

**Before the Consumer Protection, Technology, and Utilities Committee Pennsylvania House of Representatives**

**Hearing on Electric Vehicle Infrastructure**

**Testimony of Eric McCrum, Energy & Sustainability Manager, Sheetz, Inc.**

Good afternoon, Chairman Matzie, Chairman Marshall and members of the Consumer Protection, Technology, & Utilities Committee. Thank you for the opportunity to appear before you regarding this important informational hearing on electric vehicle infrastructure. My name is Eric McCrum and I am the Energy & Sustainability Manager for Sheetz, Inc.

Sheetz operates over 700 stores located throughout Pennsylvania, West Virginia, Maryland, Ohio, Virginia, and North Carolina. Our company installed our first EV charger in 2012 and currently offers EV charging to customers at 106 of our locations. Within the Commonwealth, Sheetz operates 250+ retail convenience stores and 30 of those locations currently offer EV charging solutions. Sheetz is actively undergoing multiple projects to install more EV charging stations this year. Some of those projects include funding from both the National Electric Vehicle Infrastructure (NEVI) Formula Program and Driving PA Forward.

Sheetz has a proven track record of deploying EV chargers at our retail locations and intends to continue to make that investment as the market develops. Proper EV rate design and the assurance of a competitive marketplace are key factors for convenience store retailers when making this consideration in the future.

Sheetz recently participated in a joint working group in collaboration with the Pennsylvania Petroleum Association and other fuel retailers<sup>1</sup> to provide feedback regarding the PUC's Proposed Policy Statement on Electric Utility Rate Design for Electric Vehicle Charging in Pennsylvania. The following testimony draws from sections of this shared position by Sheetz and other fuel retailers who are evaluating similar dynamics when making an investment consideration for electric vehicle infrastructure.

**I. Rate Design for Direct Current Fast Charging Stations**

Electric utilities should consider rates for EV charging stations, specifically public direct current fast charging (DCFC). The lack of a rate or set of rates that are specifically developed for public DCFC transactions is a key structural challenge discouraging the private market from investing in public fast charging stations.

Public DCFC requires high levels of capacity to deliver a large amount of electricity in a short period of time. This typically subjects EV charging stations to costly demand charges, which are fees imposed by electric utilities that are based on the highest level of electricity used during a billing period. Demand

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<sup>1</sup> Joint Fuel Retailers public comment on PUC's Proposed Policy Statement regarding Electric Utility Rate Design for Electric Vehicle Charging in Pennsylvania <https://www.puc.pa.gov/pcdocs/1813355.pdf>

charges were created to compensate utilities to meet the demands of energy intensive industries such as manufacturing. Unfortunately EV charging load is also being saddled with these demand charges, which challenge the economics of the EV charging stations and are difficult for businesses to pass onto customers because they are not based on the actual units of energy delivered to the customer. To further compound the issue, station operators are not aware of what the additional demand charge will be until the end of the billing cycle – meaning it is impossible for the station operator to appropriately pass along any costs associated with that charge to the end-user as is done in nearly every other wholesale-to-retail transaction. This discourages private investments by making it impossible for private businesses to accurately and efficiently recover their costs.

## **II. Strategy to Promote Competition & Prevent Cross-Subsidization**

A key challenge for private businesses seeking to enter or expand their investment within the EV charging market is the threat of electric utilities using ratepayer funds to own and operate chargers. An electric utility's ability to rate base EV chargers comes with insurmountable competitive advantages and limited incentives for innovation and improvements (such as faster charging stations). Against this backdrop, private businesses that would otherwise be eager to invest in charging stations will not consider the stations to be an attractive investment.

More importantly, ratepayers that may never own an EV should not subsidize investments for their associated infrastructure. Additionally, if electric utilities were able to impose demand charges on privately owned charging stations, but not on their own chargers it increases the potential of cross subsidization due to the utility not having to directly recover the costs associated with that specific transaction. This depresses private investment to the detriment of consumers who have come to rely on competitive, transparent pricing for transportation energy.

Rate design for public DC fast charging stations should incentivize private investment while also ensuring that the EV charging market develops in a manner that does not unfairly burden ratepayers, who may not own an EV. Ratepayer funding should not be used to subsidize utility owned investments in EV charging stations when private businesses are eager to invest their own private capital.

Convenience store operators and fuel retailers are eager to work with electric utilities as Pennsylvania prepares for increased EV adoption. We firmly believe that the most efficient way to build out Pennsylvania's EV charging infrastructure is for fuel retailers and electric companies alike to focus on their core competencies. With utilities focusing on preparing the electric grid for increased investments in public fast charging stations and fuel retailers focusing on delivering a positive customer experience for EV drivers.

## **III. Conclusion**

Convenience stores offer some of the best possible existing real estate locations for scalable EV charger deployment and are well positioned to play a pivotal role in building infrastructure to help EV drivers overcome range anxiety. Liquid motor fuel is one of the most competitive products available in the marketplace. A successful blueprint for EV charging infrastructure is to mirror the competitive dynamic

that currently exists within the transportation fuel sector. Sheetz stands ready to continue to invest and innovate within this space. Thank you again for the opportunity to provide testimony on this important topic. I will be happy to answer any questions from the committee.