

Testimony to the Senate Committee on Natural Resources and Energy on S.271
(An act relating to electric vehicles)

Daniel Dutcher, Senior Environmental Policy Manager
Vermont Agency of Transportation (VTrans)

March 22, 2018

VTrans is committed to accelerating the electrification of the transportation sector in Vermont and appreciates the Committee's commitment to this process. Toward this end, VTrans has been working with the Agency of Natural Resources (ANR) and the Public Service Department (PSD) on the sections of this year's Transportation Bill (H.917) relating to electric vehicles (EVs). EV in this context refers to pure battery electric vehicles and plug-in hybrids.

The EV sections of the Transportation Bill address the regulatory structure around EV charging, both to prepare Vermont for the inevitability of vehicle electrification and to help the inevitable get here as quickly as possible. Rapid vehicle electrification is essential for meeting the climate and energy goals of the State's Comprehensive Energy Plan. My written testimony to the Senate Committee on Transportation on the EV sections of the Transportation Bill is attached.

The Transportation Bill clarifies that EV charging stations may charge for the sale of electricity and requires the Public Utility Commission (PUC) to investigate alternatives for establishing and structuring EV contributions to the Transportation Fund. Although EVs pay registration fees and purchase and use taxes, they do not pay motor vehicle fuel taxes when they are operating on battery power. Although EVs are not currently a significant reason for declining transportation revenues (which are mostly due to fuel efficiency and reduced vehicle miles traveled), Vermont needs to address this issue to prepare for the increasing market share of EVs and to help move the policy discussions around EVs to other subjects.

VTrans opposes the provisions of S.271 that would increase registration fees for EVs, even if that fee increase is temporary. VTrans has testified to legislative committees in recent years that increasing registration fees for EVs would act as a disincentive just when public policy needs to encourage EV market share. A VTrans report that provides a detailed analysis of EV registration fees is available at <https://legislature.vermont.gov/assets/Legislative-Reports/2016-Legislative-EV-Study-FINAL-formatted.pdf>.

VTrans, ANR, and the PSD plan to encourage the PUC investigation required by the Transportation Bill to consider a per-kilowatt-hour (kWh) charge on EV charging as an alternative to increasing registration fees for EVs. A per-kWh charge would apply to both private and publicly available charging equipment and would be combined with rate design to ensure that recharging would be less expensive than refueling with gasoline or diesel. Unlike an increased registration fee, a per-kWh fee would be pay-as-you-go rather than an upfront expense. The fee on charging would also capture cars traveling to or through Vermont but that are

registered elsewhere. VTrans encourages the Committee to allow the PUC to explore the per-kWh fee and to make recommendations to the Legislature rather than increasing registration fees through S.271.

VTrans also opposes the proposed exclusion from purchase and use taxes for EVs in S.271 because this tax exclusion would reduce existing and future revenues to the Transportation Fund. Further, this tax exclusion and the proposed increase in registration fees for EVs would work against each other by both incentivizing and disincentivizing EV purchases and by both adding to and taking away from transportation revenues. These provisions of S.271, individually and in combination, would not serve the widely-shared goal of structuring an equitable EV contribution to the Transportation Fund while not disincentivizing EVs.

VTrans supports the provisions of S.271 that would clarify the law around parking in EV charging spaces.

While VTrans agrees that the PUC's jurisdiction over EV charging stations needs clarification, VTrans believes it would be better to work that out through the PUC investigation required by the Transportation Bill than to proceed with legislation at this time. The PUC may need to retain some kind of jurisdiction over charging stations so records relating to EV charging can be accurately maintained, charging companies can be alerted to increased loads, and consumers can be ensured of fair pricing practices. The Transportation Bill requires the PUC to consider pricing practices and notice of rates and charges. This process should be allowed to advance before rolling charging practices into the Agency of Agriculture Farms and Market's responsibilities over weights and measures, as S.271 proposes.

Finally, VTrans believes that a PUC investigation into rate design relating to EV charging needs to go beyond on-premise charging, as S.271 proposes. Rather, the PUC's consideration of rate design and utility planning should extend to all EV charging infrastructure, public and private. The EV sections of the Transportation Bill call for this kind of comprehensive approach.

Thank you for your consideration, and please let me know if I can answer any additional questions or provide you with any additional information.