

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1197
DOCKET NO. E-7, SUB 1195

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION:

In the Matter of:
Duke Energy Carolinas, LLC and Duke
Energy Progress, LLC's Request for
Approval of Phase II Electric Transportation
Pilot Programs

COMMENTS OF CAROLINAS
CLEAN ENERGY BUSINESS
ALLIANCE

1. Introduction

Consistent with the North Carolina Utilities Commission's ("Commission") Order filed November 24, 2020, in the above-captioned proceedings, the Carolinas Clean Energy Business Association ("CCEBA") respectfully submits these comments on the proposed Phase II transportation electrification pilots ("Phase II Pilots") in the Application submitted by Duke Energy Progress ("DEP") and Duke Energy Carolinas ("DEC") (the "Companies"). In these comments CCEBA will address several areas of concern regarding the Phase II Pilots, as CCEBA believes that the pilots will have substantial and deleterious impacts to the market for electric vehicle ("EV") charging in North Carolina.

In summary, CCEBA finds that the Companies' programs would represent a major encroachment of monopoly activity into an active and rapidly growing competitive market. If approved, the ET Pilots would supplant opportunities for competitive players in the charging marketplace, potentially locking out opportunities at high value EV charging sites for years to come. CCEBA respectfully requests that the Commission deny

the Companies' Application and reconsider the appropriate role for monopoly utilities in the EV charging competitive marketplace. At a minimum, the Companies should refile any Phase II Pilot programs after soliciting additional stakeholder input.

CCEBA is a non-profit trade association created to promote the common interests of clean energy businesses in North Carolina and South Carolina. It is comprised of and represents all types of businesses in the clean energy sector including developers, manufacturing, engineering, construction, professional and financial services, and non-energy businesses wishing to purchase clean energy.

Importantly, CCEBA's membership includes companies that are engaged in electric vehicle charging deployment as both a primary business activity in the State of North Carolina and as an area of significant opportunity for clean energy demand. CCEBA members strongly support the goals in Governor Roy Cooper's Executive Order 80 ("EO 80"), which seeks to lower greenhouse gas emissions and increase zero emission vehicle registrations, and believe that there are several beneficial aspects of increased adoption of transportation electrification technologies. Among those benefits is the fact that EV charging represents a flexible load and a demand side activity that easily can be shifted to align with renewable energy generation. The resulting economic case for EV charging is improved with this alignment, as ratepayers benefit from greater and more efficient utilization of grid assets and optimization of renewable energy demand. CCEBA members actively and collectively engage in the market and work with the Cooper Administration to achieve these beneficial outcomes of electrification.

2. The Companies mischaracterize the current state of the EV charging market in North Carolina in order to justify taking a substantial role in that market.

The Companies present an incomplete view of the current state of the EV charging market, failing to account for the active competitive market for charging that has grown alongside electric vehicle adoption in North Carolina. There are several EV charging vendors currently operating in North Carolina, and as more EVs have been adopted, that vendor market has experienced greater opportunities as more businesses, municipalities, fleets, electric cooperatives, apartment buildings, and workplaces see the benefits of operating charging stations on their properties. Under current market conditions, the charging market will naturally continue to see greater demand for deployments as electric vehicles gain greater penetration. Simply put, with more EVs on the roads, the business case for charging infrastructure continues to improve and deployments increase, as has been evident in the North Carolina market to date.

North Carolina's electric vehicle market is growing rapidly. The Companies note in their application that, since their initial 2019 Application, "the regional ET market has, unsurprisingly, continued to evolve," and that the Companies service territories across North Carolina and South Carolina experienced a 119% year-over-year growth in EV registrations.¹ As observed by the Southern Alliance for Clean Energy, the roughly 24,000 registered EVs in North Carolina makes it the 17th highest state for passenger EV sales, with average annual EV registrations increasing by almost four times between 2015 and 2020 when compared to the previous four years.²

¹ Application at 8

² "Transportation Electrification in North Carolina." Southern Alliance for Clean Energy. February 2021. Available at: <https://cleanenergy.org/wp-content/uploads/Transportation-Electrification-in-North-Carolina.pdf>

According to the U.S. Department of Energy Alternative Fuels Data Center, North Carolina's market has deployed the following charging stations as of July 26, 2021:³

Table 1. Publicly Available EVSE in North Carolina

EV Charging Networks	Level 2 Ports	DCFC Ports	Total
Blink Network	26		26
ChargePoint Network	900	28	928
Electrify America	1	58	59
EV Connect	29	2	31
eVgo Network	6	27	33
Greenlots	17	1	18
Non-Networked	376	23	399
OpConnect	10		10
SemaCharge Network	78		78
Tesla	358	242	600
Total Public EVSE	1,801	381	2,182

The Companies fail to show how the current charging market is unable to meet current market demands for charging infrastructure, or why, in the context of projected exponential growth in EV penetration, utility intervention is necessary. In the two months since the Companies filed its Phase II Pilots, there has been a nearly 10% increase in the number of publicly-accessible, open standard Direct Current fast chargers.⁴ In the absence of any utility pilot program, the competitive market for charging will continue to see strong demand to accommodate more EV registrations. Given the ongoing competitive market activities in this space, CCEBA questions the

³ Data accessed on July 26, 2021 at <https://afdc.energy.gov/stations/>. The Alternative Fuels Data Center only includes publicly-accessible charging stations, and does not include the additional charging stations that are on private sites for either exclusive or quasi-public use (e.g., multifamily, workplace, and fleet charging applications)

⁴ Comparing the data cited by in the Companies' Application at 8-9 to the data from Table 1 and footnote 6.

extent to which ratepayer funding should be leveraged to empower the utility as a new, dominant market entrant.

3. The Companies' pilots would primarily position the monopoly utility with a large-scale deployment to compete against the private market and with utility customers.

The scale of the Companies' proposal would have wide-ranging and long-lasting impacts on the electric vehicle charging market and its participants. Many of the Companies' proposals involve the monopoly utility taking on the unprecedented role of owning and operating charging infrastructure in multiple segments of the market on top of the \$26 million for charging infrastructure already approved by the Commission.⁵ If approved, the Companies would hold a 61% market share of all publicly-accessible, open standard DC fast charger installations. Additionally, with a large, near-term deployment, the monopoly would have access to the highest value sites for private sector deployments, stifling competition.

Such an expansive market entry would present new, disruptive dynamics for charging infrastructure providers. The Phase II Pilots would put the Companies in the position of choosing "winners and losers" in a competitive market, increasing market opportunities for some, and limiting market opportunities for others.

The Companies propose to install, own, and operate charging infrastructure in public, multifamily dwelling, school bus, and DC fast charging segments. Importantly, these segments are all currently served by competitive market participants who have active operations in North Carolina. If the Phase II Pilots are approved as proposed, the Companies would be effectively competing against private sector deployments of

⁵ Application at Page 11-19.

charging, as well as those utility customers who operate charging on their sites. The resulting market disruption would also hinder private investment in charging infrastructure. Rather than purchase EV charging equipment from competitive providers, customers might wait for free stations from the utility or have less desire to compete against utility stations, which can slow down private investment in charging infrastructure overall.

In the current competitive market environment, charging providers generally a) approach customers in those segments to sell charging equipment and services, or b) seek to own and operate charging infrastructure on a customer's site via a lease agreement or easement. In either model the private sector takes on risk and invests in these technologies in ways that make sense for a particular business case. If the monopoly is empowered to leverage ratepayer funding to conduct these same activities, there would be a fundamental and detrimental impact to the existing market, as the monopoly would be operating in the same space without the risks or business considerations associated with this investment.

If the Companies do operate public charging infrastructure, these deployments would have the additional impact of enabling the utility to compete with their own customers in offering public charging services. Under current market conditions, utility customers operate charging equipment on their sites to attract drivers, setting prices to improve utilization. The ET Pilots would empower the Companies to set or interact with market pricing at utility customer's stations, potentially undermining use of charging assets at private sector sites. And while the Companies acknowledge that the Phase II Pilots would have an impact on "the continuing development of competition among hardware and

software providers,”⁶ they fail to address the extent to which they would be competing with their own customers.

In addition to the general concerns identified above, the Phase II pilots are duplicative of the ET Pilots already approved by the Commission. In the ET Pilot Order, the Commission observed that the goals of the programs are to test public response to wider availability of public charging infrastructure and to acquire data and information on alternative implementation approaches for further analysis.⁷ However, the utility-owned components of the Phase II Pilots would not acquire data on alternative implementation approaches for further analysis. The Companies are merely proposing to own and operate more EVSE in the same market segments the ET Pilots already approved by the Commission: school buses, public Level 2, multifamily, and highway corridors.

The wide-ranging concerns raised by the utility-owned components of the Phase II Pilots are not mitigated in the Customer Operated component of the Pilots. In the ET Pilot Order, the Commission noted that its approval of ET Pilots “is not sanctioning an open-ended or broad, general participation by Duke in the EV charging infrastructure market.”⁸ However, the Customer Operated component of the Phase II Pilots would still result in utility ownership of EVSE and allow the Companies to serve as gatekeepers for EV charging hardware and software providers and choosing “winners and losers” in the market similar to the utility-owned Phase II Pilots.

4. The Companies failed to account for state and federal incentives for EV charging.

⁶ Application at 18.

⁷ Order at 19

⁸ *Id* at 19.

North Carolina’s EV charging market is growing, and some of that acceleration has been through partnerships between the private and public sectors. Public sector incentives, especially from one-time sources of funding, can accelerate buildout without putting costs on the backs of ratepayers. The Companies fail to take into account the potential impact of state and federal grant opportunities on North Carolina’s EV charging market when designing the Phase II pilots:

The Companies are aware of forthcoming state and federal grant opportunities that the Companies could leverage to reduce ultimate program or participant costs. Although the details of these grant opportunities are still forthcoming, the Companies believe timely approval would help to ensure the Phase II Pilots are active in time to take advantage of such *supplemental* funding sources.⁹ (Emphasis added).

While the Companies frame one-time grant opportunities as “supplemental” sources of funding, CCEBA respectfully encourages the Commission to adopt the opposite interpretation: any Phase II Pilot funding should be supplemental to available one-time public resources and should avoid putting recurring costs on ratepayers that could potentially undermine the intended goals of those public resources.

North Carolina has directed the investment of one-time penalty funding associated with the Volkswagen “Dieselgate” Environmental Mitigation Fund to support a variety of clean transportation programs. The Department of Environmental Quality (“DEQ”) makes information on its clean transportation programs readily available to the public.¹⁰ Since 2019, DEQ has issued grants to support the deployment of DC fast charging stations and diesel bus replacement programs. Most recently, DEQ issued Phase II of its

⁹ Application at 19.

¹⁰ Available at: <https://deq.nc.gov/about/divisions/air-quality/motor-vehicles-and-air-quality/volkswagen-settlement>

Volkswagen Mitigation Plan, which detailed how the State intended to invest over \$67 million on clean transportation initiatives.¹¹ It is critically important to note that DEQ has proposed to invest in the same market segments targeted by the Companies:

Table 2: Summary of Phase 2 Funding Programs for 2021 - 2024

NC Grant Programs (2021-2024)	Subprogram	Eligible Action Category		Eligible Fuels	2021- 2024 Funding (Phase 2)	
					Targeted Percent*	Targeted Funding Amount
Diesel Bus & Vehicle Replacement Program**	School Bus Replacement Program	Class 4-8 school buses		All (electric, diesel, propane, natural gas) <i>Priority will be given to electric replacements</i>	40%	\$27,182,831
	Transit Bus Replacement Program	Class 4-8 transit and shuttle buses			20%	\$13,591,415
	Clean Heavy-Duty Equipment & Vehicle Replacement Program	Class 4-8 equipment and vehicles such as local freight trucks, ferries, forklifts, and switcher locomotives			20%	\$12,911,845
		Diesel Emission Reduction Act (DERA) Program				
ZEV Infrastructure Program	DC Fast Program	Public Access	Not Applicable	15%	\$7,135,493	
		Public Access			\$1,070,324	
	Level 2 Program	Workplace			\$489,291	
		Multi-Unit Dwelling			\$489,291	
	State Government	Level 2			\$1,009,068	
DEQ Administrative Costs				Not Applicable	5%	\$3,397,661
					Total:	\$67,634,382

*Percentage of available settlement funds targeted in these eligible categories for 2021 – 2024.

** DEQ is developing an outreach program to help counties that historically do not have the resources to effectively identify eligible vehicles and ZEV infrastructure opportunities for grant programs and submit quality applications (see Appendix E). Applications from these counties may also receive scoring bonuses.

The Commission should also take ongoing federal infrastructure negotiations into consideration, even though Congress has not yet voted on a final infrastructure package. Reporting has identified the potential for \$15 billion in federal funding for EVSE, electric transit buses, and electric school buses.¹² If even a tenth of the reported amount of federal funding is included in a final agreement, North Carolina will be eligible to take advantage of over \$1.5 billion in new federal funding for investments in the same market segments that the Companies are proposing take over with ratepayer funding. This could have

¹¹ Department of Environmental Quality. Draft North Carolina Phase 2 VW Mitigation Plan – July 1, 2021. Available at: <https://files.nc.gov/ncdeq/Air%20Quality/motor/volkswagen/phase-2/NC-Draft-Phase-2-VW-Mitigation-Plan-2021.pdf>

¹² Available at: <https://static.politico.com/0a/08/398515524e38ab4807521dcfbd92/bipartisan-infrastructure-framework-two-pager-final-7.pdf>

significant impact on the EV charging market and should therefore be considered as the situation continues to evolve.

5. Conclusion

CCEBA thanks the Commission for the opportunity to provide comment in these proceedings. The Commission's decision in this case will set the foundation of this emerging market, and great weight should be given to the adverse impacts that the Companies' proposal could have on the prevailing conditions of the EV charging market, which have already contributed to substantial electric vehicle adoption in North Carolina. The Commission should reject the Companies' proposals to own and operate charging infrastructure to ensure that competitive market dynamics stay intact. Going forward, CCEBA believes that a broader investigation of the role of the utility in this competitive space is merited, and should the Commission undertake such an investigation, the organization and its members would take an active role in those dialogues. At a minimum, the Companies should be required to refile any Phase II Pilots with additional stakeholder input to address the concerns identified above.

Respectfully submitted this 27th day July 2021.

CAROLINAS CLEAN ENERGY
BUSINESS ASSOCIATION

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CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing MOTION FOR FURTHER EXTENSION OF TIME TO FILE REPLY COMMENTS has been duly served upon counsel of record for all parties to this docket by either depositing a true and exact copy of same in a depository of the United States Postal Service, first-class postage prebaid, and/or by electronic delivery as allowed by rule.

This 27th day of July 2021.

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