

Legislative Proposal Drops \$3B Funding Plan for EVs in California

Policies on Rebates and Infrastructure Development Bet on Economies of Scale Down the Road

September 12, 2017

SEPTEMBER 1 CHANGES TO CALIFORNIA EV BILL

On September 1, 2017, the California lawmakers removed a \$3 billion, 12-year electric vehicle (EV) funding plan from a bill (AB 1184) aimed to provide point-of-sale rebates and other incentives for EV buyers. Instead, the amended bill would require the California Air Resources Board (CARB) to study vehicle incentive programs. California, a leader in EV adoption, is being closely watched for regulatory actions that could shape policies in other states.

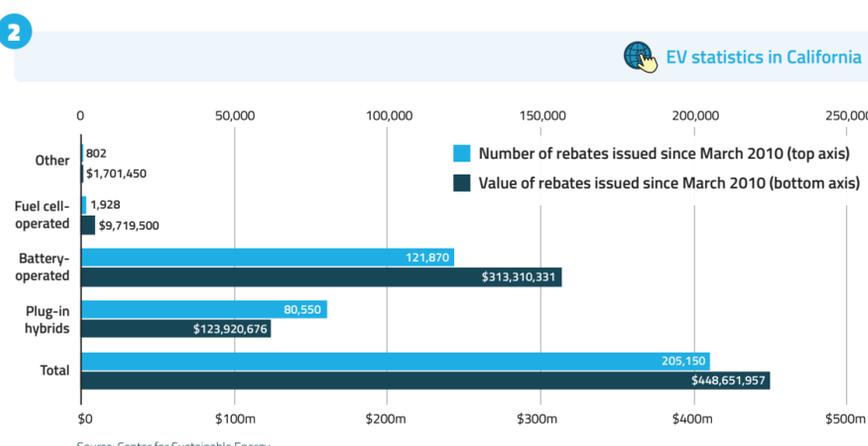
1 Amendments to the bill

Before the amendment: CARB would allocate \$3 billion in existing revenues over 12 years for rebates and incentives

After the amendment: CARB would study EV incentive programs and report to the legislature by January 1, 2019

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By July 2017, nearly 300,000 EVs had been sold in California

California has a goal of 1,500,000 EVs by 2025

In recent years, California has installed 10,000 Level 2 and 1,500 DC fast chargers

3 Utilities' plans

California's investor-owned utilities have proposed to invest \$1 billion in transportation electrification over 5 years:

- Pacific Gas and Electric A.17-01-022**
- Southern California Edison A.17-01-021**
- San Diego Gas & Electric A.17-01-020**

4 Legislation on EVs

Multiple states have enacted EV-related legislation to expand infrastructure and provide rebates. Select bills enacted in 2017 include:

- OR** HB 2132 (6/22/2017 Enacted): Expands purposes for which improvements may be made under local government financing program to include energy storage, smart electric vehicle charging stations and water efficiency.
- NV** SB 146 (6/15/2017 Enacted): Requires utilities' integrated resource plans filed with the NV PUC to include a distributed generation systems, energy efficiency, energy storage, EVs and demand-response technologies.
- ID** H 20 (2/28/2017 Enacted): Provides for plug-in hybrid vehicle fees, provides exception regarding fees for EVs, revises fee provisions regarding certain hybrid vehicles; and provides for the apportionment of fees.
- AR** HB 1735 (4/3/2017 Enacted): Amends the law concerning the definition of and rebates for low-emission vehicles.
- RI** HB 6302/SB 77 (7/18/2017 Enacted): Prohibits parking in EV charging stations without using the charging apparatus.
- MD** HB 1106 (2/2/2017 Enacted): Allows funding from the Maryland Strategic Energy Investment Fund to provide rebates under the Electric Vehicle Recharging Equipment Rebate Program.
- VA** HB 2431 (2/23/2017 Enacted): Provides that a school board may locate and operate retail fee-based EV charging stations on school property for employee, visitor, and student use.
- CA** AB 1633 (7/31/2017 Enacted): Adds businesses offering EV charging facilities to the list of specific roadside businesses eligible for an information sign.
- OR** HB 2510/2511 (6/28/2017 Enacted): Authorizes commercial tenants to install on premises and use electric vehicle charging station and declares charging station to be personal property of tenant unless different result is negotiated between parties.

5 Regulatory activity in other states

- AZ** On September 5, the Arizona Public Service Company proposed a suite of programs targeted at energy efficiency including new incentives and expanded opportunities for EV charging infrastructure. The company said that the new programs – including energy storage, demand response, and load management – go hand-in-hand with its new rate plans to maximize customers' savings and can help better integrate renewable resources.
- FL** On August 29, Duke Energy Florida filed a settlement agreement with the Florida Public Service Commission that includes investments in grid modernization, solar, and storage, and notably, cancels the Levy Nuclear Project with no further charges to its customers. The company plans to add 700 MW of solar over the next four years, deploy 50 MW of battery storage, and install 530 EV charging stations.
- OH** On August 25, American Electric Power (AEP) filed a settlement agreement with the Public Utilities Commission of Ohio that includes a \$10 million rebate incentive program to develop EV charging infrastructure. The agreement addresses key elements of the company's Electric Security Plan including EV charging, renewable generation, and distribution grid reliability through 2024.
- NJ** On August 23, the New Jersey Board of Public Utilities (NJ BPU) initiated a stakeholder process to examine the potential impact of a widespread adoption of EVs on the state's grid. The NJ BPU also accepted a May 2017 Regulatory Assistance Project Report that recommends a broad stakeholder proceeding to set EV infrastructure policies, while also highlighting the opportunities and challenges of the EV market. The board requested the report in keeping with the Energy Master Plan to advance the EV market.
- OR** On August 11, PacifiCorp reached an agreement with industry and consumer groups resolving the issues in its 2017 Transportation Electrification Plan (Docket No. UM 1810). With a total budget capped at \$4.64 million from 2017-2019, the program covers three pilots: outreach and education; public charging; and demonstration and development.
- MI** On August 9, the Michigan Public Service Commission (MI PSC) and the Michigan Agency for Energy held a technical conference on alternative fuel vehicles. Anticipating more cases regarding EV charging facilities and the use of compressed natural gas as transportation fuel, the MI PSC is working on a briefing paper examining the major trends in terms of utility role and equipment ownership, rate of grid incentives, as well as grid optimization (Docket No. U-18368).

Other select dockets on EVs include:

- OR** UM 1811 (12/2016): PGE's application for transportation electrification programs.
- UT** 16-035-36 (3/2009): In the matter of Rocky Mountain Power's Sustainable Transportation and Energy Plan (STEP) Act initiatives.
- NIN** 15-111/112/120 (4/2015): In the matter of residential EV charging tariff—annual compliance filings.
- MI** U-18368 (4/2017): A docket that will be used to collaboratively consider issues related to both the deployment of plug-in electric vehicle charging facilities and to examine issues germane to the use of compressed natural gas as a motor vehicle transportation fuel in Michigan in a Commission-sponsored technical conference.
- MA** 17-13 (1/2017): Petition of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid for the approval of EV Market Development Program, and of the EV Program Provision.
- PA** M-2017-2604382 (8/2017): On third-party EV charging-resale/redistribution of utility service.
- DC** FC1143 (4/2017): Pepco's proposal for a limited demand management program for plug-in vehicle charging in the District of Columbia.
- MO** ET-2016-0246 (3/2016): The application of Union Electric Company d/b/a Ameren Missouri for approval of a tariff setting a rate for EV charging stations.
- IL** 17-0263 (7/2017): Application for certification to install, maintain or repair EV charging station facilities under Section 16-128A of the Public Utilities Act.
- CA** R1311007 (11/2013): Order instituting rulemaking to consider alternative-fueled vehicle programs, tariffs, and policies.
- HI** 2016-0168 (7/2016): Application to extend schedule EV-F, commercial public EV charging facility service pilot, and schedule EV-U, commercial public EV charging service pilot.

BOTTOM LINE

- Follow the Leader**
California is already a leader in solar PV, plug-in EVs, and grid-scale energy storage, which are at the forefront of the distributed energy revolution. The state's experience in EV policies could be instructive for other states exploring the sector. California has a variety of funding options to further ZEV adoption, including regulations and incentives. For example, CARB's Air Quality Improvement Program provides vouchers to purchase hybrid truck and buses, as well as rebates for ZEV vehicles. The Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program funds the installation of charging stations and fueling equipment. Finally, CARB's ZEV regulation requires certain manufacturers to operate a certain percentage of ZEVs with near-zero tailpipe emissions in the state.
- Build It, and They Will Come**
Recently, California's major utilities have filed plans to increase EVs, including a build-out of charging stations. These and other programs such as AEP's Ohio plan will provide relevant stakeholders with information regarding the effectiveness of program elements and also instruct proposals down the road. Utilities are well equipped to expand charging stations, address load management to prevent system stress from growing EV penetration, and also educate customers. While utility involvement may help address EV infrastructure challenges, subsidies and rebates will be key in propping up demand until ZEVs become cost competitive.

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