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New York State Department of Public Service Staff Issues Whitepaper Promoting Electric Vehicles

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On January 13, 2020, the New York State Department of Public Service Staff ("DPS Staff") issued a whitepaper recommending that the New York State Public Service Commission establish a statewide "Make-Ready Program" that would provide incentives to light duty electric vehicle ("EV") supply equipment and infrastructure for both Level 2 and Direct Current Fast Charger ("DCFC") stations to help meet New York's goal of deploying 850,000 zero emission vehicles by 2025. As of December 2019, approximately 47,000 EVs are registered in New York, which is less than 1% of all vehicles in the State. Under the proposed Make-Ready Program, which would run from 2020 through 2025, New York's investor-owned utilities, known as the "Joint Utilities," would complete and be permitted to recover costs associated with make-ready work for Level 2 and DCFC technologies, up to a maximum amount per plug installed.

The Make-Ready Program is intended to address the significant upfront infrastructure investment costs faced by EV charging station developers (*e.g.*, costs associated with electrical transformer upgrades, trenching and boring for conduits, conductors, poles, towers, etc.) which currently present an economic barrier to charging station development and, by extension, penetration of EVs in New York State. It is expected that increasing the quantity of EV charging stations will reduce driver "range anxiety" which, in turn, will encourage more drivers to transition to EVs.

Eligible Technologies and Qualifying Criteria

DPS Staff proposes that the Joint Utilities fund and complete make-ready work for Level 2 and DCFC technologies, including: 1) utility distribution facilities side make-ready work – traditional investments from substation to the meter; and 2) customer side make-ready work – including conductor, associated trenching, and panel. With respect to make-ready work on the customer-side of the meter eligible for reimbursement, DPS Staff does not recommend that the utility be allowed to own such infrastructure.

Under the Make-Ready Program, incentive payments would cover a percentage of the costs associated with developing new Level 2 and DCFC stations. DPS Staff proposes that all new Level 2 stations that use the standard Society of Automotive Engineers Electric Vehicle Conductive Charge Coupler J1772 ("SAE J Plug") would be eligible to receive 90% of the average utility service territory make-ready cost if all the following eligibility criteria are satisfied: 1) the station is accessible to the public without an access fee or restricted access; and 2) charging is available to the general public without requiring a paid membership to a charging network. New Level 2 stations that use SAE J Plug technology but do not meet these eligibility criteria would qualify for utility-funded make-ready for up to 50% of eligible make-ready costs.

The DCFC component of the Make-Ready Program would pay up to 90% of the eligible costs for new stations serving light duty EVs that satisfy the following criteria: 1) plugs must be standardized, non-proprietary DCFC chargers; and 2) the station must be accessible to the public without an access fee or restricted access. New DCFC stations serving light-duty vehicles that do not meet the eligibility criteria would qualify for utility-funded make-ready for 50% of eligible make-ready costs. DPS Staff recommends that at least 4 DCFC plugs be installed and that at most 10 DCFC plugs be eligible for utility-funded make-ready at a given location to address driver concern about charger availability and to encourage geographic diversity of DCFC locations.

The incentives would be subject to certain budget caps.

Planning and Site Prioritization

Recognizing that the Joint Utilities are "in a unique position to leverage their distribution system data with their customer data," DPS Staff proposes that the Joint Utilities take an active role in identifying locations for potential EV charging stations. Accordingly, DPS Staff recommends that the Joint Utilities be required to incorporate EV charging scenarios into their annual capital planning processes. These charging scenarios would be used to identify and characterize existing and potential EV charging scenarios in the utility service territories. Sites that already have adequate load serving capacity should be prioritized.

To accelerate EV penetration in Upstate New York, where EV drivers currently have few options for fast charging, DPS Staff recommends that the seven Upstate Regional Economic Development Councils (Capital Region, Central New York, Finger Lakes, Mohawk Valley, North Country, Southern Tier, and Western New York) be marked as "strategic locations" where a limited number of stations would be eligible for additional incentives.

Cost Recovery

DPS Staff proposes cost recovery through both rate base treatment and existing surcharges. Specifically, a Maximum Incentive Level ("MIL") for each installation would be determined by utility service territory which would offset a portion of the make-ready costs. The incentive would first be used to offset a developer's utility-side make-ready costs. However, rather than requiring the developer to pay for all such costs, the utility would treat the make-ready work as traditional plant investment which is incorporated into the utility's plant-in-service.

If the MIL exceeds the utility-side make-ready work, the utility cost of all such work would be treated as traditional plant-in-service to be recovered via traditional ratemaking. To the extent the MIL exceeds the utility-side make-ready costs, utilities would provide a rebate to the developer; expenses associated with these rebates would be deferred as a regulatory asset that would be collected through an existing surcharge.

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