



June 27, 2024

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street
Toronto ON
M4P 1E4

Dear Ms. Marconi,

RE: EB-2023-0071 - Adjusted Retail Transmission Service Rate for Low Load Factor Electric Vehicle Charging – CCMBC Comments

Attached are the comments of the Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC) on the OEB Staff proposal *EB-2023-0071 Adjusted Retail Transmission Service Rate for Low Load Factor Electric Vehicle Charging* that was presented and discussed at the stakeholder meeting on June 13th.

Respectfully submitted on behalf of CCMBC.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Catherine Swift (CCMBC)

The Coalition of Concerned Manufacturers and Businesses of Canada

Electric Vehicle Integration Initiative

Electricity Delivery Rates for Electric Vehicle Charging

June 27, 2024

Executive Summary

The Electricity Delivery Rates for Electric Vehicle Charging initiative is based on the premise that demand charges in current electricity delivery rates are too high and should be reduced for customers who own public EV charging stations. These allegedly high demand charges are claimed to be an impediment to the development and expansion of public EV charging stations. CCMBC does not agree with the premise nor with the need for a reduction in delivery rates for businesses that own EV chargers. Moreover, there is no indication that owners of public EV charging stations would lower the rates they charge EV vehicle owners as a result of this initiative.

The solution proposed by OEB Staff to this alleged problem is to lower rates for businesses that own EV chargers by transferring costs to other businesses and increasing their rates. CCMBC is strongly opposed to this solution. As CCMBC indicated in its submission of June 14, 2023, there are non-rate solutions such as battery-integrated chargers that are available on the market which would allow owners of EV charging stations to lower their electricity costs without increasing electricity costs of other businesses.

Although CCMBC is strongly opposed to this initiative it has provided answers to specific technical questions posed by OEB Staff at the June 13th, 2024, Stakeholder Meeting. CCMBC believes that implementation of this initiative should result in as low a cost burden as possible on the distributors in order to minimize cost impact on customers who do not own public EV charging stations. Also, CCMBC submits that public EV charging stations should be in a separate rate class rather than be included in the General Service rate class.

Background

On May 30, 2024, the OEB released a Staff Discussion Paper, *Adjusted Retail Transmission Service Rate for Low Load Factor Electric Vehicle Charging*, a draft proposal by Ontario Energy Board (OEB) staff for an adjustment to the Retail

Transmission Service Rates (RTSRs) that apply to EV charging stations that meet the following eligibility criteria:

1. Demand between 50 kW and 4,999 kW,
2. Load factor of 15% or lower,
3. Publicly accessible,
4. Separately metered.

OEB Staff presented its proposal to stakeholders at a meeting on June 13th and invited stakeholders to provide written comments by answering certain questions. CCMBC participated in the June 13th stakeholder meeting, and this is the submission of its comments.

General Comments

The solution proposed by the OEB Staff for lowering the demand charges for owners of EV fleet chargers and public EV charging stations involves a transfer of these costs to other commercial and industrial customers. CCMBC is opposed to any solution that increases electricity rates charged to their members so that rates of businesses that own EV chargers can be reduced.

In CCMBC's opinion, a rate subsidy for owners of public EV charging stations is unfair to other commercial and industrial customers. Businesses that own public EV charging stations are resellers of electricity, no different than other resellers. The charging rate they offer to the public is not regulated by the OEB. It is therefore a profit maximizing rate. Any rate subsidy for them is unlikely to result in lower EV charging rates for the public. It is unfair that the profits of other businesses should be reduced to increase the profits of EV charging businesses.

What is a "publicly accessible" EV charging station has been expanded since the start of this initiative and now includes charging stations in condominium buildings. CCMBC submits that public charging stations must be accessible by the general public. The access to charging stations in condominium buildings is restricted and is not accessible by the general public.

Comments on Specific Questions

The OEB requested that participants submit comments on specific questions from the OEB Staff June 13th presentation on certain topics. In this submission each topic is followed by the OEB Staff questions and the comments from CCMBC. The exact text from the OEB Staff presentation is in bold italics.

EVC Rate mandatory to offer by distributors, optional to sign up for

Considerations

- ***Electricity distributors would be required to offer the EVC Rate to eligible customers.***
- ***Eligible customers who wish to have the EVC Rate applied to them would voluntarily opt in.***
- ***A voluntary, opt-in approach would not require LDC to have insight into end-uses.***
- ***The “opt-in” nature of the proposed EVC Rate represents a departure from conventional practice for transmission and distribution delivery rates.***

Questions

- ***What do you think of the voluntary opt-in nature of the proposed EVC Rate?***
- ***Should there be a limit on how frequently a participant may opt in and out of the EVC Rate?***

CCMBC Comments

The term “EVC rate” refers to the rate paid by owners of EV charging stations to the electricity distributor. It is not the rate that an owner of an EV pays for charging the EV at an EV charging station. This should be made clear in any proposal to the OEB.

CCMBC supports the voluntary opt-in nature. The proposed EVC rate is the rate that would be available to owners of public charging stations. Public charging stations are not utilities regulated by the OEB. The OEB does not have the jurisdiction to order charging station owners to use it.

The limit on how frequently a participant may opt in and out of the EVC rate should be left to the LDC and its ability to make changes to its billing system. CCMBC believes that participants should be given one free opt in and be charged an administrative charge for any subsequent changes.

Eligibility requirement 1: demand between 50 kW and 4,999 kW

Considerations

- ***Distributors would measure peak demand and billing demand for participants consistent with how they measure peak demand and billing demand for customers in their General Service 50 kW to 4,999 kW rate classes.***
- ***Distributors would periodically review the ongoing eligibility of participants, consistent with how they periodically review ongoing eligibility for customers within the General Service 50 kW to 4,999 kW classes.***

Questions

- ***Do you have any advice on measuring demand for purposes of this EVC Rate?***
- ***Do you have any advice on assessing a participant's ongoing eligibility for the EVC Rate?***

CCMBC Comments

CCMBC believes that there should be a separate rate class for public EV charging stations rather than having these stations in the General Service 50 kW to 4,999 kW rate class. Public EV charging stations will have quite different load characteristics than other General Service customers.

Eligibility requirement 2: publicly accessible

Considerations

- ***Charging stations that only or primarily serve fleets would not be eligible.***
- ***The public must be able to access the charging stations, subject to requirements, conditions or restrictions established by the charging station owners.***

- ***Illustrative examples of use cases are listed in the OEB Staff Discussion Paper.***
- ***A charging station does not have to provide service to all EV models to be eligible for the EVC Rate. A “universal” charging port would not be required.***

Questions

- ***Should charging stations be required to provide service to all EV models to be eligible for the EVC Rate? Why?***
- ***Would it be feasible for charging stations to provide universal service? How would it be accomplished?***

CCMBC Comments

Public EV charging stations will be privately owned. It is up to the owners of these stations to decide what types of chargers to offer to the public. The OEB does not have the jurisdiction to mandate the types of chargers as it does not have the jurisdiction to mandate the kinds of food and beverages that charging station owners may offer to the public. Charging stations could offer universal service if the owners of the stations are willing to make the investment in the required electrical equipment. The OEB should note that the EV charging port is being standardized in North America around the North American Charging Standard (NACS) port style, initially designed by Tesla but opened for all manufacturers to use, and most chargers will use the NACS standard going forward.

Eligibility requirement 3: load factor up to 15%

Considerations

- ***The 15% load factor cutoff refers to a monthly load factor.***
- ***Stations without any charging data could apply for the EVC Rate based on load factor projections.***
- ***Distributors to apply their existing procedures for dealing with participants whose monthly load factors occasionally exceed 15%.***
- ***The proposed 15% cutoff is meant to capture most stations, while recognizing limitations and approximations to the analysis (e.g., less data***

on load factors above 15%).

Question

- *What do you think of the proposed approach in which distributors would apply their existing procedures for dealing with participants whose monthly load factors occasionally exceed 15%?*

CCMBC Comments

CCMBC believes that the cost burden on distributors from this initiative should be as low as possible. If the application of existing procedures lessens that burden, then CCMBC supports it.

Eligibility requirement 4: separately metered

Considerations

- *The attestation would confirm that, over the next 12 months, the charging station demand is expected to be between 50 kW and 4,999 kW, the station will be publicly accessible, the station will have a load factor of 15% or lower, and the station will be separately metered.*
- *The attestation would also verify that auxiliary loads at the charging station will not exceed 10% of the charging station's projected peak demand.*
- *Electricity distributors would not be expected to independently validate the attestation of eligibility provided by customers who opt into the EVC Rate.*

Questions

- *What do you think of this approach of self- declaring eligibility for the EVC Rate?*
- *Is it appropriate that the attestation should come from a “representative” of the customer, or should something more specific be required? For example, should the attestation be signed by someone like a professional engineer?*
- *Are there any existing distributor processes for opting in that can be leveraged?*

CCMBC Comments

As previously indicated, CCMBC believes that the cost burden on distributors from this initiative should be as low as possible. If self-declaring minimizes the cost burden, then CCMBC supports it.

The attestation must come from an individual who holds a P.Eng. licence who would be at risk of losing the licence if the declaration is false.

CCMBC is not aware of any existing distributor processes that can be leveraged.

No new rate classes

Considerations

- ***OEB staff proposes that participating public EV charging stations will remain within the General Service 50 kW to 4,999 kW class that has been established by their respective electricity distributor.***
- ***Making use of existing rate classes would reduce the complexity and administrative burden of establishing any new rate classes for participating EV charging stations.***
- ***Making use of existing rate classes would also help ensure that the EVC Rate can be implemented by 2026.***

Questions

- ***Do you agree with the proposed approach of not establishing new rate classes for participating EV charging stations upon implementation of the EVC Rate?***

CCMBC Comments

CCMBC does not agree that there should not be a new rate class for EV charging stations. The revenue to cost ratios for EV charging stations are likely to be much lower than other customers in the General Service 50 kW to 4,999 kW class and will drag down the rest of the class. CCMBC believes that public EV charging stations should be in a separate rate class. Most distributors would have to treat EV charging stations as a separate rate class for billing purposes anyway.

EVC Rate options: A, B and C

Considerations

- *EVC Rate Option A is the simplest, but it is the most general.*
- *EVC Rate Option B is more complicated than option A (involves establishing tiers) but more closely approximates the idealized linear relationship between public EV charging station coincident peak contribution and load factor which was illustrated previously.*
- *EVC Rate Option C relies on a less widespread \$/kWh rate structure. It has the greatest resolution of the three options and relies on only one new parameter. However, it is arguably the least intuitive of the three options and its derivation is the most complicated.*

Questions

- *What are your thoughts on the three EVC Rate design options?*
- *Which option would you recommend and why?*
- *How strong is your preference for the option that you recommend compared to the other EVC Rate design options?*
- *Do you have any other advice on what to consider when choosing the EVC Rate design option?*

CCMBC Comments

All three options will result in other customers subsidizing EV charging station owners. They are all bad from the perspective of other customers. The least bad option is Option A because it is simplest and is likely to result in the lowest cost burden on distributors. It also has the potential to require less subsidies from other customers.

CCMBC does not have a strong preference for any of the options.

Provincewide parameter for now

Considerations

- ***In time, distributors may wish to establish a more specific coincident peak contribution parameter for their respective service territories.***
- ***Distributors would have the opportunity to propose any specific customization to their EVC Rate in future cost of service applications. It is expected that any distributor-specific EVC Rate would be underpinned by a study conducted by or on behalf of the distributor.***
- ***In the meantime, adopting a provincewide EVC Rate established by the OEB is probably the most administratively simple option.***

Questions

- ***What do you think of the approach of starting out with the RTSR reduction parameter issued by the OEB initially, but allowing the opportunity for distributors to propose more territory-specific EVC Rates in the future if they wish?***
- ***Does the potential distribution-specific customization of the EVC Rate in the future influence or change your thoughts on which EVC Rate design option (A, B or C) should be selected for now? For example, is one EVC Rate design option likely to be more amenable to customization than another?***

CCMBC Comments

CCMBC supports the OEB Staff proposal to start with the RTSR reduction parameter issued by the OEB. CCMBC expects to argue in future distributor rate proceedings that EV charging station owners should be subject to an RTSR increase parameter instead of a reduction parameter.

CCMBC believes that a distribution specific customization should be implemented in the future and for that reason Option C is best because it is more amenable to customization.

Existing DVAs should continue to be used by distributors to record and recover any RTSR revenue shortfalls.

Considerations

- ***Existing EV charger customers who pay the base RTSR rate just prior to implementation of the EVC Rate will cause, all else being equal, an RTSR revenue shortfall upon opting into the EVC Rate, until base RTSRs are reset.***
- ***Distributors should continue to use their RTSR variance accounts to record RTSR revenue variances.***
- ***Distributors should continue to follow established variance account disposition processes to dispose of RTSR revenue variances.***

Questions

- ***Does anything need to be clarified about RTSR DVAs before OEB staff's proposal is finalized?***
- ***What, if anything, is missing from the proposal discussion paper about RTSR DVAs that needs to be added before OEB staff's proposal is finalized?***

CCMBC Comments

CCMBC does not have any comments on the above questions.

The EVC Rate would be implemented through changes to the RTSR Workform and IRM Rate Generator Model

Considerations

- ***RTSRs are set through a Cost-of-Service process or an IRM process:***
 - ***Through the RTSR workform in a Cost-of-Service process.***
 - ***Through the IRM Rate Generator Model in an IRM process.***
- ***The RTSR workform and IRM Generator Model are created and updated by the OEB and completed by distributors.***

- *The OEB would revise both models to facilitate implementation of the EVC Rate.*

Questions

- *Does anything need to be clarified about the RTSR workform and/or IRM Rate Generator Model before OEB staff's proposal is finalized?*
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- *What, if anything, is missing from the draft proposal discussion paper on the subject of the RTSR workform and/or IRM Rate Generator Model that needs to be added before OEB staff's proposal is finalized?*

CCMBC Comments

CCMBC has no comments on the above questions.