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VIA ELECTRONIC MAIL

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Commissioner Marie Therese Dominguez
Chair, Transportation Advisory Panel
Of The Climate Action Council

**RE: Comments of the Utility Consultation Group on the Transportation
Advisory Panel's Recommendations to Substantially Reduce
Greenhouse Gas Emissions from the Transportation Sector**

Dear Chair Dominguez,

On behalf of the Utility Consultation Group (the "UCG")¹, please accept the following comments for consideration as the Transportation Advisory Panel (the "Panel") continues to prepare its policy recommendations for the Climate Action Council (the "CAC"). These comments outline recommendations in response to the "proposed policy strategies under consideration" presented at the public forum on February 24, 2021.² Consistent with the UCG's stated and continued support of New York's clean energy and climate goals, these comments build on their prior commitment to be leaders in working toward a cleaner energy system with reduced greenhouse gas emissions.

**I. The UCG Supports The State's Clean Energy And Climate Goals Through
Transition to Transportation Electrification And Cleaner Fuels**

The State has recognized the value that New York's investor-owned utilities can bring to achieve the State's clean energy and climate goals, including the Climate Leadership & Community Protection Act ("CLCPA") targets.³ Because emissions from transportation are the largest source of greenhouse gas emissions in the State, electrifying the transportation sector is critical in meeting the CLCPA targets. The UCG is dedicated to advancing transportation electrification and other techniques to significantly decarbonize transportation energy use in the state and supports the State's commitment to the two Multi-State Zero Emission Vehicle ("ZEV") Memoranda of Understanding ("MOUs"), which aim to have approximately 850,000

¹ For purposes of these comments, the UCG includes the following: The Brooklyn Union Gas Company d/b/a National Grid NY; Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc. ("Con Edison"); KeySpan Gas East Corporation d/b/a National Grid; Municipal Electric Utilities Association of New York State; National Fuel Gas Distribution Corporation; New York State Electric & Gas Corporation; Niagara Mohawk Power Corporation d/b/a National Grid; Orange and Rockland Utilities, Inc.; and Rochester Gas & Electric Corporation.

² Transportation Advisory Panel: Public Engagement Session Presentation (Dated February 18, 2021) available at: <https://climate.ny.gov/-/media/CLCPA/Files/2021-02-18-draft-Transportation-Proposed-Policy-Strategies.pdf>

³ See e.g., Chapter 58 (Part JJJ) of the laws of 2020, § 7 (2) (the "Accelerated Renewable Energy Growth and Community Benefit Act") (calling upon the New York State Public Service Commission, in consultation with, among others, investor-owned utilities, to conduct a comprehensive study of the State's bulk, distribution, and local electric transmission infrastructure).

light-duty ZEVs registered in New York by 2025⁴ and set vehicle sales targets for medium- and heavy-duty (“MDHD”) ZEVs of 100 percent by 2050, with an interim target of 30 percent sales by 2030.⁵ The UCG also supports the State’s goal to electrify all public transit by 2035 and the Metropolitan Transportation Authority’s goal to electrify by 2040.⁶

Many UCG members already play a key role in administering transportation programs that help offset upfront capital costs and ongoing operational costs related to ZEV charging, providing incentives for light-duty vehicle charging station make-ready infrastructure and per plug rate incentives for direct current fast chargers (“DCFCs”). Some UCG members also offer pilots and programs that encourage beneficial charging behavior, incentivizing customers to charge their vehicles at off-peak times to manage impact on the grid.

The UCG remains committed to this role, playing a similar role in the additionally incipient medium- and heavy-duty vehicle sector, and continues to work collaboratively with the State and the CAC and its advisory panels to increase the likelihood that the CLCPA clean energy and climate goals will be met in a timely, reliable, and cost-effective manner. To that end, the UCG would further support the Department of Environmental Conservation’s efforts to revise 6 NYCRR Part 218 to incorporate California’s⁷, Heavy-Duty Low NOx Omnibus, and Phase 2 Greenhouse Gas Standards. For hard or impossible to electrify heavy duty vehicles that can otherwise be more cost-effectively converted to other clean fuels such as green hydrogen and renewable natural gas, the Panel should consider such fuels.⁸ If the State adopts a low carbon fuel standard, the Transportation and Climate Initiative, or other mechanism that recognizes electricity as a clean fuel, proceeds should be additional to utility funded programs currently focused on EV charger infrastructure build-out and be used for upfront capital contributions towards vehicle purchase costs or towards purchase rebates for ZEVs, with priority given to low- and moderate-income customers and public transit agencies. Doing so will increase access to clean transportation for customers in disadvantaged communities and address a key barrier to EV adoption.

Finally, the UCG recommends that the Panel meaningfully consider all forms of transport in addition to automobile-based surface transport, i.e., by inclusion of micro-modal transport such as electric bike-share programs as well as the aviation and marine sectors, among others. All such sectors will need to be considered in order to achieve the State’s ambitious goals on greenhouse gas emissions. The UCG is committed to help facilitating the build-out of charging infrastructure needs or alternative fuel infrastructure for all such sources of harmful emissions.

⁴ State Zero-Emission Vehicle Programs Memorandum of Understanding (issued October 24, 2013), available here: <https://www.nescaum.org/documents/zev-mou-8-governors-signed-20131024.pdf/>

⁵ Multi-State Medium- and Heavy-Duty Zero Emission Vehicle Memorandum of Understanding (issued July 14, 2020), available here: <https://www.nescaum.org/documents/multistate-truck-zev-governors-mou-20200714.pdf/>

⁶ Announced by Governor Cuomo during the 2020 State of the State, available here: <https://www.governor.ny.gov/2020-state-state-address/2020-state-state-proposals#combat-climate-change>

⁷ Consideration to Revise 6 NYCRR Part 218 to Incorporate California’s Advanced Clean Trucks, Heavy-Duty Low NOx Omnibus, and Phase 2 Greenhouse Gas Standards (Date February 17, 2021), available here: https://www.dec.ny.gov/docs/air_pdf/hdvwebinar021721.pdf

⁸ Utilization of these fuels could be effectuated via the complementary use of existing infrastructure.

II. The Panel's Draft Recommendations Are Generally Appropriately Focused And Recognize The Obstacles To Advancing the Decarbonization of Transportation

Achievement of the CLCPA emissions reduction goals will require the broader transportation market, the public sector and utilities to work together, including auto manufacturers, dealerships, charging developers, site hosts, fleet operators, New York State Energy Research and Development Authority (NYSERDA), and government at all levels. The Panel's draft recommendations correctly identify this need for a concerted effort while also recognizing the importance of prioritizing beneficial measures in disadvantaged communities. Significant investment in infrastructure is needed to support ZEVs of all classes, as recommended by the Panel, and utilities are uniquely situated to collaborate with industry partners to stimulate the market. The UCG support broader efforts taken by the federal and State governments to support fleet operators and customer purchases of ZEVs and to increase education and awareness of these vehicles.

The UCG encourages the Panel to consider the regional differences in need across the State when finalizing its recommendations in order to provide tailored support at the local level.

III. The UCG Supports The Panel's Recommendations To Invest in ZEV Charging Stations And Also Emphasizes The Importance Of The Role Utilities Can Play In Supporting Charging Infrastructure Build Out

The UCG agrees with the Panel that substantially more investment in charging infrastructure will be needed to meet the goals of the CLCPA, as well as the targets of the MDHD ZEV MOU. Many UCG members are already providing support to encourage ZEV charging station development. Through the light-duty make-ready infrastructure program, electric utilities are providing \$480 million in incentives to support the installation of approximately 54,000 Level 2 chargers and 1,500 DCFCs statewide by 2025.⁹ Electric utilities are also offering smaller MDHD make-ready pilots to support the transition of these larger vehicle classes and transit authorities.¹⁰ The UCG would be amenable to expanding charging infrastructure related investments in the MDHD sector in order to more adequately stimulate this segment of the market.

As the Panel further refines its recommendations on ZEV infrastructure, the expertise and role of the UCG members should be considered. Electric utilities incorporate ZEV charging infrastructure forecasts into their annual capital planning processes and are properly situated to connect ZEV charging developers with site hosts to facilitate well planned and cost-effective build out of chargers. Many of the utilities currently provide load serving capacity maps as a tool to developers which, through collaboration with utility experts, can help identify prospective site locations where utility and customer infrastructure upgrade costs may be lower. These sort of

⁹ Case 18-E-0138, *Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure*, Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs (issued July 16, 2020).

¹⁰ Con Edison, Niagara Mohawk, and Rochester Gas & Electric are partnering with the Westchester County Bee-Line Bus System, the Capital District Transportation Authority and the Niagara Frontier Transportation Authority, and the Rochester-Genesee Regional Transit Authority, respectively, to make-ready bus depots for electric bus charging.

collaborative utility and industry partnerships are essential to facilitate the robust infrastructure build described in the Panel’s recommendations.

IV. The Utilities Support Providing Cost-Based Rates To Electric Customers and Upfront Operating Cost Incentives to EV Chargers, Sending Appropriate Price Signals To Encourage Beneficial Charging Behavior Rather Than Technology-Specific Utility Rate Designs

The Panel includes a draft recommendation to support changes to utility rate design as a means to spur investment in charging station infrastructure. The UCG cautions against this, as thorough consideration of the implications is needed. Establishment of a ZEV-specific rate, exclusive of demand charges, would result in cost shifts that would be improperly borne by other customers and can impact equity in a regressive manner. For utilities to collect revenues necessary to support the electric grid for all customers, any revenue shortfalls from one set of customers must necessarily be borne by other customers; the UCG is concerned about undesirable outcomes, for example, the relative burden increases on affordable housing buildings (including those electrifying their heating) and small businesses in order to support customers that are choosing to electrify their transport. Focus on ZEV-specific electric pricing is also inconsistent with State precedent on thoughtful ratemaking and lacks the flexibility needed to reach policy goals. Electric rates for larger power users like commercial electric vehicle charging appliances, as they are designed today, provide an important price signal to encourage those customers to design their installations and manage their usage to reduce impacts on the grid, while also reflecting the underlying electric commodity costs. Without these price signals, charging stations and ZEV owners would have little incentive to charge at off-peak times, which could encourage unconstrained swings in electric system utilization or require additional system wide investments in electrical capacity. Further, including price signals at the incipient stage of market evolution establishes an early incentive to design charging stations that mitigate electric peak impacts and encourage managed charging and instills propensity towards beneficial charging behavior from the get-go. Further, a “one size fits all” rates solution will not be effective at providing adequate operating cost support for all customers. Charging sites with low utilization rates or with financial constraints will likely have vastly different needs for financial support than stations with high traffic or that are adequately funded. And, further, support will not be able to be targeted to areas of preference such as environmental justice neighborhoods where concentration of support will yield higher societal benefits alongside more equitable outcomes.

The UCG recognizes that operating expenses are a challenge to transportation electrification and urge the Panel to consider incentive programs with a focus on addressing operating costs when usage levels are still at low levels as an alternative to technology-specific rate design. The State implemented a per plug incentive (“PPI”) program in 2019 to reduce barriers to DCFC station deployment.¹¹ This program provides an annual incentive to developers that was specifically calculated and set to offset demand charge expenses. An advantage of incentive programs, such as the PPI, is that, unlike ZEV-specific rates, they can be calibrated to

¹¹ Case 18-E-0138, *Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure*, Order Establishing Framework for Direct Current Fast Charging Infrastructure Program (issued February 7, 2019).

meet specific market needs while also providing flexibility to adapt to changing conditions over time. As noted above, needs for financial support will vary depending on the charging use case. The proper solution must be able to cater to this wide variety of circumstances while also promoting favorable and equitable policy outcomes in a cost-effective manner, which can be accomplished through incentive programs. These programs have also been recognized as equally effective as rates in making the market for DCFC investment more viable. A recent EV scorecard report by the American Council for an Energy-Efficient Economy ranked New York as the second in the nation in clean transportation and recognized the State as a leader in providing operating cost support through its DCFC incentive programs.¹²

In addition to receiving adequate financial support to spur transportation market growth during the elective vehicle industry's startup phase, ZEV owners and charging station operators should also be encouraged to minimize their impact on electric system peaks by managing their charging behavior. In its final recommendations, the Panel should incorporate the deployment of managed charging strategies and technologies. At present, many utilities offer, or will soon begin offering, behavioral and actively managed charging pilots and programs that encourage moderation of charging load while providing incentives to customers that charge their vehicles at off-peak times. The Utilities believe that active managed charging programs that enable utility control have promise and should be considered alongside passive and behavioral programs. Managed charging is a developing area that can help to maximize the benefits for the customer and the grid by making it easier for them to manage their energy use and participate in optimization. The State should allow for additional proposals on managed charging and should also continue supporting the exploration of a variety of managed charging strategies to allow for diverse learnings across the state. The State has also convened a stakeholder process for interested parties and other State agencies to discuss the feasibility of these technologies.¹³ Utility offerings should allow for exploration of the viability of different interactivity modes between use of vehicle battery for transport and for other uses to allow customers to better manage their use and allow for load management for the benefit of the grid.

V. Conclusion

Electrification of the transportation sector is crucial to meeting the State's decarbonization goals. The UCG is already making great contributions through utility programs and must continue collaborating with industry partners and customers to further develop the transportation market. As the Panel finalizes its recommendations, the role of the utility in facilitating efficient ZEV charging infrastructure build out and providing operating cost support through incentive programs must be incorporated.

The UCG appreciates the opportunity to provide these comments and welcome any questions or further discussion.

¹² *The State Transportation Electrification Scorecard* (February 2021), available at: <https://www.aceee.org/research-report/t2101>

¹³ Case 18-E-0138, *Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure*, Notice of Working Group (issued March 4, 2021).

Sincerely,

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