



March 16, 2021

The Honorable Stephanie Kunze
Chair
Senate Transportation Committee
One Capitol Square
Columbus, OH 43215

Re: Amendment regarding Contribution in aid of Construction (CIAC) for electric infrastructure related to electric vehicle (EV) adoption: Amend. No. AM_134_0724 (Sub. H.B. No. 74)

Chair Kunze and committee members:

We support the proposed amendment that would encourage the Commission (Public Utilities Commission of Ohio, or PUCO) to upgrade and modernize certain rules from the Contribution in aid of Construction to support the modernization of the grid and larger numbers of distributed energy resources such as EV charging infrastructure. This amendment reflects best practices that are being pursued by regulated utilities in other States and allows the Commission to revise its existing rules on CIAC in a balanced manner that reflects the rapidly evolving distribution grid.

The Alliance for Transportation Electrification or ATE, a 501(c)(6) non-profit corporation, is led by utilities, electric vehicles (EV) infrastructure firms and service providers, automobile manufacturers, and EV charging industry stakeholders and affiliated trade associations. We started with 20 organizations at the launch just over a year ago. By taking a “big tent” approach to advance the industry, we have grown rapidly to include about 50 national members today and are actively engaged in regulatory and policy issues in over twenty States today.

Our goals are to engage with public service commissions and other agencies to remove barriers to EV adoption by encouraging a collaborative and open approach to accelerate the deployment of EV charging infrastructure in states like Ohio. We do this by advocating for a strong and robust utility role while recognizing the importance of non-utility service providers in market development, by developing effective outreach and education measures, and by promoting interoperability and open standards in all parts of the EV charging ecosystem.

The auto and truck OEMs (Original Equipment Manufacturers) have publicly announced a large number of electric vehicles to enter our automobile fleet this year and over the next several years, including General Motors, Ford, Lordstown Motor, and many others. Already today, consumers can choose from about 50 all-electric vehicles and plug-in hybrid vehicles being offered for sale either as new or pre-owned vehicles. Unfortunately, consumers are reluctant to purchase electric vehicles without having solid assurances that both at-home Level 2 chargers and higher voltage public charging stations are sufficiently available in their State for either daily driving or inter-city journeys. We call this difference between the number of vehicles entering the fleet, and the amount of necessary charging stations, the “infrastructure gap.” Ohio has a large and growing infrastructure gap, and without resolving this in short order, the multiple benefits of electric transportation will not be realized.

This is especially important for a state like Ohio, which has always had a strong and vibrant automotive industry, including the entire supply chain leading up to final assembly of the vehicles.

CIAC, or contribution in aid of construction, is a long-standing regulatory “tool in the toolbox” that Commissions have used in all States in a flexible manner over the decades both to enable new interconnections for new customer loads, as well as balancing these needs with affordable and reliable rates overall. Other tools or incentives can be used to spur EV adoption and infrastructure, such as line extensions, rebates, and make-ready investments. But since one of the other major barriers to the EV transformation are the relatively high upfront capital costs for the customer, including both the vehicle and charging station, modifications to the CIAC rules make good sense to help spur this market transformation. By lowering the upfront costs to customers, especially in this nascent stage of market development, the utility can both enable the customer to adopt these new technologies and gather valuable data as well on customer behavior and the potential impact on the distribution grid before the industry scales up.

We believe that the benefits of transportation electrification are broad and substantial and will accrue to the benefit of both the customer as well as to the distribution grid through more optimized charging at off-peak periods. Moreover, we believe that there will be significant social and environmental benefits, as well as downward pressure on customer rates over time as the revenues of the utility increase and it can propose spreading those benefits to a broader range of customer classes, with oversight of the Commission. This is the essence of what is called “beneficial electrification”. But in order to achieve all of these comprehensive benefits, a modern and updated set of regulatory tools are required, including the historical rules related to CIAC.

This amendment allows the Commission to consider such changes to the CIAC rules to lessen the early burden on customers who wish to adopt EVs and deploy infrastructure, while preserving its traditional role of the “balancing authority” between energy affordability and the introduction of new technologies and investments. The amendment also ensures that the utility can recover its costs through either base distribution rates or rider rates as long as they are prudently incurred. Similar approaches have recently been adopted by utilities and approved by Commissions in Minnesota, Washington state, Oregon, and other States to spur investments in EV infrastructure.

In summary, this amendment strikes the proper regulatory balance between the interests of potential EV customers and other non-participant customers, the needs of a modern distribution grid incorporating new technologies and customer solutions, and needs of the utilities to recover such costs and maintain reliability and affordability. We urge the Legislature to incorporate these provisions on CIAC in the larger bill and pass it expeditiously.

Sincerely,

Philip B. Jones

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