft (2.4 percent); rail (2.3 percent); and ships and boats (2.2 percent).

Inventory of U.S. Greenhouse Gas Emissions and Sinks 1990 - 2018, United States Environmental Protection Agency, April 13, 2020. With respect to electric vehicles (EVs), the Department of Energy's Office of Energy Efficiency & Renewable Energy notes that "[i]n general, EVs produce fewer emissions that contribute to climate change and smog than conventional vehicles." See: *https://www.energy.gov/eere/electricvehicles/reducing-pollution-electric-vehicles*. It is, therefore, important to ensure that the energy practices and policies in Illinois do not inappropriately impair the adoption of transportation electrification (TE) or TE infrastructure.

On September 24, 2018, the Commission initiated a Notice of Inquiry (NOI) as a vehicle for gathering information and opinions from stakeholders on electric vehicles to help the Commission identify issues, potential challenges, and opportunities in EV deployment. *18-NOI-01, Illinois Commerce Commission, September 24, 2018.* The input and information received by the Commission was summarized in a report to the Commission. *Notice of Inquiry Regarding Electric Vehicles Report to the Commission, NOI Managers: Ritta Merza, Emily Brumit, Katharine McErlean, Jennifer Morris, and Rochelle Phipps, January 9, 2019.* The Commission sought and interested stakeholders provided information in response to the Commission's 2018 NOI regarding issues concerning EVs, including information on rate design.

Subsequent to the 2018 NOI, the Office of Commissioner Bocanegra hosted a

Policy Session on January 8, 2020. This session examined the impact of an increasingly electrified future and the integration of electrification in Illinois and nationally. Participants included stakeholders representing consumer, transit, environmental, private and public interests.

The Commission now seeks additional detail regarding rate design issues, including information on the impact of electricity rate design on TE and TE infrastructure adoption and information on what specific rate designs could and should be adopted in Illinois to ensure that electricity rates do not impose barriers to TE and TE infrastructure adoption and deployment. The Commission is also seeking information on the impact of electricity rate design on the deployment of beneficial electrification more broadly and information on what specific rate designs could and should be adopted in Illinois to ensure that electricity rates do not impose barriers to beneficial electrification adoption and deployment. The Commission is further interested in identifying the impact of such rate designs on electric service and, consequently, electric service affordability.

Accordingly, the Commission initiates this Notice of Inquiry ("NOI") as a vehicle for gathering information on these matters.

II. Applicable Law – NOI

The Commission's rules with respect to NOIs are found in 2 Ill. Adm. Code 1700, Subpart D. As per Section 1700.330, this Notice of Inquiry proceeding is not a rulemaking, and the information gathered may or may not form the basis for the initiation of rulemaking or for other purposes at a later date. 2 Ill. Adm. Code § 1700.330.

III. NOI Manager

Section 1700.310 of the Commission's NOI rules requires the designation of an NOI Manager to conduct discussions as are necessary to address the issues raised in the Commission's directive for an NOI. The NOI Manager in this case will be Jim Zolnierek. For correspondence, please note:

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IV. NOI Questions and Issues

Parties are requested to respond to the following questions with all relevant information. Parties are encouraged to provide facts and information supporting opinions and recommendations whenever possible.

A. Rate Design Impacts on Electric Vehicle Adoption and Use

1. EV Adoption and Use by Residential Customers Living in Single-Family Housing
    a. Do current electric rate designs prevent residential customers living in single-family housing from adopting and using EVs? If so, how?
    b. Should electric rate designs be used to encourage residential customers living in single-family housing to adopt and use EVs? Why or why not?
    c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate residential customers living in single-family housing to adopt and use EVs?

d. How do electric rate designs used to encourage single-family residential customers to adopt and use EVs affect the affordability of electric service for other electricity users?

2. EV Adoption and Use by Residential Customers Living in Multi-Family Housing
    a. Do current electric rate designs prevent residential customers living in multi-family housing from adopting and using EVs? If so, how?
    b. Should electric rate designs be used to encourage residential customers living in multi-family housing to adopt and use EVs? Why or why not?
    c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate residential customers living in multi-family housing to adopt and use EVs?
    d. How do electric rate designs used to encourage multi-family residential customers to adopt and use EVs affect the affordability of electric service for other electricity users?
3. EV Charging by Employees at the Workplace
    a. Do current electric rate designs prevent businesses from installing EV charging infrastructure for their employees or employees from charging EVs at their workplaces? If so, how?
    b. Should electric rate designs be used to encourage businesses to install charging infrastructure and for employees to charge EVs at their workplaces? Why or why not?
    c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate businesses to install

charging infrastructure and for employees to charge EVs at their workplaces?

d. How do electric rate designs used to incent businesses to install charging infrastructure and for employees to charge EVs at their workplaces affect the affordability of electric service for other electricity users?

e. Provide examples of rate designs employed in other states or jurisdictions that successfully incentivized business to install charging infrastructure for employees and/or customers.

4. EV Fleet Adoption and Use by Businesses

   a. Do current electric rate designs prevent business customers from adopting and using EV fleets? If so, how?

   b. Should electric rate designs be used to encourage business customers to adopt and use EV fleets? Why or why not?

   c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate business customers to adopt and use EV fleets?

   d. How do electric rate designs used to incent business customers to adopt and use EV fleets affect the affordability of electric service for other electricity users?

5. EV Charging Station Deployment by Businesses for Customer Use

   a. Do current electric rate designs prevent businesses from deploying charging equipment for customer use? If so, how?

b. Should electric rate designs be used to encourage businesses to deploy charging stations for use by their customers? Why or why not?

c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate businesses to deploy charging stations for use by their customers?

d. How do electric rate designs used to incent businesses to deploy charging stations for the use of their customers affect the affordability of electric service for other electricity users?

6. EV Charging Station Deployment by Units of Government

a. Do current electric rate designs prevent units of government from deploying charging equipment for public use? If so, how?

b. Should electric rate designs be used to encourage units of government to deploy charging equipment for public use? Why or why not?

c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate units of government to deploy charging equipment for public use?

d. How do electric rate designs used to incent units of government to deploy charging equipment for public use affect the affordability of electric service for other electricity users?

7. EV Adoption by Units of Government

a. Do current electric rate designs prevent units of government from adopting EV fleets (e.g., school buses, mass transit) for public use? If so, how?

b. Should electric rate designs be used to encourage units of government to deploy EV fleets (e.g., school buses, mass transit) for public use? Why or why not?

c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate units of government to deploy EV fleets (e.g., school buses, mass transit) for public use?

d. How do electric rate designs used to incent units of government to deploy EV fleets (e.g., school buses, mass transit) for public use affect the affordability of electric service for other electricity users and the affordability of public transit?

8. Commercial Charging Station Providers

a. Are current electric rate designs a barrier to the deployment of public EV charging by commercial charging station providers? If so, how?

b. Should electric rate designs be used to encourage the deployment of public EV charging by commercial charging station providers? Why or why not?

c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate the deployment of public EV charging by commercial charging station providers?

d. How do electric rate designs used to incent the deployment of public EV charging by commercial charging station providers affect the affordability of electricity service for other electricity users?

9. Low to Moderate Income Customer EV Adoption and Use

a. Do current electric rate designs present a barrier to the adoption or use of EV technology by low to moderate income citizens? If so, how?
b. Should electric rate designs be used to encourage the use of EV technology by low to moderate income citizens? Why or why not?
c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate the use of EV technology by low to moderate income citizens?
d. How do electric rate designs used to incent use of EV technology by low to moderate income citizens affect the affordability of electric service for other electricity users?
e. Are there other ways to provide benefits from EVs to low to moderate income citizens?

10. Environmental Impacts of EV Use
    a. Do current electric rate designs prevent customers from using EVs in a manner that has a positive environmental impact? If so, how?
    b. Should electric rate designs be used to encourage customers to use EVs in a manner that has a positive impact on the environment? Why or why not?
    c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate customers to use EVs in a manner that has a positive impact on the environment?

d. How do electric rate designs used to incent customers to use EVs in a manner that has a positive impact on the environment affect the affordability of electric service for other electricity users?

11. EV Use Impacts on Grid Costs

a. Do current rate designs incent customers to use EVs in a manner that reduces grid costs (e.g., distribution costs, transmission costs, capacity costs)?

b. Should electric rate designs be used to incent customers to use EVs in a manner that reduces grid costs? Why or why not?

c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to encourage customers to use EVs in a manner that reduces grid costs?

d. How do electric rate designs used to incent customers to use EVs in a manner that reduces grid costs affect the affordability of electric service for other electricity users?

12. EV Use Impacts on Reliability and Resiliency

a. Do current electric rate designs prevent customers from using EVs in a manner that has a positive reliability and resiliency impact on the grid? If so, how?

b. Should electric rate designs be used to encourage customers to use EVs in a manner that has a positive reliability and resiliency impact on the grid? Why or why not?

c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate customers to use EVs in a manner that has a positive reliability and resiliency impact on the grid?

d. How do electric rate designs used to incent customers to use EVs in a manner that has a positive reliability and resiliency impact on the grid affect the affordability of electric service for other electricity users?

13. EV Rate Design Principles

a. Are there examples of rate design principles or rate designs, not addressed above, that would result in EV adoption or use in a manner that would be in the public interest? If so, please explain.

b. Are there examples of other mechanisms that may be used in conjunction with rate designs (e.g., pairing load management with rate design) that would result in EV adoption or use in a manner that would be in the public interest? If so, please explain.

c. Please provide examples of rate designs employed in other states or jurisdictions that might serve as best practices with respect to EV adoption or use in Illinois.

B. Rate Design Impacts on Other Forms of Beneficial Electrification

1. What types of beneficial electrification other than adoption of EV's should the Commission be examining?

2. Adoption and Use

a. Do current electric rate designs present a barrier to the adoption or use of each such other form of beneficial electrification? If so, how?

b. Should electric rate designs be used to encourage the use of each such other form of beneficial electrification? Why or why not?

c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate the use of each such other form of beneficial electrification?

d. How do electric rate designs used to incent each such other form of beneficial electrification affect the affordability of electric service for other electricity users?

e. Are there other ways to provide benefits from each such other form of beneficial electrification?

3. Environmental Impacts of Beneficial Electrification Use

a. Do current electric rate designs prevent customers from using each such other form of beneficial electrification in a manner that has a positive environmental impact? If so, how?

b. Should electric rate designs be used to encourage customers to use each such other form of beneficial electrification in a manner that has a positive impact on the environment? Why or why not?

c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate customers to use each such other form of beneficial electrification in a manner that has a positive impact on the environment?

d. How do electric rate designs used to incent customers to use each such other form of beneficial electrification in a manner that has a positive impact on the environment affect the affordability of electric service for other electricity users?

4. Beneficial Electrification Use Impacts on Grid Costs

   a. Do current rate designs incent customers to use each such other form of beneficial electrification in a manner that reduces grid costs (e.g., distribution costs, transmission costs, capacity costs)?

   b. Should electric rate designs be used to incent customers to use each such other form of beneficial electrification in a manner that reduces grid costs? Why or why not?

   c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to encourage customers to use each such other form of beneficial electrification in a manner that reduces grid costs?

   d. How do electric rate designs used to incent customers to use each such other form of beneficial electrification in a manner that reduces grid costs affect the affordability of electric service for other electricity users?

5. Beneficial Electrification Use Impacts on Reliability and Resiliency

   a. Do current electric rate designs prevent customers from using each such other form of beneficial electrification in a manner that has a positive reliability and resiliency impact on the grid? If so, how?

b. Should electric rate designs be used to encourage customers to use each such other form of beneficial electrification in a manner that has a positive reliability and resiliency impact on the grid? Why or why not?

c. If you are in favor of providing incentives through electric rate design, what specific electric rate designs can be used to motivate customers to use each such other form of beneficial electrification in a manner that has a positive reliability and resiliency impact on the grid?

d. How do electric rate designs used to incent customers to use each such other form of beneficial electrification in a manner that has a positive reliability and resiliency impact on the grid affect the affordability of electric service for other electricity users?

6. Beneficial Electrification Rate Design Principles

a. Are there examples of rate design principles or rate designs, not addressed above, that would result in each such other form of beneficial electrification adoption or use in a manner that would be in the public interest? If so, please explain.

b. Are there examples of other mechanisms that may be used in conjunction with rate designs (e.g., pairing load management with rate design) that would result in each such other form of beneficial electrification adoption or use in a manner that would be in the public interest? If so, please explain.

c. Please provide examples of rate designs employed in other states or jurisdictions that might serve as best practices with respect to each such other form of beneficial electrification adoption or use in Illinois.

C. Rate Design Implementation

1. Please identify any rate design changes that you would recommend be adopted in Illinois, including the rate design changes addressed above.
2. For any rate design change you recommend be adopted, please explain the process required to adopt such rate design change (e.g., requires a change in law, requires a change in Commission rules, requires a tariff change, etc.).
3. Please identify how your recommended rate design changes may affect low to moderate income citizens.

V. Form and Content of Documents Distributed in this NOI

Consistent with Section 1700.350 of the Commission's NOI rules:

a) An original and three copies of all comments, reply comments, and other documents should be submitted to the Chief Clerk of the Commission on or before the date stated in the NOI. The distribution of such copies will be as follows:

1) Chief Clerk — Springfield

2) Chicago Office

3) Office of Chairman & Commissioners — Chicago

b) In addition to providing comments and other documents set forth above, interested persons and entities are requested to e-mail the same in electronic form (preferably pdf) to jim.zolnierek@illinois.gov. The NOI Manager will take steps to ensure that copies of all documents filed in the proceeding are posted to the Commission's web site, www.icc.illinois.gov.

c) Copies of all documents filed in the proceeding will be available for public inspection at the Chief Clerk's office in Springfield and the Commission's

Chicago office.

d) A copy of the list of participants may be acquired from the NOI Manager.

VI. Schedule

The schedule for this NOI shall be as follows, unless altered by the NOI Manager with adequate public notice provided:

- Submission of initial comments (pursuant to 2 Ill. Adm. Code 1700.340 (b)): November 16, 2020.
- Submission of reply comments (pursuant to 2 Ill. Adm. Code 1700.340 (c)): December 18, 2020.

The Commission anticipates that additional rounds of comments might be of benefit and therefore authorizes the NOI Manager to schedule further rounds, with adequate public notice provided, if the NOI Manager determines that additional comments would be helpful.

Participants are encouraged by the Commission to share their data and other information pertinent to the issues to be addressed in this NOI with other participants, if requested.

Initiated this 19th day of August, 2020.

(SIGNED) CARRIE ZALEWSKI

Chairman