June 14, 2023

VIA RESS

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CC: Todd Smith, Minister of Energy;
David Donovan, Chief of Staff, Minister of Energy

RE: **EB-2023-0071**

Thank you for the opportunity to provide feedback on the Power Advisory Report, Electric Delivery Rates for Electric Vehicle Charging. This topic is of material importance to the below signatories, and as such, we appreciate the opportunity to share comments as the OEB considers possible next steps.

We represent different interests in the Electric Vehicle (EV) ecosystem, including technology manufacturers and providers, electric vehicle OEMs, owners and operators of charging infrastructure, and an industry association.

The analysis completed by Power Advisory in their report provides a convincing rationale for providing alternatives to the challenging, undifferentiated rate structure currently applied to public direct-current fast charging (DCFC) stations and fleet charging in Ontario. Implementing the recommended Time-of-Use (TOU) and low-load factor rate structures, including the demand transition charge option, will better align pricing with infrastructure investments required for electric vehicle supply equipment (EVSE). This more rational cost-matching will support expedited EVSE return on investment (ROI) for public charging and private businesses and, therefore, a more rapid deployment. We are not here to endorse any option as best amongst those available - each of the alternatives proposed by Power Advisory would significantly improve the business case for EV charging for each use case.

Public DCFC:

A separate rate category for public fast charging is critical and recommended by the signatories to this letter because it will provide a more accurate reflection of the demand charges associated with this service. Demand charges are typically the most significant component of the delivery costs for public fast charging, and they reflect the cost of providing the capacity to meet the peak demand for electricity at any given time.

Under the current billing structure, public fast charging stations are billed by the local distribution companies (LDC) under the general service rate category, which does not differentiate between different types of customers or services. This lack of distinction means that the demand charges associated with public fast charging are spread across all customers, regardless of whether they use this service. For instance, a manufacturing facility with consistent, high, and predictable power usage should be paying for the generation, transmission, and distribution required to fulfill this service request on an ongoing basis, including the entire demand charge required. But when EV drivers need a charge, they go to their nearest public charging station on their own schedule; the station owner has no visibility on how or when the driver will need to charge on the go. It's also of utmost importance that the station owner provides a positive experience for the driver and enables maximal power dispatching at their station to receive repeat business.

In addition, between charging sessions, the station has a minimal power draw and is not requiring the consistent dispatching that a commercial or industrial facility needs. As such, the low-load factor rates suggested by Power Advisory match the use case accurately – ensuring that EVSE owners pay for their fair share of demand charges but do not subsidize other commercial and industrial (C&I) customers. We suggest further evalution of the cut-off point for the load-low factor rates given that 15% is contemplated in the report but raising this to 20% may also be appropriate, as is contemplated in Massachusetts and New York State.

By establishing a separate rate category for public fast charging, the demand charges associated with the EV charging service would be more accurately reflected in the billing structure. In addition, this would mean that the costs of providing the capacity to meet the peak demand for public fast charging would be borne by the users of this service rather than being spread across all customers. Simply put, DCFC owners would no longer be responsible for rate design developed for an entirely distinct use case. Power Advisory's own report shows the remarkable difference once this rate design is replaced:

Rate Option	Energy Use (kWh/month)	Urban Low Monthly Bill ($)	Urban Low Monthly Savings ($)	Urban Low Bill Reduction (%)	Rural High Monthly Bill ($)	Rural High Monthly Savings ($)	Rural High Bill Reduction (%)
Status Quo	5,400	1,442	-	-	2,769	-	-
Option 2a	5,400	963	-478	-33%	1,837	-933	-34%
Option 2b	5,400	935	-506	-35%	1,783	-987	-36%
Option 2c	5,400	1,074	-368	-26%	1,900	-870	-31%

Overall, establishing a separate rate category (or rate categories) for public fast charging could provide a more accurate reflection of the demand charges associated with this service, promoting the growth of the EV industry in Ontario. For drivers, these reforms will also create downward pressure on EV charging prices as station owners will no longer need to control for unpredictable energy costs. This downward pressure on price is good news for Ontario consumers and will complement the rest of Ontario's strategy to promote the EV industry, including mining and manufacturing.

TOU rates for Fleets

Unlike public fast charging, certain fleets run on predictable schedules that can utilize price signals like TOU rates.[1] Additionally, the organizations that own these vehicles can automatically schedule charging plans without negatively impacting the driver experience. Should the OEB choose to pursue this option, the OEB would incentivize commercial businesses to separately meter their EVSE and take advantage of Ontario's surplus baseload, emissions-free generation during off-peak times through fleet TOU rates.

Through a strong price signal with rate design, the pace of fleet electrification in Ontario will surely accelerate beyond current levels. In fact, our experience in other jurisdictions shows this accelerated adoption can be expected, if the right price signals are put in place. As a result, organizations can leverage their experience in managing energy assets to ensure maximized return on their operational routes and – just as importantly for many organizations – meet their individual corporate ESG objectives.

Again, Power Advisory's own report shows the meaningful differences once this is enabled:

Load Profile	Urban Low Average Rate, Status Quo ($/kWh)	Urban Low Average Rate, TOU Demand Charge ($/kWh)	Urban Low Bill Reduction (%)	Rural High Average Rate, Status Quo ($/kWh)	Rural High Average Rate, TOU Demand Charge ($/kWh)	Rural High Bill Reduction (%)
Food Delivery - 10 Vehicles	0.15	0.13	-17%	0.23	0.18	-20%
Food Delivery - 100 Vehicles	0.14	0.12	-15%	0.18	0.15	-18%
Beverage Delivery - 10 Vehicles	0.13	0.11	-15%	0.17	0.14	-15%
Beverage Delivery - 100 Vehicles	0.13	0.11	-15%	0.16	0.14	-15%
Bus Depot - 25 Vehicles	0.14	0.11	-19%	0.20	0.15	-23%
Bus Depot - 250 Vehicles	0.14	0.12	-20%	0.20	0.15	-23%

Overall, enabling this option for fleets will create a stronger incentive to electrify due to additional, appropriate fuel savings and use of off-peak surplus power. Enabling this design, efficiently proven in the residential sector, will meaningfully

[1] It is important to note that some fleet operators, such as those operating long haul trucks or those trying to maximize running their vehicles 24/7 and utilizing depot fast charging, may need to be evaluated more similar to public fast charging customers given they may not always be able to shift their charging plans.

support small business, municipalities, and any other organization that manages a fleet of vehicles who take the important step to transition to EVs.

Conclusion:

We thank you again for the opportunity to participate in this consultation. The OEB has responded expeditiously to the Minister's request on this topic in his letter of direction and should be commended for doing so.

I hope you've found these comments helpful as you consider this vital issue. If you have any questions, please don't hesitate to contact us.

Best,

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