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Sep 13 2021

September 13, 2021

VIA ELECTRONIC FILING

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's
Reply Comments on Phase II Pilots
Docket Nos. E-7, Sub 1195 and E-2, Sub 1197**

Dear Ms. Dunston:

Pursuant to the North Carolina Utilities Commission's June 14, 2021 *Order Requesting Comments on Revised Pilot Programs*, as amended by orders granting extension of time, issued on July 8, 2021 and August 18, 2021 in the above-referenced dockets, enclosed for filing are Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Reply Comments on the Electric Transportation Phase II Pilots.

If you have any questions, please let me know.

Sincerely,

Kendrick C. Fentress

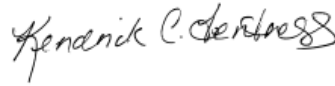
Enclosure

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Reply Comments, in Docket Nos. E-7, Sub 1195 and E-2, Sub 1197, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 13th day of September, 2021.



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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:)
)
Application by Duke Energy Carolinas,) **JOINT REPLY COMMENTS BY DUKE**
LLC, and Duke Energy Progress, LLC, for) **ENERGY CAROLINAS, LLC AND DUKE**
Approval of Proposed Electric) **ENERGY PROGRESS, LLC ON PHASE**
Transportation Pilot) **II OF THE PILOTS**

NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and together with DEC, “Duke” or the “Companies”) by and through counsel, and, pursuant to the Commission’s November 24, 2020 *Order Approving Electric Transportation Pilot, In Part*, (“*ET Order*”), and the Commission’s June 14, 2021 *Order Requesting Comments on Revised Pilot Programs*, in the above-captioned Docket Nos. E-2, Sub 1197 and E-7, Sub 1195 and submit these Reply Comments in response to initial comments filed on the Companies’ Phase II Pilots in the above-captioned dockets.

The following parties filed the initial comments: (i) the Public Staff of the North Carolina Utilities Commission (“Public Staff”); (ii) North Carolina Sustainable Energy Association (“NCSEA”); (iii) Calstart Coalition for Commercial Electric Vehicles (“CALSTART”); (iv) Zeco Systems, Inc. d/b/a Greenlots (“Greenlots”); (v) ChargePoint, Inc. (“ChargePoint”); (vi) ConnectDER, LLC (“ConnectDER”); (vii) the Environmental Defense Fund (“EDF”); (viii) North Carolina Justice Center (“NCJC”) and Southern Alliance for Clean Energy (“SACE”), along with the Sierra Club;(ix) EVgo Services, LLC

(“EVgo”); (x) Southeast Sustainability Directors Network (“SSDN”); and (xi) Carolinas Clean Energy Business Association (“CCEBA”). The Alliance for Transportation Electrification (“ATE”) filed a letter in support. With the exception of ConnectDER, these parties are also active and/or invited participants in the Electric Transportation Stakeholder Group (“ET Stakeholder Group”), established by the Commission in its *ET Order*. As described in the Companies’ initial application, the Companies shared details on their proposed Phase II Pilots at ET Stakeholder meetings prior to filing to obtain feedback and solicit ideas from ET Stakeholders.

The Companies respectfully submit that although some parties opposed approval of the Phase II Pilots, many of the initial comments to the Phase II Pilots were generally supportive of the Companies’ efforts to expand EV infrastructure and EV adoption through the proposed Phase II Pilots. These supportive comments also offered recommendations for adjustments or changes to the Phase II Pilots to achieve successful implementation and Commission approval. The Companies’ Reply Comments respond to the specific assertions and recommendations made by the parties.

BACKGROUND

Governor Cooper’s October 29, 2018 Executive Order 80 (“EO 80”), *North Carolina’s Commitment to Address Climate Change and Transition to a Clean Energy Economy*, directs that the State of North Carolina will strive to accomplish the aggressive goal of increasing the number of registered, zero-emission vehicles to at least 80,000 by 2025. The Companies’ respective proposed Phase II Pilots directly respond to Governor Cooper’s call to transform the state’s transportation sector to provide a smarter, cleaner energy future for all North Carolinians. On July 21, 2019, Governor Cooper also signed

into law House Bill 329¹, which further supports the adoption of zero-emission vehicles by eliminating regulatory obstacles to enable Duke Energy and third parties to deploy electric vehicle charging stations. Additionally, the North Carolina Department of Environmental Quality Energy Policy Council (“Energy Policy Council”) recommended that the State adopt measures and implement programs that promote EV adoption and ease the transition to an electrified transportation economy for all. The Energy Policy Council further urged consideration by elected officials and regulatory agencies of measures intended to address perceived barriers to electric vehicle (“EV”) deployment.²

In the *ET Order*, the Commission approved the Public Level 2 Charging component of the Companies’ proposal and approved, with limits, the Companies’ School Bus proposal; the Direct Current Fast Charging (“DC Fast Charge” or “DCFC”); and the Multi-Family Dwelling (or “MFD”) Charging Programs. In approving these pilot programs (collectively, “Phase I Pilot Programs”), the Commission clarified that it considered them only the first phase of DEC’s and DEP’s participation in the evolving EV market. *ET Order* at 19.³ The Commission recognized that there was more work to be done and a variety of solutions to consider in a short period of time to achieve the goals of EO 80. To that end, the Commission directed the Companies to work in the ET Stakeholder process and file the second pilot of these programs within six months (approximately 180 days) the *ET Order* (that is, by May 24, 2021). *Id.*

¹ HB 329 was ratified by the North Carolina Senate and House of Representatives by a combined vote of 160-3.

² North Carolina Department of Environmental Quality, Energy Policy Council, Biennial Report, issued May 2018, at p. 77 – 78, available at <https://deq.nc.gov/about/divisions/energy-mineral-landresources/energy-policy-council> (“Energy Policy Council Report”).

³ “The Commission further directs Duke to explore and create a second pilot of these three programs in a stakeholder process” *ET Order* at 19.

Consistent with the *ET Order*, the Companies and the Public Staff convened an ET Stakeholder group that met nearly monthly from December 2020 through May 24, 2021.⁴ On April 30, 2021, the Companies filed their respective Make Ready Credit programs (“MRC programs”), in which they proposed programs that will defray the cost of make ready infrastructure installed by customers to create the foundation necessary for EV programs and pilots. The Companies’ MRC programs support and align with: (i) the Commission’s instruction in the *ET Order* to establish a make ready program; (ii) EO 80; (iii) North Carolina’s Clean Energy Plan to accelerate clean energy deployment that lowers CO2 emissions and creates economic opportunities for both rural and urban areas of the state; (iv) the need to ensure that the necessary new supporting electric infrastructure on a customer’s premises is installed in a safe and reliable manner to protect both the customer’s investment and the grid impacts resulting from this significant new load; (v) electrification of transportation for low- to moderate-income customers that otherwise may be delayed through burdensome up-front costs to install EV chargers and make ready infrastructure; and (vi) a framework to proactively manage the Companies’ grid so they can address system upgrades that are necessary for wide-scale electrification. The Companies did not propose the MRC programs as pilots but did intend them to complement the Phase II Pilot programs.

On May 24, 2021, in response to the Commission’s directive in its *ET Order* encouraging review of Phase II Pilots, the Companies, after sharing the details of the

⁴ After the filing of the Phase II Pilots, the ET Stakeholder meetings are now quarterly; however, a subset of ET Stakeholders are currently also having meetings, led by Guidehouse, an independent third party, on evaluation, measurement and verification (“EM&V”) metrics for the Phase I Pilots.

proposed programs with the ET Stakeholder group, made the following Phase II Pilot proposals (“Petition”) in both the DEC and DEP territories:

- Schedule EVSE (Electric Vehicle Service Equipment) Pilot;
- Public Level 2 Charging Station Program, Phase II Pilot;
- Multi-Family Dwelling Charging Station Program, Phase II Pilot;
- Public Fast Charging Program, Phase II Pilot; and
- Electric Vehicle School Bus Charging Station Program, Phase II Pilot.

The Phase II Pilot Programs recognize the vital role that DEC and DEP can play in developing and sustaining the EV market in North Carolina. The Companies and individual customer-funded investments can help to bridge the gap between current EV adoption levels and the EO 80 goals by supporting the EV infrastructure needed to sustain market growth and deliver the benefits of electric transportation to DEC’s and DEP’s customers and North Carolinians in general.

REPLY COMMENTS

I. Many Parties Expressed General Support for the Phase II Pilots.

With some exceptions, many parties filing comments or letters before the Commission support the approval of Phase II Pilots with the caveat that certain recommendations or adjustments be incorporated into the Companies’ proposals. The Companies address the comments in support, the comments in opposition, and the recommendations and adjustments in the sections below.

With respect to supportive comments, Greenlots “commends the Companies” for their equitable proposal that supports the statewide goal of EO 80 and “strongly supports the Phase II programs as appropriate, necessary, and complementary to its Phase I Pilot

and respectfully recommends its approval.” (Greenlots Comments at 5, 9.) Greenlots also recognizes and commends the Commission’s necessary “sense of urgency” in requiring the Companies to propose new Phase II Pilots within six months of the *ET Order* (Greenlots Comments at 4). ATE also offers “strong support” for the Companies’ Phase II Pilots and “urges expeditious review and approval of these programs.” (ATE Letter at 1, 6.) The NCSEA “enthusiastically supports” an ET pilot program in North Carolina and “sees upside” in the Phase II Pilots but expressed reservations about certain aspects of the Phase II Pilots as proposed by the Companies. (*See* NCSEA Comments at 1-2, 12.) Similarly, the NCJC/SACE/Sierra Club “strongly support” an equitable transition to electric transportation and request the Commission to approve Phase II Pilots subject to certain recommended modifications. (NCJC/SACE/Sierra Club Comments at 4.) Additionally, CALSTART “applauds” the Companies’ “efforts to advance the EV market and encourage EV adoption by its customers” (CALSTART Comments at 13) and SSDN “commends” the Companies’ efforts to do the same (SSDN Comments at 1); however, both parties offer recommendations for changes to the Companies’ proposed pilots. Moreover, EDF was encouraged by the proposals in the Phase II Pilots, while also providing recommendations for ways to improve or change the Companies’ current Phase II Pilot proposals. (EDF Comments at 1-2.)

Despite the aforementioned general support for Phase II Pilots subject to certain recommendations and adjustments, the Public Staff, ChargePoint, CCEBA, and EVgo nevertheless filed in opposition to the Companies’ Proposal. (*See* Public Staff Comments at 6-7, ChargePoint Comments at 1, CCEBA Comments at 10, and EVgo Comments at 12.) The opposing parties cite various reasons for opposition but generally assert that the

Companies' MRC Programs are a better option to grow a competitive marketplace. The Companies fully addresses the opposing parties' reservations in the below sections.

II. With Stakeholder Input, the Companies Designed Their Phase II Pilots' Scale and Scope to Help Meet Executive Order 80's Goal and to Gather Valuable Information on Fostering Equitable EV Adoption in Areas with Customer Groups Less Served by The Current EV Market.

The Companies have designed their Phase II Pilots to allow for the Commission to determine the appropriate scale and scope to meet Executive Order 80's goal and the Commission's directive "to explore and create a second pilot" of the three programs - Public Level 2 Charging, DCFC, and MFD - through a stakeholder process within six months of the Commission's *ET Order*. The Commission's directed, relatively short, timeframe for filing these new pilots and its support for "the involvement of public utilities in helping to attain" operational data needed to quantify specific costs and benefits attributable to EV usage signaled the Commission's interest in receiving additional EV Pilots building on the Phase I Pilots. *ET Order* at 20. Additionally, the Commission directed the Companies to receive the input of ET Stakeholders as they explore and create a "second round" of the approved Phase I Pilots. *Id.* at 19. The Companies and the Public Staff conducted the ET Stakeholder process over the previous six months. In those Stakeholder meetings, feedback indicated that the Companies should make a more sizable investment in its Phase II Pilots and that other EV market participants were likely not going to expand into North Carolina's underserved areas. Based on that feedback and the Commission's *ET Order*, the Companies filed their Phase II Pilots and now offer the following in response to certain intervenors' initial comments that the scale and scope of the Phase II Pilots are too large.

A. The Companies' Proposed Pilots Offer the Commission a Choice in Approving the Appropriate Size and Scope to Sustain and Encourage EV Adoption in North Carolina.

To afford the Commission the determination on the size and scale of the next phase of the Companies' Pilots, the Companies have specifically tailored their proposals to meet either 10% or 25% of the EO 80's 2025 adoption levels. Several intervenors, however, contend that both are too large. They contend that the Companies' Phase II Pilots are not necessary to encourage development of the EV market in North Carolina and that they afford the Companies too large a share of the EV market. Both of these contentions ignore the continuing need for EV infrastructure in North Carolina and the focus of the Companies' Phase II Pilots – developing and sustaining EV adoption in low to moderate-income and rural areas.

After approving the Companies' Phase I Pilots in its *ET Order*, the Commission specifically directed DEC and DEP to “create a second pilot” of the three previously approved programs – the Public Level 2 Charging, the DC Fast Charging, and the School Bus program – through the ET Stakeholder process and to return to the Commission with those second pilots *within six months*. *ET Order* at 19-29 (emphasis added). The Companies' Phase II Pilots primarily consist of the “second pilot” of the Phase I Pilots, although the Companies have also included an EVSE Tariff pilot that was not included in the Phase I Pilots. The Companies have complied with the Commission's directives, presenting two alternatives in the size of their investment for the Commission to review. As such, DEC's and DEP's Phase II Pilots comprise a “well-designed and balanced portfolio that logically follows the Commission's November 24, 2020 Order on Phase I

Pilot Programs.” (Letter from Jones, Executive Director of ATE, to Dunston, Chief Clerk, Docket Nos. E-2, Sub 1197 and E-7, Sub 1195, filed July 29, 2021 (“ATE Letter”).

The Public Staff, however, specifically asserts that both the 10% and 25% proposals are too large in size and scope. In support, the Public Staff notes that the proposal to meet 10% of EO 80’s 2025 adoption level costs \$33.3 million dollars, and 25% of EO 80’s 2025 adoption level costs \$56 million. (Public Staff Comments at 8.) The Public Staff’s analysis, however, neglects to recognize or explain that the amounts it cites are the *combined totals* of two separate utilities’ proposals. DEP’s investment level for meeting the 10% level is \$16.6 million and for meeting the 25% level is \$28 million. DEC’s is the same, respectively. These proposed amounts of investment for DEC and DEP separately are well within the range of recently-approved utility EV initiatives in other states, such as Dominion Energy Virginia’s Smart Charging Infrastructure Pilot with a budget of \$22 million.⁵ Other recently approved utility EV programs include Xcel’s three-year transportation plan for Colorado, approved in January 2021, with a budget of \$108 million; Consumers’ Energy Michigan’s three-year ET pilot, approved in December 2020, with a budget of \$12.2 million; and Portland General Electric’s three-year residential ET pilot for Oregon, approved in October 2020, with a budget of \$17 million.⁶

For the Commission’s consideration on the question of the appropriate size and scope for the Phase II Pilots, the Companies additionally note the impacts that its alternative proposals would have on the average residential customer’s monthly bill. Under

⁵ Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585, 1 A 6 of the Code of Virginia and for approval of an addition to the terms and conditions applicable to electric service, Case No. PUR-2019-00154, Final Order (Mar. 6, 2020).

⁶ Electric Transportational Biannual State Regulatory Update, *available at* [FINAL_ET_Biannual_State_Regulatory_Update_February2021.pdf \(cei.org\)](#).

the 10% scenario, an average residential customer's projected monthly bill would increase \$0.07 per month for DEC and \$0.10 per month for DEP; under the 25% scenario, the average residential customer's projected monthly bill would increase \$0.12 per month for DEC and \$0.17 per month for DEP. As the Companies have previously noted, however, larger scale adoption of EVs will ultimately lead to downward pressure on all electric rates, with the accompanying rate designs that encourage charging at grid-optimal times. (*See also* NCSEA Comments at 13, fn.23.) The above figures do not account for such long-term savings expectations.

B. A “Wait and See” Approach to EV Adoption Does Not Benefit North Carolina Customers.

The Public Staff, CCEBA, ChargePoint and EVgo also essentially contend that the Phase II Pilots are unnecessary because EO 80's goals may be met without them. The Public Staff includes a graph that purports to show that more than 80,000 Zero Emission Vehicles (“ZEVs”) will be registered in North Carolina in January 2025 without the need for the Companies' Phase II Pilots. From the graph, the Public Staff asserts that it is “reasonable to expect that ZEV adoption will continue, at a minimum, at the rate seen since September 2018” and that “March, April, May and June of 2021 saw the highest increase of ZEVs since September 2018.” (Public Staff Comments at 12-13.) Based on these current statistics, the Public Staff projects the goals of EO 80 will be met in the future without the Companies' proposed Phase II Pilots. (*Id.* at 13.) The Public Staff also relies upon “outside sources of infrastructure and funding that appear to be imminent” in asserting that the EO 80's adoption goals will be met without the Companies' investment in the Phase II Pilots. (*Id.* at 13-14.)

CCEBA, ChargePoint and EVgo also assert that the marketplace in which they or their members compete is currently sufficient to develop EV infrastructure in North Carolina without the utilities' involvement. For example, CCEBA, which includes a market competitor, ChargePoint, as a member, assures the Commission that, even in the absence of any utility pilot program, the competitive market for charging will continue to see strong demand to accommodate more EV registration. (CCEBA Comments at 4.) It provides a table showing EV Charging Networks and publicly available EVSE in North Carolina. CCEBA's table, however, does not indicate how much (or perhaps how little) of this EVSE in North Carolina has been located at multifamily dwellings, rural areas, or in low- to moderate-income areas. The Alternative Fueling Station Locator referenced by CCEBA appears to show clustering of EV charging locations in primarily urban areas in North Carolina but does not provide any information on economic diversity in those areas.

EVgo likewise does not believe that there is a need for the Companies to own and operate DCFC stations beyond those already authorized in Phase I. (EVgo Comments at 4.) According to EVgo, a competitive market exists to build, own and operate DCFC stations, and the Companies have not demonstrated why the utility should develop North Carolina's DCFC network at the expense of ratepayers rather than encouraging the development of a competitive market in its service territories. *Id.* at 5.

This "wait on the sidelines and hope for the best" approach appears counter to the Commission's own assessment within the last nine months that "there are still many challenges to widespread adoption of EVs, some of which are tied to the lack of charging infrastructure." *ET Order* at 16. Clearly the Commission recognized this need for EV infrastructure when it directed the Companies to quickly convene the ET Stakeholder

Group and to return to the Commission with the Phase II Pilots (building on the Phase I Pilots) in only six months. Other intervenors agreed. In its comments, Greenlots commends the Commission for recognizing the need for further collaboration by the Companies and stakeholders, and for its direction to the Companies to propose a new set of programs within six months of the *ET Order*. Greenlots believes the sense of urgency reflected by the Commission is appropriate and welcome given the significant gap between the state’s policy goal of increasing the number of registered zero-emission vehicles to at least 80,000 by 2025 and the lagging pace of EV infrastructure deployment. (Greenlots Comments at 4-5.) As ATE, a non-profit corporation and ET Stakeholder with expertise gained from experience in EV proceedings across the country,⁷ notes, as the end of February 2021, North Carolina only has about 25,000 registered vehicles in the state. (ATE Letter at 2.) It stated its belief that “there are substantial gaps in the public EV charging market today that will not be filled solely by third-party EVSPs.” (ATE Letter at 4.) Moreover, although 2025 is a milestone year for EO 80, the Companies believe that sustainable growth in EVs should continue beyond 2025. The Companies’ three-year pilots, focusing on areas where private investment has not occurred, will hardly “dominate” the massive amount of EV infrastructure needed to sustain EV growth for North Carolina drivers. The Companies agree with ATE’s informed opinion that “an all-hands-on-deck approach” including municipalities, third-party providers, host sites, transit agencies and school districts, is needed to meet the customers’ needs for EV infrastructure to ensure sustained and durable EV adoption in North Carolina. (See ATE Letter at 2 (explaining that even with Duke’s “modest” additions to EV infrastructure proposed in its Phase II

⁷ ATE Letter at 1.

filing, North Carolina will have to work with numerous parties to achieve 2025 goals and more ambitious goals for 2030 and beyond.))

1. The Companies' Phase II Pilots Focus on Rural and Underserved Communities that Commercial Providers May Bypass.

The Companies' Phase II Pilots related to public charging are dedicated to "expanding equity and access to electric transportation mobility to low- and moderate-income customers or customers in more rural areas." (Petition at 14.) NCJC/SACE/Sierra Club recognize that the Phase II Pilots provide the opportunity for the Companies to "gather valuable data that should help determine whether deploying utility-owned assets in low- and moderate- and rural communities" will lead to an increase in EV adoption in those communities. (NCJC/SACE/Sierra Club Comments at 16.)

The Commission already has a real-world example of how private competitors can leave a market gap: broadband deployment. Private investment failed to deploy broadband into rural and low-income areas as quickly as it did for urban areas, and it has taken decades to recover from that impact. Therefore, the General Assembly has stepped in to attempt to fill that gap, through its efforts on providing economic support for broadband into rural and low-income areas. *Session Law 2018-5*, pp. 218-224. The General Assembly stated that

broadband service is an essential element to ensure economic opportunity in a twenty-first century global economy. Recognizing that the availability of terrestrially deployed broadband at connection speeds exceeding 10 megabits per second (Mbps) download and one Mbps upload (10:1) is vital for enabling economic opportunity in our State, particularly in rural areas, the General Assembly hereby establishes the Growing Rural Economies with Access to Technology (GREAT) program to facilitate the deployment of broadband to unserved areas of the State.

Id. at 219-19. One of the Companies' goals with their Phase II Pilots is to gather data to determine how to avoid this same issue with respect to EV adoption. With the EV market, however, the General Assembly has already passed a statute that allows for the electric public utilities to participate in the market. (Session Law 2019-132, House Bill 329.⁸) Furthermore, the Commission fully regulates and can monitor the scope of the Companies' participation in this market.

EVgo, CCEBA, and ChargePoint discount the Companies' focus on rural and underserved communities, however, in their objections to the Companies' ownership of EV infrastructure. EVgo states it has a customer-centric site selection process that focuses on site attractiveness and optimization. (EVgo Comments at 5.) However, a customer-centric site selection process focused on attractiveness and optimization likely does not focus on underserved areas. As noted by the Commission, "private equity funded development often requires rapid and high returns on investment that can be at odds with capital investment such as public EVSE." (*ET Order* at 13.) EVgo also suggests that the collection of additional data is not a reasonable basis for further utility ownership of DCFC stations. (EVgo Comments at 10-11.) However, collection of additional data is not the sole reason for the Companies to add additional locations, but the ability to collect data from a more diverse group of locations is certainly a benefit of further deployment. EVgo opines that there is ample data from DCFC stations across the country and DCFC stations in North Carolina owned by EVgo and others, but EVgo fails to describe what that data is and how the information is applicable to the demographics of North Carolina. Clearly, collecting

⁸ The North Carolina General Assembly specifically removed a potential disincentive for electric public utilities to participate in the EV charging market by directing that any increases in customer demand or energy consumption associated with transportation electrification shall not constitute found revenues for an electric public utility. N.C. Gen. Stat. § 62-3(23)(n)(4), as amended.

data from the metropolitan centric locations established by EVgo will yield little information as to the utilization of stations located in rural and low-income areas contemplated in the Phase II proposal.

EVgo also curiously states that the Companies failed to discuss transportation equity in the context of their Highway Fast Charging Program and adds that the Companies' Highway Fast Charging Program, with no transportation equity component, is evidence that the Companies have not adequately considered transportation equity. (EVgo Comments at 11-12.) EVgo is mistaken. The Highway Fast Charging program is specifically limited to Tier 1 and Tier 2 counties, which is a standard method of identifying low-income areas in North Carolina. The General Assembly used Tier 1 and Tier 2 county designations to help determine areas eligible for broadband grants under the GREAT Act. (*Session Law 2018-5*, pp 218-224.) In fact, Wake County, which is Tier 3, is ineligible for GREAT Act grants.

Although the Companies' proposals relate specifically to Tier 1 and Tier 2 counties and to multifamily dwellings, EVgo claims that the investment of \$28.2 million in "ratepayer funds" is unnecessary. NCSEA further contends that the ability to recover its ET charging investments in rate base gives the Companies a competitive advantage over market participants. (NCSEA Comments at 3.) However, just as EVgo provides a service to its customers for compensation, the Companies provide services to their customers for compensation. The difference is that because of the Companies' respective positions and roles as regulated utilities, they are each well-situated to help the State of North Carolina avoid the creation of "EV deserts" akin to the broadband deserts that arose through reliance solely on non-utility competitors who chose not to serve many rural and low-income

communities. As stated by ATE, “multi-family dwellings . . . where EV charging is particularly difficult to deploy is an example of an EV use case that might not be served by non-utility third parties in this nascent stage of EV development.” (ATE Letter at 3.) DCFC on highway corridors is also a “difficult investment” for non-utility third-parties; however, the Companies have focused on that as well. *Id.* In sum, the Companies’ Phase II Pilots are intended to help forestall such inequitable development of EV infrastructure across the state and thereby avoid widening the gap between urban/rural and wealthy/low-income communities.

As these initial comments demonstrate, unlike other non-utility EV service providers in the market, DEC and DEP have specifically aimed to remove barriers to EV adoption in underserved markets. Accordingly, the Companies respectfully disagree with CCEBA’s unsupported assertion that public, multifamily dwellings, school bus and DC fast charging segments “are all currently served by competitive market participants who have active operations in North Carolina.” (CCEBA’s Comments at 5.) Feedback from the ET Stakeholder meetings refutes CCEBA’s conclusory assertion. In sum, the data and the arguments set forth by CCEBA, EVgo, ChargePoint and, to a certain extent, NCSEA, fail to articulate how, without the Phase II Pilots, EV infrastructure would otherwise be deployed in these rural and less served areas.

Finally, both NCSEA and the NCJC/SACE/Sierra Club recommend additional considerations with respect to siting locations within rural and low- to moderate- income areas. The Companies are prepared to work with ET Stakeholders to maximize the value of the pilots in these areas.

2. The Companies’ Ownership of EV Infrastructure in the Phase II Pilots Benefits Customers and Does Not Harm Competition.

Several intervenors seek to diminish any potential competition from the Companies by requesting the Commission limit the Companies' ownership of EV infrastructure. EVgo and NCSEA recommend the Commission relegate the Companies to instead be a "Provider of Last Resort" by providing significant economic support to a private provider to install the stations or to otherwise limit utility investment in EV charging. (EVgo Comments at 9; NCSEA Comments at 4-5.) In such a scenario, EVgo expresses no concern about ratepayer impacts because EVgo and others would be the beneficiary of the economic support. As the Commission is aware, that system was tried in the telecommunications sector and ultimately was significantly limited because of the adverse impacts it imposed on telecommunications providers and their customers.⁹ Additionally, even NCSEA noted the difficulties in barring utility ownership of ET infrastructure. (NCSEA Comments at 5.)

ChargePoint also asserts that the Companies' Phase II Pilot programs do not align with best market practices and will actually undermine the competitive market for EV charging in North Carolina, increase costs and risks to ratepayers, and restrict choices for customers. ChargePoint, however, has provided no evidence or data to support such a claim. By contrast the Companies have submitted a utility-owned program that targets 10% to 25% of the EO 80 gap through 2025. In doing so, the Companies propose utility-operated infrastructure to support *0.15-0.37% of the light-duty automobile market*.¹⁰ This

⁹ Limiting the regulated utility to serving only high cost, remote customers that others will choose not to serve ends up causing adverse impacts on regulated ratepayers because the marginal areas do not cover the cost of service. Eventually, the telephone companies had to seek legislative relief. N.C. Gen. Stat. § 62-110(f2).

¹⁰ In North Carolina, there are approximately 3.4 million standard passenger automobiles in operation. (See Federal Highway Administration Data for 2019 published at <https://www.fhwa.dot.gov/policyinformation/statistics/2019/pdf/mv1.pdf>). According to the NC DOT, (<https://www.ncdot.gov/initiatives-policies/environmental/climate-change/Documents/2021-june-registration-data.xlsx>), NC needs about 50,000 more electric vehicles to reach the E O 80 goal. Fifty thousand

is significantly short of dominance of the potential North Carolina EV market. Further, with the EVSE Tariff, the Companies expect to provide choices that should enable attractive hardware/software options and not restrict or inhibit them.

ChargePoint further contends that, contrary to the Commission's *ET Order* requiring the use of "additional ownership" models, the Companies have only proposed Phase II Pilots that result in utility ownership of EVSE. The Public Staff also expresses concern that the Companies' Phase II Pilots do not provide for leveraging funds or for partnerships. Notably the Companies' MRC program centers on customer ownership and the Companies' EV School Bus program continues to seek use of the Volkswagen Settlement funding. Nothing in the Companies' Phase II Pilots prevents leveraging funding where available or creating partnerships where feasible. The Companies note that arranging for funding and creating partnerships is more difficult when the scope of approval of the Phase II Pilots is unknown. The Companies intend to continue to seek these opportunities and to leverage the ET Stakeholder group to find these opportunities.

Additionally, the Companies note that they first filed their MRC programs that allow for third-party owned charging equipment and that the MRC programs complement the Phase II Pilots. Notably, to the extent that ChargePoint seeks to leverage the make-ready credit for an installation owned by ChargePoint, that would be permissible. In

(50,000) electric vehicles, out of a total of 3.4 million passenger automobiles operative in NC, equals slightly less than 1.5% of the overall market. Since the Companies are seeking to serve only 10-25% of the electric vehicle market through the Company- owned and operated infrastructure Phase II pilot proposals, the share of such market served through the pilots would be one-tenth to a quarter of the 1.5% EV adoption level, or a range of 0.15% to 0.37% of the light-duty automobile market.

contrast, the co-ownership, co-funding, or co-operation models advocated by ChargePoint could not reasonably be evaluated in the timeframe of these proceedings. The Companies' proposed Phase II Pilot programs also advance the Phase I foundation by specifically targeting an underserved population and by adding affordable EVSE Tariff options that provide customer choice. As to program cost concerns, the Companies note that the EVSE Tariffs include cost-based rates in the monthly pricing such that those programs are designed to be *fully funded* by participating customers, not by the general class of customers.

ChargePoint additionally requests that if the Commission approves the Companies' Phase II Pilot programs, the Commission should also direct the Companies to revise their Public Level 2, MFD and Highway Corridor Pilot Programs to expressly allow for third-party turnkey solutions. In response, the Companies counter that the Companies' MRC programs allow significant funding via a well-accepted mechanism for infrastructure that is not connected to utility-owned hardware. The Companies are willing to consider turnkey proposals that are befitting of the deployment models and cost-effective.

ChargePoint also recommends that the Commission direct the Companies to revise all Phase II Pilot programs to explicitly provide site host choice in EVSE hardware and network software solutions. The proposed tariffs included in the Companies' Petition do not explicitly provide site hosts the ability to choose from at least two vendors of EV charging hardware and software. ChargePoint recommends the Commission to direct the Companies to provide site hosts the ability to choose from at least two (2) vendors of EV charging hardware and software for all Phase II Pilot programs. Further, the Commission should direct the Companies to include appropriate tariff language to implement customer choice as to ownership and operation of

EVSE. In response, the Companies can agree to allow site hosts to have options for hardware and software.

ChargePoint additionally requests the Commission direct the Companies to revise all Phase II Pilot programs to explicitly empower site hosts to establish pricing and pricing policies for EV charging services. According to ChargePoint, the Companies do not explain or justify limiting site hosts' ability to establish pricing for EV charging services to a singular Phase II Pilot program. ChargePoint recommends the Commission direct the Companies to clarify that all site hosts participating in the Companies' Phase II Pilot programs can establish the prices and pricing policies for EV charging services located on their property. ChargePoint further recommends that the Commission direct the Companies to include appropriate tariff language to allow site hosts the ability to establish and adjust pricing for EV charging services. The Companies respond that for the EVSE Tariff, as the customer self-funds the installation and equipment, the customer can set prices on its own. As for utility-operated chargers, because ratepayers (and not hosts) fund the installations that sites elect to host, site hosts have limited ability to set pricing as revenues serve to offset costs incurred by the ratepayer. The DC Fast Charge Fee approximates market rates with an explicit intention to avoid anti-competitive pricing. Level 2 fees are set at an affordable price point based on an established rate with a small added margin intended to help offset program costs. Even so, the Companies have provided for flexibility in pricing for DCFC and are willing to explore options for the same in other areas of utility-operated charging infrastructure, provided that the Companies are made whole.

3. A Gap in EV Infrastructure Development May Result in Unsustainable EV Adoption.

Although the Public Staff and other intervenors claim that the EV market will develop without the Companies' Phase II Pilots, a recently published study shows that in

California a lack of EV charging infrastructure can stymie sustained EV adoption. As cited in the Companies' Petition, this study shows that roughly 20% of electric vehicle owners in California replaced their cars with gasoline-powered ones due in part to the inconvenience of charging. "Of those who switched, over 70% lacked access to Level 2 charging at home, and slightly fewer than that lacked Level 2 connections at their workplace."¹¹ The Companies agree that "the lack of charging infrastructure poses a challenge to the nascent EV market."¹² Moreover, the intervenors' apparent assertion that the EV market will develop on its own without the Companies' participation in North Carolina is belied by the rapid full subscription for the Companies' Phase I Pilots. As shown below in summary points on the Companies' observed participation for Phase I, recent demand for EV charging infrastructure remains high, based on the Companies' experiences:

- All segments (DCFC, MFD & Public L2) had sufficient interest to assign all available ports within 43 days of opening the program.
 - DCFC saw that result within in 15 days.
- 571 ports were requested in 6 months, compared to 280 available for public charging in Phase I, making the program ~140% oversubscribed.
 - DCFC has the highest relative demand at 345% over subscribed.
 - Public L2 had the "lowest" relative demand at 46% oversubscribed.

This demonstration of demand for EV charging infrastructure also refutes the assertions that other competitive market participants will meet the current market demands for charging infrastructure. The Public Staff notes that Tesla's opening of its charging

¹¹ See Reuter, Dominick, *1 in 5 Electric Vehicle Owners In California Switched Back to Gas Because Charging Their Cars Is A Hassle, New Research Shows*, Business Insider, April 3, 2021, available at <https://news.yahoo.com/1-5-electric-vehicle-owners-164149467.html>, (discussing Hardman, S., Tal, G. *Understanding discontinuance among California's electric vehicle owners*. Nat Energy (2021)), available at <https://doi.org/10.1038/s41560-021-00814-9>.

¹²*Id.*

network to EVs besides Tesla should sufficiently advance the market without the Companies' Phase II Pilot, but the Public Staff fails to mention whether Tesla's opening would be done all at once, or incrementally. (Public Staff Comments at 7.) Notably, a news article discussing the opening stated that, as more automakers move towards electrification, the need for additional chargers is predicted to grow at "an astronomical rate."¹³ The article also noted the timetable for Tesla opening the chargers was uncertain. "As of now, Tesla hasn't revealed an exact timeline for when it plans to expand its charging network to non-Tesla vehicles. However, Musk estimates that it will begin rolling it out before the end of 2021."¹⁴ Moreover, the Public Staff cites the bipartisan federal infrastructure bill that has, at this time, \$7.5 billion earmarked for EV charging infrastructure. It remains unclear, however, when and if this bill will ultimately become law, when funds available would materialize as installed infrastructure, and what impact it will have on North Carolina's EV adoption.

In sum, the Companies' Phase II Pilots are appropriately scaled and sized for the Commission to determine which option best suits the needs of DEC's and DEP's customers. The Companies' focus on underserved areas does not conflict or deter competition in the EV market, and it will yield valuable information to determine the costs and benefits of utility ownership of EV infrastructure in those underserved markets. The Commission should not conclude that the Phase II Pilots, filed in response to the Commission's directives in its ET Order, are too large in size or in scope.

¹³ Stumpf, Rob, *Tesla's New Adapter Will Let Other Car Companies Use Its Fast Charging Stations*, Popular Science, July 21, 2021, available at <https://www.popsci.com/technology/tesla-open-supercharging-network/#:~:text=But%20finding%20a%20charger%20on,electric%20vehicles%20in%20late%202021>.

¹⁴ *Id.*

III. The EVSE Tariffs Provide a Service to Participants that Will Remove Barriers to EV Adoption by Reducing Upfront Costs.

Several parties offer questions or recommendations regarding the Companies' EVSE tariffs. The Public Staff notes that it was "uncapped." (Public Staff Comments at 9.) NCJC, SACE, and the Sierra Club comment that the EVSE Tariffs should include expiration dates, and the Companies should remove a provision in the EVSE Tariffs that requires a deposit for the contract terms, especially for residential customers. CALSTART noted that contract periods for non-residential L2 are five years and ten years for DCFC contracts. CALSTART thus notes it is unclear whether the tariffs will continue for the contractual period. ChargePoint recommends that the Companies should require EVSE deployed through the Phase II Pilots support multiple payment options, including the ability pay via credit card. Therefore, ChargePoint urged the Commission to reject the requirement that qualified EVSE enable payment by credit card "swipe." Rather than require EVSE to accept credit card payment solely via "swipe," ChargePoint recommends that the Commission direct the Companies to modify the program requirements to require EVSE to accept credit card payment via "swipe, chip, or contactless." (ChargePoint Comments at 13-14.) EDF questions whether the Companies would remove the EVSE or offer to sell it to the customer at the end of the customer's contract term. Finally, EDF, NCJC, SACE and the Sierra Club recommend that the Companies should consider tariffed on-bill financing for the EVSE Pilot.

A. The EVSE Tariffs Are Designed to Offer an Optional Service for Customers, and Customers Choosing that Option Bear the Costs for the EVSE Tariff Programs.

In agreeing to modify the EVSE tariffs as discussed in Section B below, the Companies clarify that the intent of the EVSE program is not to provide customers with the option to purchase EVSE at the conclusion of the contract period. Instead, the Companies clarify that the EVSE tariffs provide for “charging as a service.” In other words, the Companies’ EVSE tariffs offer customers a worry-free, affordably-priced charger rental service where the Company owns, manages, and maintains the equipment through its lifetime, including replacements as needed. As such, the Companies have compared this program to their outdoor lighting offerings, which are not financing options. This will be a service for customers that do not want the responsibility for purchasing and maintaining EVSE for themselves and who are interested in minimizing their upfront expense. Furthermore, the costs for the EVSE programs affect only those customers that voluntarily participate in the programs – not all of the Companies’ respective customers. To the extent this is unclear, the Companies will clarify this in their compliance filing.

EDF’s proposal to allow for a transfer of the EVSE to the customers at the end of the contract would be, in effect, a financing arrangement. Under the Federal Energy Regulatory Commission’s (“FERC”) Uniform System of Accounts (“USoA”),¹⁵ and the requirements for leased property on customer’s premises (FERC Account 372), this creates a significant accounting concern. FERC Account 372 allows utilities to lease equipment to customers, but expressly excludes property held for sale. If title to the EVSE does not shift to the customer right away, it is arguably DEC’s or DEP’s property that is being held (and maintained) on customer’s premises for ultimate sale to the customer. As

¹⁵ 18 CFR Part 101.

the Companies understand the application of the USoA rules with respect to ratemaking in North Carolina, improper classification of assets has several consequences, including, but not limited to, disallowance of recovery. Thus, the Companies disagree with EDF's proposal to allow for a transfer of the EVSE to customers at the end of the contract as that does not appear to be permissible under applicable accounting requirements.

To the extent that EDF, NCJC, SACE, and Sierra Club are suggesting on-tariff financing for the EVSE, that is a different construct—title to the EVSE shifts immediately to the customer after installation, subject to the financing arrangement, and the Companies would not maintain what is now the customer's property. The Companies are open to such an arrangement based on future discussions with stakeholders, but that would be a very different proposal with different standards. The Companies are participating in the Comprehensive Rate Review that was established at the conclusion of the North Carolina rate cases and other stakeholder collaboratives, including an Energy Efficiency collaborative, where on-tariff financing is being discussed as a tool for some product offerings. The Companies will leverage the learnings from these collaboratives in future ET Stakeholder meetings and potentially in future filings.

B. The Companies' Phase II Pilots Allow for Use of Experimental Rate Designs and Managed Charging.

Several intervenors also claim that Phase II Pilots do not comply with the Commission's *ET Order* because they do not contain "experimental" rate designs for EV use, nor they do provide for managed charging. The Companies' Phase II Pilots, however, do not foreclose any specific rate design or managed charging. In fact, the proposed EVSE tariffs specifically state that each Company may provide programs to help customers

manage charging, because the Companies are interested in developing rate schedules and programs that will encourage managed charging. This interest springs from the potential to create benefits for participating customers, non-participating customers, and the grid through added EV load that has a limited impact on electric system peaks. The Companies intend to continue to work with stakeholders on residential and non-residential rate designs and programs that may have time-of-use periods (either “whole premise” or specific to the EV load), dynamic pricing periods such as critical peak pricing, credits for off-peak charging, or other features. Some of these would likely be “passive,” in that the customer would be responsible for responding to optional price signals, while other offerings might reward the customer for giving the applicable Company the ability to actively manage charging in limited circumstances and for short periods, such as in very tight grid conditions. Additionally, the Commission recently approved DEC’s proposal for three advanced rate designs for residential and small commercial customers that would provide benefits for both EV customers and non-EV customers who are able to reduce their use during peak and critical peak times and shift usage to off-peak and discount periods. (*Order Approving Rate Design*, Docket Nos. E-7, Sub 1146, and Sub 1253, issued August 25, 2021.) The Companies expect that the time-of-use and discount periods available under these rates will attract customers with EVs and on-site chargers. After the Phase II Pilots and similar rate designs for DEP are approved, the Companies will work to educate customers about these rates and how they work with EV charging. The Companies commit to present this communications plan to the ET Stakeholder Group, the Commission, or both after it is complete.

Also, the Commission has directed DEC and DEP to perform a Comprehensive Rate Design Study in the rate case orders in Docket Nos. E-7, Sub 1214 and E-2, Sub 1219, *et al.* The Comprehensive Rate Design Study process began on March 31, 2021 and is scheduled to conclude by March 31, 2022. The Companies offered preliminary discussions of EV-specific rate designs during the ET Stakeholder process, and interested ET Stakeholders have been invited to participate in the “Fast Track” working group of the Comprehensive Rate Design Study process, which working group will address EV-specific rate designs in the coming months. The Companies believe that leveraging the work of the Commission-directed Comprehensive Rate Design Study process into the EV charging efforts proposed in Phase II is consistent with the Commission’s intent in its *ET Order*.

C. The Companies Agree with Certain, Recommended Limitations on the Scope of the EVSE Tariffs.

The Companies agree that modifying or clarifying some of the terms of the EVSE tariff is appropriate in response to some of the comments. First, with the aim of removing barriers to EV adoption for all customers, the Companies will amend the tariffs for the EVSE program to remove the requirement of a deposit not to exceed 40% of the revenue for the original term and instead, if a deposit is required, request two months of fees in advance, instead of the 40%. Next, to address concerns that the Companies will “over-recover” throughout the length of the contract, the Companies agree to report on program participation to ET Stakeholders after three years, and will seek program reauthorization if recommended. three years after approval. The Companies intend to be transparent about the costs and benefits of this program with the ET Stakeholders and the Commission. Additionally, the Companies agree to shorten the maximum length of the

contract from 10 years to eight years in the appropriate compliance filing. Finally, the Companies agree with ChargePoint’s concern about limiting the type of payment options for EVSE. Thus, they agree in their compliance filing to remove the word “swipe” from the EVSE to ensure that multiple payment options will be accepted or to change the language to allow for chip or contactless payment.

IV. Phase II of the EV School Bus Pilot Should be Approved with the Ability to Allow Adequate Program Re-Design Capability During the Term of the Pilot.

The Companies have proposed for their respective Phase II of the EV School Bus Pilots to deploy approximately 4-6 buses at 10-15 school district sites with a maximum budget of \$13.5 million. The Companies would provide a portion of the incremental cost gap between a diesel bus and an EV School Bus and associated charging infrastructure. The Companies agree with ATE that this is a “challenging use case given the difference in upfront capital cost” and further agree that the lower total cost of operation over time for the electric school bus compared to the diesel equivalent is “undisputable” and should be considered by the Commission when determining the economic benefit of the proposed program for pilot participants (ATE Comments at 6).

Certain intervenors raise concerns regarding the need for more details concerning Phase II of the EV School Bus Pilot, including technical functionality of the vehicle-to-grid (“V2G”) proposal, battery ownership and warranty, and/or bi-directional flow technical requirements (*See* EDF Comments at 14-15, CALSTART Comments at 11-12, NCSEA Comments at 12, and SSDN Comments at 3). Although the Companies agree with ATE that “there are substantial learning benefits to this [Phase II Pilot], and direct benefits to Equity and LMI communities in the state” they recognize that there are still technical decisions that must be determined to ensure successful deployment.

Additionally, the Public Staff emphasized in their comments that the Companies must first demonstrate “proof of concept” by gathering operational data from the Phase I program prior to deploying a Phase II Pilots (Public Staff Comments at 15). Due to the implementation delays of the Phase I Pilots, the data is unavailable to analyze. However, considering the Commission’s request for a “multiphase program,” the Companies and ATE request the Commission to approve the Phase II Pilots so that deployment is not also delayed, but instead ready to launch to help achieve a multiphase pilot program (ATE Comments at 6). The Companies further request the Commission to “allow adequate program re-design capability during the term of th[e] pilot” to address technical considerations and incorporate any available data regarding V2G functionality, battery ownership and warranty, and/or bi-directional flow capabilities (*Id.*).

V. The Option of Networked Chargers and Non-Networked Chargers Should be Available to Pilot Customers.

The Companies propose providing the option of networked and non-networked EV chargers installed through the EVSE Tariff Pilot to pilot customers in their Phase II Pilot. ChargePoint and NCJC/SACE/Sierra Club recommend that the Companies and the Commission require any EV chargers installed through the EVSE Tariff Pilot to be networked and for the Companies to modify the EVSE Tariff Pilot to remove the reference to non-networked EVSE (ChargePoint Comments at 12, NCJC/SACE/Sierra Club Comments at 8-9.) Both ChargePoint and NCJC/SACE/Sierra Club claim the data from networked chargers can be used to help shape the future load management techniques which may prevent the installation of additional grid resources by allowing the Companies to manage peak demand and facilitate off-peak charging (NCJC/SACE/Sierra Club Comments at 9, ChargePoint Comments at 13.) The NCJC/SACE/Sierra Club also state

that due to the cost differential between non-residential networked and non-networked chargers, customers may be inclined to select the less expensive non-networked option and propose that the Commission consider discounted monthly rates for non-residential customers meeting specific equity criteria (NCJC/SACE/Sierra Club Comments at 9-10.)

The Phase II Pilots offer the option between networked and non-networked chargers to help the Companies determine how many of the pilot customers desire an economic ability to leverage the capabilities of networked chargers and also allow the Companies to provide the choice to customers who may prefer a non-networked format. In response to the NCJC/SACE/Sierra Club Comments that the higher cost of networked might be mitigated through discounts offered to C&I customers, the Companies note that the rates they charge for the EVSE are cost-based. Should the Companies receive lower costs for networked equipment from vendors, those lower costs will be passed along to customers.

Additionally, the Companies note that a non-networked ESVE may be desirable and necessary for customers with no internet connectivity near the EVSE. However, the Companies agree that there is significant value in the data collected from networked chargers that may help inform the Companies' load management techniques as the programs progress. In response to the concerns raised by ChargePoint and NCJC/SACE/Sierra Club, the Companies assert that it would always be the goal of the program to educate participants on the many benefits of networked chargers, inclusive of readiness for any future load management programs. Further, it should be noted that a networked charger is not the only means of gathering data nor exerting control over EV charging. In many cases, the EV itself or other "smart" devices can serve for purposes of

networking. To that end, especially with technology development ongoing for the EV market, there is value in exploring how non-networked chargers can operate effectively in a managed charging scenario. Even so, the Companies are also willing to explore development of a cap on the number of non-networked chargers offered during the pilot to ensure adequate data is obtained from networked chargers. Additionally, to help manage and mitigate peak demand charging for non-networked chargers, the Companies agree with CALSTART's comments to offer educational materials and training to non-networked pilot customers on the benefits of charging during off-peak hours. (CALSTART Comments at 8). For these reasons, the Companies request the Commission to approve the proposal to offer both networked and non-networked chargers to pilot customers.

VI. The Companies Commit to a Robust Evaluation, Measurement, and Verification Program for its Phase II Pilots.

Several of the intervenors claimed that the Companies' Phase II Pilots did not have clearly defined goals and metrics. The Public Staff noted that the Phase II Pilots did not include a mechanism so that the costs and revenues could be tracked and reported to develop future cost benefit analyses. In particular, NCJC, SACE, and the Sierra Club recommend that the Companies file regular reports to help ET Stakeholders meaningfully evaluate the success of the Phase II Pilots.

The Companies agree that a robust EM&V program is necessary. Creating a detailed EM&V program for pilot programs that have not yet been approved, however, is difficult, especially when the Companies have proposed two alternative investment levels for the Commission's review. Based on the success of the interested ET Stakeholders' whiteboarding sessions with the Companies for Phase I, the Companies recommend convening a similar group of interested ET Stakeholders after approval of Phase II to

likewise develop the EM&V metrics for Phase II. Although the Public Staff contends that the Companies' Phase II Pilots did not provide for tracking and reporting of costs and revenues, the Companies never intended to signal that they would not track and report. The Companies agree that this data will be used to learn about the costs and benefits of socioeconomically diversified EV infrastructure and use in the future.

The Companies further commit to keeping the ET Stakeholders abreast of the developments of the Phase II Pilots as recommended by EDF. (EDF Comments at 26-27.) With respect to the topics for reporting listed by EDF, the Companies are unable to track individual participants' income brackets. Additionally, at this time it is difficult to isolate and track with precision EV charging per customer and whether it is on-peak or off-peak. Nevertheless, the Companies agree that, after approval of the Phase II Pilots, it is appropriate for the ET Stakeholders to review EDF's list of reporting topics to determine how best to report costs and revenues and how to track and report on the other metrics listed.

Finally, NCSEA recommends that any EM&V be led by a credible third party. Although the Companies note that this will add costs to the Phase II Pilots, they do not oppose NCSEA's recommendation and believe that, when necessary for certain components of the approved pilots' evaluations, a third-party evaluator could be used.

VII. The Companies Intend to Communicate with Customers about the Options and Interactions with other Programs and Policies and have a Robust Marketing and Outreach Budget.

- A. The Companies will use their Expertise to Communicate with Potential Commercial Customers about their Options and Interactions Among Programs and Policies.

CALSTART contends that the Companies' front-of-the-meter policies, including distribution infrastructure upgrade policies, are challenging to understand and do not seem to be designed with EV charging in mind. As a result, CALSTART opines, there is too much risk placed on developers for unknown costs.

DEC and DEP appreciate the importance of working with customers to facilitate commercial EV charging installations, including fleet conversions. The Companies recognize the value of such installations for achieving the goals for transportation electrification and understand the potential for unknown cost responsibilities on the part of the customer to serve as a barrier. Busy customers may not have experience with, or the time to engage on their own with, the Companies' distribution policies. The Companies have anticipated these issues and have been working to resolve them through tariff and program design, development of calculator tools and other mechanisms, training of personnel, and ongoing discussions with stakeholders.

To reduce cost and other uncertainties as much as possible, the Companies will use their existing expertise and train personnel to be able to communicate with potential commercial customers about their options and the interactions among programs and policies. This includes: (i) the Customer's rates and options under the EVSE tariff; (ii) the potential for revenue crediting under the Make Ready Credit Program; (iii) the applicability of the Line Extension Plan, the potential revenue credits thereunder, and the interaction of Line Extension Plan Credits and Make Ready Credits; (iv) whether the customer has a need for distribution extra facilities;¹⁶ and (v) the potential time frame for construction and facility upgrades. The two revenue credit types, under the Line Extension

¹⁶ Details about extra facilities requirements are in the DEP and DEC Service Regulations, which are on Duke Energy's website and are filed tariffs.

Plan and the MRC Program, are capable of upfront calculation, although for complex projects like large commercial installations there would have to be discussion of the individual attributes of the project and the site. The proposed MRC program tariffs anticipated the need to address the interaction between the MRC and Line Extension Plan credits when both are in play (simultaneous participation in the Line Extension Plan and the MRC programs generally leads to one additional year of revenue credits).

The Companies disagree that their Line Extension Plans are hard to understand. The Line Extension Plans have successfully supported the rapid growth in North Carolina's population and business activity by, among other things, fairly allocating costs of the Companies' expanding distribution system among the new retail customers and the general class of customers. Indeed, the Line Extension Plans have been so successful that the Companies decided to build on that success in the context of transportation electrification by designing the MRC Program revenue credits in a very similar way to the revenue credit offerings in the Line Extension Plans. While the DEC and DEP Line Extension Plans are formatted differently from each other, they contain similar terms and are applied in the same ways. DEC and DEP have worked to align their line extension policies since the merger. This was recognized by the Commission in its Order issued November 29, 2016, in Docket No. E-2, Sub 1053, *In the Matter of Petition of Duke Energy Progress, LLC for Approval of its Line Extension Plan*, where the Commission approved a "more unified approach" and a further alignment of the line extension policies between DEC and DEP including as to "cost responsibility, revenue credits, and payment options."

The Line Extension Plans were admittedly not designed specifically for EV installations, but the cost allocation provisions in the Line Extension Plans still apply in

the context of EV projects and provide the same key balance between the needs of participating and non-participating customers. The retail customers seeking a line extension will have at least some of the extension costs defrayed through Line Extension Plan revenue credits, plus further reduction to the overall project costs through MRC programs where applicable. Because the credits are revenue-based and time limited, the general class of customers is protected from responsibility for excessive costs of EV installation. CALSTARTS takes the position, citing a California ruling, that all utility-side costs should be paid for by the utilities (which ultimately means the general class of customers). Although this would create clarity for commercial customers seeking EV installations, it would not provide a balance and would shift the entire cost burden onto other ratepayers. Moreover, full utility subsidization as proposed by CALSTARTS would remove the resource allocation benefits of the Companies' proposed approach. The Companies' proposed revenue credit approach would encourage individual customers and customer groups to seek out the least expensive locations for EV charging, including those locations for which the utility system costs would be low.

The Companies therefore disagree that there need to be changes to the Companies' existing distribution policies, including the Line Extension Plans, to promote commercial EV installations and fleet EV conversions. At times, there will need to be detailed communications between the Companies and the customers about their plans and goals and how those can be achieved and/or incentivized through the Companies' programs and policies, including the EVSE Tariff, the MRC Program, Line Extension Plan, as well as other available incentives now existing or arising in the future. DEC and DEP will have teams in place to engage effectively in those discussions but are not proposing that all

utility-side costs will be covered in all circumstances on behalf of a potential EV installation, as CALSTARTS apparently seeks. The Companies seek a balance that recognizes and achieves the long-term value of EV charging for the State, the participating EV customers, and the general class of customers.

B. The Companies Have Included a Budget for Robust Outreach and Marketing.

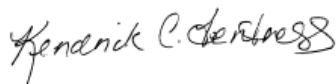
NCSEA, NCJC, SACE and Sierra Club have recommended that the Companies reach out to raise awareness of the Phase II Pilots. NCSEA supports the Companies' outreach and marketing budget of approximately \$500,000 for education and outreach, particularly for rural and low- to moderate- income customers. However, NCSEA recommends that the Companies engage a third party that specializes in community outreach and ET education to provide the most effective community education on electric transportation. NCSEA also recommends metrics to gauge the success of the outreach. NCJC/SACE/Sierra Club recommended that the Companies educate public officials, host community meetings, and receive feedback from specific communities before they begin deploying Level 2 chargers. They also noted that the outreach and engagement should be done in collaboration with stakeholders and community organizers already working in underserved areas, possibly through a subgroup in the ET Collaborative. NCJC/SACE/Sierra Club indicated that this could mean the L2 and multifamily Pilots would be pushed back three to six months.

The Companies agree that marketing and outreach are critical to achieving the goals of this Pilot. They have included a robust budget for marketing and outreach in their Petition. Moreover, they are prepared to leverage the assistance of the ET Stakeholders in conducting outreach to underserved areas, but do not agree that a delay in implementing

the L2 Pilots after approval will be necessary. As noted before with respect to overall EM&V, the Companies are not opposed to having ET Stakeholder involvement in developing and EM&V metrics for marketing and outreach to gain insight on how to best conduct such outreach during the Phase II Pilots. Although the Companies note that this will add costs to the Phase II Pilots, they do not oppose NCSEA's recommendation and believe that, when necessary for certain components of the approved pilots' evaluations, a third-party evaluator should be used.

WHEREFORE, Duke Energy Carolinas, LLC and Duke Energy Progress, LLC respectfully request that the Commission accept the Companies' Reply Comments and grant any other relief the Commission deems necessary.

Respectfully submitted, this the 13th day of September, 2021.



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