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Testimony to Senate Transportation- February 20, 2020

Kilowatt Hour Charging Fee Update and PEV Electric Distribution Utility Rate Design.

Andrea Cohen, Manager, Government Affairs and Member Relations, VEC

Thank you for the opportunity to offer comments on Kilowatt Hour fees and EV rate design. VEC supports the goal of transforming our transportation system and appreciates the need for all users of our transportation infrastructure to pay their fair share of the maintenance costs. An essential element of success will be to ensure systems that are cost effective and economically and sustainable.

About VEC

VEC is a member-owned, not-for-profit cooperative, serving approximately 32,000 members. We strive to provide our members with safe, cost-effective, reliable, and environmentally responsible electric service. Our service territory is rural and relatively low-income. Forty-three percent of VEC's residential members are on fixed incomes, another 14 percent are unemployed or work less than full-time, leaving only 44 percent working full-time. In addition, VEC serves eight of the top ten Vermont towns, and three of the top five counties, with the highest poverty levels. The majority of the towns identified as having the highest energy burden in the October 2019 Vermont Energy Burden Report are towns served by VEC. VEC also is an innovation leader, and accomplishes our mission utilizing top level systems and emerging technologies.

Contributions to the Transportation Fund from Electric Vehicle's

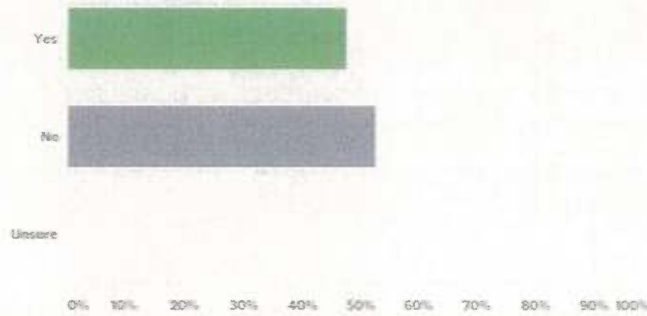
VEC appreciates the need for all users of our transportation infrastructure, including in-state of visiting electric vehicle (EV) users, to pay their fair share of the costs of maintaining that infrastructure. We have commented extensively in the PUC EV docket that collecting a per kWh fee is not currently a fair or efficient means of collecting these contributions.

The challenge is to not impose unnecessary costs onto rural and low-income Vermonters who already experience significant barriers that work against transportation transformation in the form of limited financial resources and greater reliance on personal vehicles.

VEC does not support requiring new or additional billing-grade meters for the sole purpose of collecting fees, especially when there are other options available. We also believe that the cost to implement the program would exceed what we estimate would be collected on an annual basis. Based on the vehicle registrations in our service territory last year, we estimated that \$11,000 would be collected annually through a 1.9 cent per-kWh fee. Given this modest amount, we are not convinced that this would be the best use of staff time and ratepayer dollars. We would prefer to use our resources to design and implement programs that encourage members to adopt EVs and transition to our energy future.

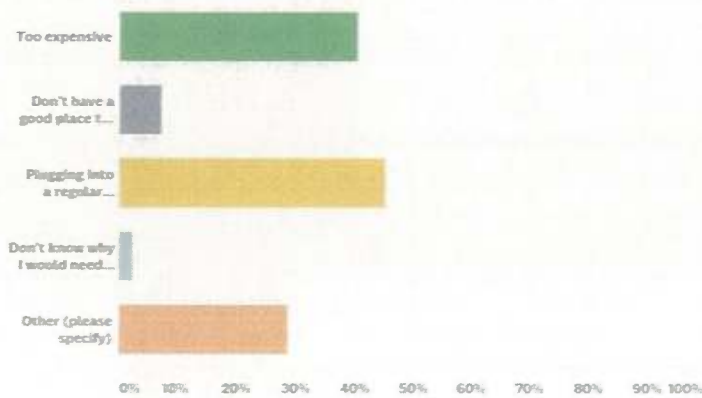
The cost of installing utility billing grade meters at residential and commercial location can be a barrier to the installation of this charging infrastructure. We recently surveyed VEC electric vehicle drivers and inquired about whether they currently use level 2 charging at home:

Q5 Do you have a Level 2 charger at your home? A Level 2 charger (240-volt power source) is a charger that would have been installed specifically to charge your vehicle. It charges faster than a Level 1 (regular outlet, 120-volt power source).



More than half of the 80 electric vehicle respondents do not level 2 charge at home, suggesting that if a per kWh fee would be assessed at level 2 charging, it would not be collected from the majority of VEC members that charge vehicles.

Q8 Why don't you have a Level 2 charger? (Please check all that apply)



ANSWER CHOICES	RESPONSES
Too expensive	40.48%
Don't have a good place to put it	7.14%
Plugging into a regular outlet is sufficient	45.24%
Don't know why I would need one	2.38%
Other (please specify)	20.57%
Total Respondents: 42	

When we asked why they don't have a level 2 charger at home the main reasons were because level 1 charging was sufficient and that installing a level 2 charger would be expensive. This result suggests that installation of level 2 charging would either need to be mandated on individuals or highly subsidized which would be a hefty tax collection cost. This cost would be in addition to the other VEC billing and administration costs.

VEC now offers incentives for level 2 charging through our Energy Transformation Program. We offer direct financial incentives for installation of level 2 charging as well as monthly bill credit incentives for load management of the chargers. In addition, we offer EV drivers the opportunity to use a "time of use" rate. These incentives are set at levels that bring benefit to all VEC members. Any value we offer to incentive level 2 charging would be diminished by new per kWh fees and would have a negative effect on the installation of level 2 charging infrastructure.

If there is interest in capturing revenue from both in-state and out-of-state EV users, without requiring the installation of new residential or commercial meters, there are some ways that are relatively simple and less expensive to administer that could capture revenue from most vehicles that utilize and benefit from using Vermont roads. If necessary, these strategies could be bundled to ensure a fair and adequate contribution to the state transportation fund.

- A vehicle registration surcharge on electric or hybrid electric vehicles. This surcharge could be based on a variety of factors including battery size. The funds would be collected by the state at time of vehicle registration. This mechanism would only capture in-state users.
- An EV surcharge based on miles driven collected annually at the point of annual vehicle inspection. This mechanism would only capture in-state users.
- A public charging station per kWh fee collected by the third party electric vehicle service equipment provider as part of their billing system. This mechanism would capture both in-state and out of state visitors.

EV Only Rate Design

VEC currently opposes "EV only" rate mandates imposed on the distribution utilities. We are interested and motivated to facilitate EV charging, especially at the right time and the right place. What will not work is being required to use rates that are not in the interest of all our ratepayers. For example, we should not be required to charge lower rates than needed to cover our costs. We need to be allowed to develop and offer rates that facilitate EV charging without unnecessarily shifting costs to the other ratepayers. Our more rural and low-income members must not be left behind as we support early adoption. We welcome the exchange of ideas and any feedback or assistance, but would oppose mandates that would cause us to be less nimble or responsive to the market.

Thank you for the opportunity to comment. We look forward to continued engagement on this topic.