

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

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In Re: The Narragansett Electric)	
Company d/b/a National Grid's)	Docket No. 4770
Application for Approval of a Change in)	
Electric and Gas Base Distribution Rates)	
_____)	

**Rhode Island Office of Energy Resources' Position on
Tariff Advice Filing Regarding the Direct Current Fast Charging Discount Pilot Provision**

The Rhode Island Office of Energy Resources (“OER”) respectfully submits this position memorandum on National Grid’s tariff advice filing regarding the Direct Current Fast Charging (“DCFC”) Discount Pilot Provision (“DCFC Tariff”). Overall, OER supports the proposed revisions to the DCFC Tariff, but notes that there is some potential inconsistency in continuing to offer this pilot for a wide-range of customers.

Background

On July 1, 2021 National Grid submitted a tariff advice to request approval of revisions to the Company’s DCFC Tariff, proposed to go into effect on August 1, 2021. The Public Utilities Commission (“PUC”) set a procedural schedule where position memoranda from all parties except for the Division of Public Utilities and Carriers (“DPUC”) and OER were due July 15, 2021, and position memoranda from DPUC and OER are due July 22, 2021.

Proposed changes to the DCFC Tariff are consistent with the ASA

National Grid proposes to edit the tariff with language that essentially reopens and extends the period during which customers on Rate G-02 or Rate G-32 can apply for and receive a per-kW demand discount for their DCFC infrastructure.

In their cover letter, National Grid explains that these revisions to the tariff are intended to better align the tariff with the stated intentions of parties and the PUC in the Amended Settlement Agreement (“ASA”). Indeed, the ASA does contemplate enrollment following Rate Year 1 (“RY1”), and potentially through Rate Year 6 (“RY6”) or until the next multi-year rate plan (“MRP”):

“Sixty (60) days prior to enrollment for Rate Year 2 and Rate Year 3, the Company shall make, as part of the Electric Transportation Evaluation and Annual Program Modification Report, with input from the PST Advisory Group, a recommendation for the appropriate level of discount **for new participants in such Rate Year** based on enrollment data and lessons learned, for approval by the PUC. The results of the pilot and any proposed DCFC demand charges or rebates will be reviewed as part of the next MRP, **which may include a phase out over years four, five, and six** with the details of such phasing out to be included in the next MRP.” (*ASA at 61, emphasis added*)

Therefore, National Grid’s proposed revisions to extend the enrollment period of the DCFC Discount Pilot Provision do appear consistent with the intention of parties and the PUC as reflected in the ASA.

National Grid also explains that the Rhode Island Public Transit Authority (“RIPTA”) is one such customer who is interested in enrolling in the DCFC Tariff. According to the ASA:

“Any existing or new customers with General C&I Rate G-02 or Large Demand Rate G-32 for dedicated DC Fast Charging purposes will be eligible for the discount, provided that twenty five percent (25%) of the stations receiving the discount shall be in stations that enable electric public transit.” (*ASA at 60*)

The only enrolled customer in the DCFC Tariff currently is a customer with a publicly-accessible DCFC station, but one that does not “enable electric public transit”. Therefore, enrolling RIPTA in the DCFC Tariff would be consistent with the ASA’s intention that “twenty five percent (25%) of the stations receiving the discount shall be in stations that enable electric public transit”.

RIPTA’s enrollment in the DCFC Tariff is consistent with state policy

The State of Rhode Island has demonstrated a clear policy preference to pursue strategic electrification of the transportation sector, including public transit. Evidence includes the 2021 Act on Climate¹, the Mobility Innovation Working Group², RIPTA’s Sustainable Fleet Transition Plan³, and the ASA itself. Reasons to support strategic electrification of Rhode Island’s transit fleet include reducing greenhouse gases through reduced tailpipe and source emissions, and improving air quality especially in environmental justice neighborhoods and asthma hot spots

¹ <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0078A.pdf>

² <http://climatechange.ri.gov/state-actions/mobility-innovation.php>

³ https://www.ripta.com/wp-content/uploads/2020/07/sustainable_fleet_transition_plan.pdf

through reduced pollution.⁴ Therefore, allowing RIPTA to enroll in the DCFC Tariff will likely have the effect of bolstering electric transit and its co-benefits.

Furthermore, RIPTA's enrollment in the DCFC Tariff amounts to a transfer of payment from ratepayers to taxpayers and riders. The DCFC Discount is funded through electric distribution base rates, as approved in Docket 4770. It is OER's understanding that RIPTA's revenue is primarily derived from federal subsidies, state subsidies, passenger fares, third party fares, special project revenues, and paratransit revenues.⁵ It is plausible to assume that the set of ratepayers funding the DCFC Tariff overlaps, at least in part, with the set of taxpayers funding transit subsidies and the set of riders paying transit fares. Installing DCFC for electric buses impacts operating budgets in several ways, including but not limited to increasing electricity costs and reducing vehicle maintenance costs. By enrolling in the DCFC Tariff, RIPTA is at least partially mitigating an increase in electricity costs, and therefore reducing their potential need for increased revenues from subsidies and fares.

More generally, OER supports extending the DCFC Tariff to all eligible public and quasi-public entities, including but not limited to RIPTA, school districts, municipalities, and state agencies. OER views the DCFC Tariff as a transfer of public and quasi-public sector costs in a manner that promotes the electrification of transit and public-sector fleets and the resulting co-benefits.

⁴ See for example Priority Area 4 in the *2021-2024 Rhode Island Asthma Strategic Plan* developed by the Rhode Island Department of Health: <https://ridoh-asthma-state-plan-rihealth.hub.arcgis.com/>

⁵ See for example RIPTA's 2020 Operating Budget: https://www.ripta.com/wp-content/uploads/2020/06/fy_2020_revised_fy_2021_approved_operating_budget.pdf

Generally, the DCFC Tariff may send mixed signals about the cost of electricity

The DCFC Tariff is one tool to reduce the cost of DCFC ownership and animate the DCFC market in Rhode Island. While the DCFC Tariff may be an important tool initially, the discount may send mixed price signals about the cost of electricity, which is inconsistent with fundamental principles and the intention of other programs.

The DCFC Tariff provides a per-kW discount to offset demand charges for Rate G-02 and Rate G-32 customers. The purpose of demand charges is to appropriately recover costs allocated to those customers based on their outsized use of electricity during peak hours – peak electricity costs more, so demand charges recover those costs. Providing a demand charge discount effectively counteracts that previously-deemed-appropriate cost recovery based on cost allocation principles.

National Grid operates a demand response program called Connected Solutions. Connected Solutions pays participating customers for reducing peak demand for electricity, and allows for a range of participating technologies including programmable thermostats and battery energy storage systems. Indeed, the kW savings from Connected Solutions has a strong benefit-cost ratio and indicates the value of reducing demand. In contrast, the price signal produced by the DCFC Tariff incorrectly suggests there is no value in reducing demand during peak hours. The nuance here is that the added costs of Rate G participants in the DCFC Tariff are not borne solely by other Rate G customers, but instead by all ratepayers via electric distribution base rates.

By maintaining a clear policy directive reflected in consistent price signals, electricity customers will be able to arbitrage electricity demand to match their electricity budgets. There has only been

one customer enrolled in the DCFC Tariff, which gives little sense as to what other potentially beneficial technologies and strategies may be deployed by customers to balance peak costs with electric vehicle charging. However, rates that convey appropriate price signals may drive the market to offer alternative cost-competitive solutions (e.g. controllable charging voltages, paired energy storage).⁶

While OER opposes phasing out the DCFC Tariff at this point – OER supports National Grid’s proposed tariff revisions – we note the importance of exploring alternative strategies to reduce DCFC costs that are consistent with foundational principles and state energy policies. Such strategies may include incentives for paired energy storage or controllable voltage charging infrastructure, but would not include sending inconsistent price signals about the cost of electricity.

Conclusion

OER recommends the PUC approve National Grid’s tariff advice regarding the DCFC Tariff because doing so is consistent with the ASA and OER believes the benefits of doing so outweigh the near-term confusion produced by an inconsistent price signal.

⁶ Some such solutions, like energy storage technologies, could also provide additional grid and environmental benefits.