



House Transportation Committee Hearing on Providing for Statewide Electric Vehicle Charging and Natural Gas Fueling Networks House Bill 1446 Comments of the Retail Energy Supply Association

The Retail Energy Supply Association (RESA)* submits the following comments on House Bill 1446 – providing for Statewide electric vehicle charging and natural gas fueling networks.

RESA is a broad and diverse group of retail energy suppliers who share the common vision that competitive retail energy markets deliver a more efficient and customer-oriented outcome than traditional monopoly-protected utility regulation. RESA members are devoted to working with stakeholders to promote vibrant and sustainable competitive retail energy markets for all residential, commercial and industrial consumers.

In 1996, Governor Tom Ridge signed into law the “Electricity Generation Customer Choice and Competition Act,” which restructured the state’s electricity industry to provide for customer choice among competing electricity suppliers.

As a result, consumers are no longer captive to a single monopoly-protected utility company for their electric supply. Scores of retail suppliers now compete to provide energy products to households, churches, schools and universities, small businesses and manufacturers offering innovative products and services specifically tailored to meet the customer’s needs and individual energy circumstances.

Currently more than 2 million Pennsylvania electricity customers are served by competitive suppliers, including 1.7 million residential customers. Competitive supply represents more than 65% of Pennsylvania’s total electricity demand. Retail competition has spurred economic development and job creation here in the Commonwealth.

While RESA is supportive of the goals of the legislation to expand transportation electrification statewide, RESA has serious concerns about how this bill is being proposed. RESA’s members see first-hand how the energy landscape is changing based on their daily interactions and look forward to partnering with customers, businesses, and communities to support their demand for EV infrastructure.

** The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.*

As demand for electric vehicles increases, the Commonwealth should be encouraged to assess the available infrastructure and identify opportunities for improvement. RESA supports this and encourages a carefully conducted stakeholder process that includes all market participants. While RESA recognizes that the incumbent utilities serve an important role as operators of the transmission and distribution system and agrees that the regulated utilities should have the option to explore their role in a transportation electrification infrastructure development plan, that process should be transparent and allow for all interested stakeholders to participate. Any Statewide goals for the expansion of transportation electrification should come only after this stakeholder process.

Likewise, RESA encourages the Commission to ensure that any applications that result from this legislation to implement a transportation electrification infrastructure are thoughtfully and carefully considered to assess the impact not only on the regulated utilities but also on the restructured market.

While RESA supports the overall theme of the legislation, to expand infrastructure for electric and natural gas vehicles according to customer demands, RESA has identified several points which should be considered in the context of Pennsylvania being a restructured state.

First, the bill encourages electric distribution companies (EDCs) to develop a regional framework to deploy electrification infrastructure. RESA suggests that due to the restructured nature of the Commonwealth, the regional framework process should be required to include representatives from the retail electric supplier community. Suppliers are already engaged in these issues in other states that have taken on similar efforts.

In addition, the legislation directs EDCs to include strategies to provide opportunities for the reduction of electric charging costs, including time-of-use rates. RESA believes that it is imperative that the competitive market be tasked with providing time-of-use rates, specifically EV rates. Retail suppliers have extensive experience bringing time-of-use rates to market and can leverage their experience to deploy these rates for EVs. In addition, because Pennsylvania is a restructured state, time-of-use rates should be offered by the competitive market, not the monopoly-regulated utility.

As important, the legislation seeks to give the utilities cost-recovery mechanisms and rates to support and fully recover "all reasonable and prudent costs incurred in the implementation of" a transportation electrification infrastructure through distribution rates. This means that all customers will be paying for EV infrastructure, including infrastructure owned by the utility, resulting in higher customer bills to achieve this deployment. In addition, allowing for recovery of these costs puts other stakeholders at a disadvantage since such cost recovery mechanisms are not available to them.

RESA members and other third party companies are already investing their own capital in transportation electrification infrastructure. These companies regularly make decisions on where and how to deploy capital based on market conditions and demand but do not have the

advantage of recovering any costs from their customers. When the utility gains the right to recover costs for such projects from ratepayers through cost increases in distribution rates at no risk, interested parties and other stakeholders are at a disadvantage. This recovery by the utilities does not provide a level playing field or transparency for all players in the market. In addition, the legislation requires that EDCs shall not be subject to penalties to failure to meet their goals. What incentives do utilities have to ensure that the dollars they invest in such projects are prudent and that they come within or below budget projections, since their costs and returns are guaranteed?

While RESA does not object to the utilities developing a transportation electrification infrastructure development plan, RESA maintains that the utilities need to be put onto a level playing field with other interested parties and stakeholders and not guaranteed cost recovery. It is for this reason that RESA urges that the legislation be amended to eliminate the language that provides authority to allow utilities to seek cost recovery for a transportation electrification infrastructure development plan.

RESA encourages the legislation, and ultimately the Commission, to ensure that any applications to implement a transportation electrification infrastructure are thoughtfully and carefully considered to assess the impact not only on the regulated utilities but also on other market participants and customers.

This legislation also addresses a natural gas transportation infrastructure assessment to be completed within one year of the effective date of the legislation. "The assessment shall identify opportunities and goals for the expansion of natural gas vehicle usage and fueling infrastructure in this Commonwealth and make recommendations to the General Assembly and the commission to support the expansion." Although there is little detail behind this section of the legislation, RESA would like to make clear that utility cost-recovery mechanisms and rates to support and fully recover all reasonable and prudent costs incurred in the implementation of a natural gas transportation infrastructure is also problematic and something that we could not support.

Thank you for the opportunity to offer comments on this legislation.