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, LLC And Duke Energy Progress, LLC For Approval Of Proposed Electric Transportation Pilot	**)**	**REPLY COMMENTS OF GREENLOTS ON PROPOSED PHASE II ELECTRIC TRANSPORTATION PILOT**

Pursuant to the *Order Requesting Comments on Proposed Revised Pilot Programs* issued June 14, 2021 and the *Order Granting Extension of Time* issued August 18, 2021 by the North Carolina Utilities Commission (the "Commission") in the above-captioned dockets, Zeco Systems, Inc. d/b/a Greenlots ("Greenlots"), submits the following reply comments regarding the Proposed Phase II Electric Transportation Pilot Program ("Phase II Pilot") filed by Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP"), (collectively, "the Companies" or "Duke") on May 24, 2021.

COMMENTS

1. **Duke's Phase II Pilot should be considered within the broader context of Duke's other incentives.**

In addition to the Phase I and Phase II Pilots, Duke's other Electric Transportation ("ET") related filings include dynamic rate designs, a Customer-Operated EVSE Tariff Pilot ("EVSE Tariff Pilot"), and Make-Ready Credit Programs ("MRC Programs").[1]

[1] *See* the instant proceeding (Docket No. E-2, Sub 1197 and Docket No. E-7, Sub 1195) and Docket No. E-7, Sub 1253: Petition of Duke Energy Carolinas, LLC Petition for Approval of Three Dynamic Rate Designs.

Greenlots believes that a range of utility incentives is essential to support ET in an equitable manner across a variety of customer segments, use cases and geographies. These incentives include both utility and third-party ownership of various elements of the EV charging ecosystem such as the make-ready infrastructure and the chargers; time varying rates that incentivize managed charging to avoid otherwise unnecessary system upgrades and unlock value for ratepayers; financing mechanisms such as on-bill financing to enable customers to operationalize EVSE costs over time; and utility-led turnkey installation and operation of infrastructure.

Greenlots strongly supports Duke's Phase II Pilot as a necessary and important element of a broader and multifaceted strategy that includes these other ET-related filings. Unlike some other commenters who seek to eliminate, delay or otherwise weaken Duke's Phase II Pilot because they prefer other approaches, Greenlots firmly believes the state and its ratepayers will benefit by the Commission taking an additive rather than subtractive approach and recognizing the complementary value that Duke's multiple ET-related filings have to offer. In this respect Greenlots subscribes to the view expressed by the Alliance for Transportation Electrification that "this is not a black-and-white situation, and…a strong utility role is essential along with the EV service providers and many other market participants."[2]

2. Duke's Phase II Pilot will support and hasten the arrival of a competitive private EV charging market which is presently lacking in North Carolina.

Greenlots disagrees with the notion expressed by some commenters that the Companies' utility ownership proposal could crowd out and compete with "the competitive

[2] Comments of Alliance for Transportation Electrification at 3.

market."[3] Indeed, Greenlots believe the opposite to be true: Duke's investment, ownership and operation of charging stations will accelerate EV adoption and hasten the arrival of a competitive—and profitable—private EV charging market.

In several prior filings in these dockets, Greenlots described why there currently is not a competitive market for providing these EV charging services in the Companies' service territories, and how this lack of a competitive market creates market failure conditions that the pilot program is designed to address.[4] Indeed, per basic economic theory, no number of competitive suppliers/producers results in a competitive market in the absence of a sufficiently large number of consumers or motivated buyers, something North Carolina, especially in the rural and low and moderate-income areas to be served by Duke's Phase II Pilot, currently lacks. This market void stems largely from the fact that private equity-funded development often requires relatively rapid and high returns on investment that tends to be at odds with capital investments such as public EVSE at this stage of the market. Duke's Phase II Pilot is appropriately designed to address this dynamic, by seeding the market with the foundational infrastructure needed to support driver decisions to purchase EVs. By supporting EV purchase decisions, this in turn seeds the market for EV charging infrastructure rather than stifling it.

Indeed, utility investment in EV charging infrastructure fundamentally enables electric vehicle service providers and grows the market – resulting in a virtuous cycle for drivers and electric vehicle charging equipment and service providers, where more drivers

[3] *See,* e.g. Initial Comments of ChargePoint, Inc. 3; Initial Comments of EVgo Services, LLC at 5.
[4] *See:* Initial Comments of Greenlots (July 5, 2019); Reply Comments of Greenlots (August 9, 2019); Initial Comments of Greenlots on Proposed Phase II ET Pilot (July 29, 2021).

improve the business case for charging such that more charging is deployed, which draws more drivers to adopt electric vehicles.

A key benefit of regulated utilities building this foundational network following regulatory approval—as opposed to any private developer or collection of site hosts—is that they have chosen site locations irrespective of actual utilization prospects, instead choosing sites to provide equitable—even if insufficient—coverage across their service territories. This is roughly the opposite strategy than that a private developer or site host looking to make a return on its investment would take, which would instead choose site locations most likely to get the highest and best utilization, in the process likely leaving many customers and regions underserved and unserved, which indeed has been the case to date.[5] In fact, some of the most important charging infrastructure to be developed is that which is unlikely to see high utilization in the near term, but instead gives potential buyers the confidence and ability to make EV purchase decisions, knowing they will be able to get a charge or from point A to point B. Providing for equitable access to transportation electrification, and supporting rural EV equity is therefore a key value the Companies' proposed Phase II Pilot seeks to deliver, that the private market left to its own devices likely would not.

3. Wholesale utility procurement offers multiple benefits to drivers and ratepayers.

ChargePoint appears to wish stakeholders to subscribe to the prevalent, yet inaccurate view of the charging market that competition can only take place at the retail level. In fact, wholesale-level competition that results from utility procurement introduces

[5] *See*, e.g., Initial Comments of EVgo Services, LLC at 8: "DC fast charging providers, such as owner-operators of DCFC stations like EVgo, have significant experience, sophisticated demand-prediction models, and tools and data that inform network planning activities."

a significant motivated buyer, where naturally-occurring retail opportunities may be limited in this nascent market. Wholesale procurement thus allows different types of EV charging providers to compete. Purchasing equipment in bulk can also help drive down procurement costs. In addition, competition in utility procurement ensures that products and services are selected based on factors such as features, function, value, and organizational expertise that allows market participants of all shapes and sizes to compete on a level playing field, ultimately benefiting the customers. Furthermore, utility program investment offers the opportunity for EV service providers to benefit from a more accurately valued maintenance service that will not only improve reliability of EVSE within the utility program, but will likely extend beyond the bounds of the program to benefit EV charging equipment and service providers in the market as a whole.

Indeed, the efficacy of utility wholesale procurement is illustrated by the fact that private market EVSE owner-operators such as Electrify America and EVgo bulk procure their hardware and software solutions. These companies could choose to give these sorts of choices to the sites that host their chargers, or procure their equipment and solutions via smaller retail transactions rather than in bulk. But for obvious reasons, this is not how they conduct their business. They want to provide a relatively consistent and unified experience to drivers, and realize the efficiency benefits that bulk procurement provides. Duke should be able to do the same for EVSE it owns and operates, enabling it to provide these same benefits to drivers and its ratepayers.

It is worth noting that regulated utilities such as Duke which are subject to the full regulation and oversight of the Commission are, accordingly, not subject to traditional antitrust and competition statutes. The exercise of market power is in fact more applicable

to competitive, third party markets in which a single company (or small group of firms) may dominate the marketplace and exercise market power. Accordingly, Greenlots notes that it would be inappropriate to require a programmatic redesign of this pilot program in the image of what one market participant advocates, especially one with potentially a majority market share position.[6]

Some commenters encourage the Commission to only approve a program that aligns with their site host-centric business approach. ChargePoint, for instance, conditions its support of the Companies' filing on a complete redesign of the program in ChargePoint's image and preferred business model, focused around its ability to interact directly with site hosts, and site hosts being at the center of charging infrastructure-related decision-making.[7] While site hosts certainly are an important part of the EV charging ecosystem, they nonetheless represent just one part of it. There are many other important considerations when designing pilots and programs that will most effectively grow the EV market. Principal among these considerations are driver needs, as drivers are the ones actually making the critical decision whether to drive electric, or not. Except in some fleet situations, site hosts usually aren't the party that is electrifying their vehicle(s).

This is critically important to recognize, as supporting driver decisions to electrify, and ensuring their experience is positive once driving electric, are among the most important considerations when designing programs to support and accelerate transportation electrification. Prioritizing perceived site host interests over known driver interests and the greater public interest would likely not be a prudent use of public funds.

---

[6] See: https://www.chargepoint.com/about/news/chargepoint-releases-list-top-10-regions-electric-vehicle-growth/

[7] ChargePoint initial Comments at p. 2.

The significantly more complicated program design desired by ChargePoint would be inefficient and impractical, and result in a more fractured EV charging ecosystem for drivers in the Companies' service territories. The experience of many utilities in EV charging pilots is that the time, cost and complexity to separately integrate with each EV charging provider's specific network offering is one of the more challenging aspects of such programs and can devalue the benefits such programs are intended to provide.[8] Duke is already proposing to offer site hosts a choice of at least two hardware and software vendors. Requiring Duke to expand this to even more vendors would be needlessly costly and overly prescriptive from a regulatory standpoint, without any corresponding benefits to drivers or ratepayers.

4. Delaying or denying the Phase II Pilot in the hope that future federal or other incentives may supplant Duke's proposed investments would be ill advised.

Several commenters have suggested that it would be premature for the Commission to approve Duke's Phase II Pilot because other incentives, most notably federal funding, may become available in the future.[9] Greenlots views this approach as both risky and short-sighted. It is risky because the federal funding picture remains uncertain. Though the U.S. Senate passed an infrastructure plan (the "INVEST Act") earlier this summer which was referenced by several commenters, its final form and outcome remain unclear, as it has yet to pass a narrowly divided House of Representatives, the Senate has yet to agree to any subsequent changes the House may make, and it has yet to be signed by the President.

---

[8] For example, this was an identified challenge and cost in Xcel Energy's "Petition for Approval of An Electric Vehicle Home Services Program" filed in Minnesota Public Utilities Commission Docket No. E002/M-19-559.

[9] *See,* e.g.: Initial Comments of EVgo Services LLC at 6; Comments of Carolinas Clean Energy Business Alliance at 9.

Delaying action would be shortsighted, because the INVEST Act, even if enacted in its current form, would address only a small portion of the need for charging infrastructure. The INVEST Act's largest EV charging proposal is a $5 billion national EV infrastructure formula funding program.[10] While such funding is important for growing the market, it is by no means intended to fully address the infrastructure gap that persists and continues to grow. Indeed, its limitations become more clearly apparent when considered in the context of the enormous amount of infrastructure investment needed. One recent study by Atlas Public Policy estimates that between $38.8 billion and $51.8 billion in *new* funding is needed just to close the public charging infrastructure gap, even without addressing other charging use cases.[11] Based on that analysis the proposed $5 billion federal corridor charging program would only address roughly 9 to 13 percent of the national public charging need, leaving roughly 90 percent of the need unmet.[12]

Delaying action on—or worse, denying—Duke's Phase II Pilot based on the speculative and uncertain potential for future federal funding or other incentives that have yet to materialize would be a disservice to Duke's ratepayers and the market. Instead, Greenlots urges the Commission to consider and rule upon the instant proposal based upon its merits and the value it will deliver to North Carolina and Duke's ratepayers, which are significant and which Greenlots believes justify approval.

---

[10] *See*: The White House (August 4, 2021). White House Releases Updated State Fact Sheets Highlighting the Impact of the Infrastructure Investment and Jobs Act Nationwide. https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/04/white-house-releases-state-fact-sheets-highlighting-the-impact-of-the-infrastructure-investment-and-jobs-act-nationwide/

[11] Atlas Public Policy (April 2021). U.S. Passenger Vehicle Electrification Infrastructure Assessment. Executive Summary at 2.

[12] Per the White House (August 4, 2021), North Carolina's share of the proposed $5 billion federal corridor charging program is estimated to be $109 million over five years. Based on Atlas Public Policy's finding that this program's funding will leave roughly 90 percent of the public charging infrastructure gap unfunded, it is anticipated that North Carolina's remaining public charging infrastructure need—even after federal corridor funding is distributed—will be in the range of $981 million.

5. The Commission should not deny or delay the Phase II Pilot in order for Duke to address additional market needs.

As Greenlots noted in these reply comments and previously, Duke's specific filing should be considered within the context of current *and future* filings. Greenlots shares the perspective of the Environmental Defense Fund ("EDF") that Duke should consider additional programs and incentives to support electrification of medium and heavy-duty vehicles and to support the goals North Carolina adopted as a signatory to the Multi-State Medium- and Heavy-Duty Zero Emission Vehicle MOU.[13] Greenlots believes Duke can and should address that gap by proposing additional programs in consultation with its ongoing ET Stakeholder Collaborative and Public Staff. The need for such programs does not warrant delaying or denying the instant Phase II Pilot proposed portfolio.

CLOSING

Recognizing the fundamental link between charging infrastructure visibility, availability, and EV adoption, which confine and hamper EV adoption when scarce, or serve as a market and EV adoption catalyst when prominent and adequately available, Greenlots encourages the Commission to approve Duke's filing to help break through these market barriers, accelerate the market across underserved market segments, support EV purchase decisions in a geographically and socioeconomically equitable manner, and improve the environment for private investment.

For these reasons and with these comments offered, Greenlots encourages approval of Duke's Phase II Pilot. We look forward to continued engagement in efforts supporting

[13] Initial Comments of EDF at 6: "Given that utility programs for MHDV vehicles lag behind those for light-duty vehicles nationwide, North Carolina has an opportunity to play a leading role in promulgating full-scale programs for this sector by intentionally designing full-scale programs based on well-designed pilots."

transportation electrification in North Carolina, and we thank the Commission for consideration of these comments.

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

BURNS, DAY & PRESNELL, P.A.

By: s/ Daniel C. Higgins
Daniel C. Higgins
P.O. Box 10867
Raleigh, North Carolina 27605
Telephone: (919)782-1441
E-mail: dhiggins@bdppa.com
Attorneys for Greenlots

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing document, has been served on all counsel of record for all parties in this docket, by either depositing same in a depository of the United States Postal Service, first-class postage prepaid and mailed by the means specified below, or by electronic delivery.

This the 13th day of September, 2021.

BURNS, DAY & PRESNELL, P.A.

s/ Daniel C. Higgins
Daniel C. Higgins
Post Office Box 10867
Raleigh, NC 27605