



STATE OF WISCONSIN

BEFORE THE PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Northern States Power Company-
Wisconsin For Authority to Adjust Electric and Natural
Gas Rates.

Docket 4220-UR-126

COMMENTS OF CHARGE AHEAD PARTNERSHIP

I. Introduction

In January 2023, Northern States Power Company-Wisconsin (NSPW) submitted an application to the Public Service Commission of Wisconsin (the Commission) to adjust electric and natural gas rates. The Commission opened Docket 4220-UR-126 in May of 2023 to consider this application. Included in NSPW’s application is an electric vehicle (EV) public charging proposal to build four Direct Current Fast Chargers (DCFCs) at two locations, or two fast charging “hubs,” where the chargers would be owned and potentially operated by NSPW. This proposal aligns with plans NSPW indicated in Docket 4220-TE-113 which detailed ambitions to use ratepayer funds to build 20 of these charging hubs from 2024-2026 in their service territory.¹ Throughout the interceding months the Commission has heard testimony from stakeholders such as the Citizens Utility Board, NSPW, and Walmart. While Charge Ahead Partnership (CAP) was not an intervener in these proceedings, we appreciate the Commission’s consideration of our comments regarding NSPW’s public EV charging proposal contained in the application.

II. About Charge Ahead Partnership

CAP’s membership is comprised of businesses, organizations and individuals that share the common goal of expanding Wisconsin’s EV charging network and ensuring Wisconsin is positioned to meet EV drivers’ expectations of quality service, safety and the affordable, competitive pricing to which they have grown accustomed with the established refueling network. Our corporate members, from big box retailers, to grocery stores and restaurants, to existing fuel retailers, own the real estate that is best suited for DCFC infrastructure. Many of these businesses are located along highway corridors, and all of them offer the amenities that drivers will demand while refueling.

¹ Application of Northern States Power Company, a Wisconsin Corporation, for Approval of Electric Vehicle Programs, Docket 4220-TE-113, August 2, 2022.
<https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=444518>

The biggest challenge to widespread EV adoption in Wisconsin is the lack of a robust, statewide EV fast charging network that is co-located with the services and amenities, such as food vendors, restrooms, lighting and security, that consumers have come to expect when they refuel. CAP believes that a competitive, market-based approach is the most efficient and economical way to build Wisconsin's EV charging network so that it promotes fair competition and encourages private investment in the EV charging business.

Included below is an overview of CAP's response to NSPW's request for funds to own and potentially operate two public EV charging hubs. We encourage you to consider these comments as you evaluate NSPW's proposal as well as regulatory policy that will best position Wisconsin to create a competitive and consumer-centric EV fast charging network across the state.

III. Comments on NSPW's Request to Build Two EV Public Charging Hubs

Included in NSPW's application is a request to use approximately \$1.4 million in ratepayer funds for the company's fast charging plans. NSPW plans to install two public fast charging hubs, a total of four chargers, in the test year of 2024. Testimony from Xcel Energy Services, Inc. Director of Clean Transportation, Deborah Erwin estimates the cost of installing, owning, and operating the two fast charging hubs would include total capital expenditures of 1.2 million in 2024 to be accompanied by operations and maintenance (O&M) expenses estimated at \$210,000 over the same period.² Her testimony also states that NSPW intends to work with site hosts and other partners "to determine responsibility for all aspects of the operation of the charging hubs."³ While, as stated, this could reduce O&M costs, ownership of the charger would remain with NSPW and for locations where the host could not operate the chargers the utility would maintain operational authority. Ms. Erwin's testimony also indicates that this is likely the first of many similar requests from NSPW to the Commission stating, "While this proposal is a modest beginning to provide public fast charging infrastructure in the Company's service area, it will give the Company the necessary experience to scale this effort over time."⁴ Assuming NSPW will continue to follow the blueprint detailed in Docket 4220-TE-113 the Commission should expect requests to build three additional hubs in 2025 and fifteen more in 2026.⁵

CAP believes that Commission approval of this request could have a negative impact upon the development of Wisconsin's EV charging infrastructure by damaging the competitive market and relying on an electric monopoly to own and operate EV charging stations. As the Commission evaluates this proposal, we encourage you to consider the impacts upon competition in the EV charging market, the appropriate role of utilities in the EV charging market and the impending distribution of millions of dollars in federal funds to build out the state's EV charging network.

² Direct Testimony of Deborah E. Erwin, Docket No. 4220-UR-126, April 28, 2023.

<https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=465754>

³ Id.

⁴ Id.

⁵ Application of Northern States Power Company, a Wisconsin Corporation, for Approval of Electric Vehicle Programs, Docket 4220-TE-113, August 2, 2022.

<https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=444518>

A. The Necessity for a Level Playing Field in the Nascent EV Charging Marketplace

Consumers refuel at approximately 125,000 retail fueling locations across the country. The retail fuels market today is the most transparent and competitive commodity market in the United States. Consumers can easily see fuel prices and decide where to refuel based on the posted price without having to leave their vehicles. This dynamic leads to price competition and consumer choice. EV drivers should have access to the same competitive, stable and convenient prices and options that drivers of internal combustion engine vehicles have enjoyed for decades. This requires an EV charging market driven by competition and innovation, one that cannot be achieved if private investment is prevented from entering the market.

NSPW’s proposal to own and operate public charging hubs illustrates a major barrier to private investment in EV charging, the threat of utilities leveraging their regulated status to generate an artificial competitive advantage over other businesses. This acts as a disincentive for private investment as private entities cannot rationally invest their own capital if there is risk of that investment being undercut by utility investment. Private businesses cannot compete with regulated electric utilities that have the ability to pass on the costs of their investments in DCFC stations to all of their ratepayers.⁶

Consumer advocates, utility regulatory staff and various experts from several states have acknowledged the potential threat of utilities wading into private markets without any safeguards to protect competition. For example, a 2023 study by Grid Strategies found that “Competition in charging will lead to the best results for the build-out of EV charging, for consumer pricing of electricity, and for service of EV drivers.”⁷ This finding is reinforced by the following comments made in Maryland Public Service Commission Case No. 9478 by the Maryland Office of Peoples Counsel:

In Maryland, the Office of Peoples Counsel (MDOPC), the consumer advocate in utility proceedings, argued, “private competitive charging companies have built and are building charging stations across the state and the country. Charging stations are not ‘natural’ monopolies; thus, the rationale that economies of scale make it more efficient for utilities to build, own, and operate EV charging stations is lacking.”⁸ MDOPC added, “Utility participation in competitive markets risks undermining the competition, especially in emerging markets for EVs. Most significantly, incumbent utilities compete with a largely guaranteed source of funding and profit—recovery from customers in rates. And ratepayer funding is not the only potential entry barrier. Among other potential barriers, utilities benefit

⁶ Peter G. Scholtz, Assistant Attorney General, Minnesota Office of Attorney General comment letter in Docket No. 22-432. “Xcel’s EV proposals — particularly \$193 million earmarked for an expanded fast-charging network — implicate important public policy questions about whether and under what conditions the Company should be allowed to use its ratepayer-funded monopoly to compete in a new business area,” Scholtz wrote.

⁷ Serving Customers Best The Benefits Of Competitive Electric Vehicle Charging Stations, Rob Gramlich, Frank Lacey, Bryan Lee, and Zach Zimmerman, Grid Strategies, May 2023.

⁸ Comments of the Office of People’s Counsel, In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio, Maryland PSC Case No. 9478, October 6, 2021, p. 3.

from widespread brand name recognition unavailable to competitors, and they can also benefit from ratepayer-funded marketing campaigns.”⁹

NSPW is asking for approximately \$1.4 million to build four chargers at two locations, a relatively small part of the total \$40.3 million electric rate increase that NSPW is seeking in this proceeding. However, approval of this request would send a definitive message to private entities that their investments may be subject to unfair competition with a regulated electric utility. This is compounded by NSPW’s future plans for increasing their public charging offerings. Approving this request could set precedent for approval in future years, scaring off potential private investors in Wisconsin’s EV charging market.

NSPW’s proposal lacks sufficient guardrails to ensure that their proposed charging hubs would not be granted competitive advantages over privately owned chargers. There have been documented instances across the country where regulated electric utilities have tried to undercut the competitive market when setting regulated rates for utility-owned EV charging stations. For example, in 2022, Xcel Energy Minnesota petitioned the Minnesota Public Utilities Commission for approval of an expansive utility-owned public charging network. Xcel Energy Minnesota’s proposed charging stations would provide EV charging services at \$0.25251 per kWh, well below the third-party charger average which Xcel’s own data showed was around 36 cents per kWh.¹⁰ All owners and operators of publicly accessible fast charging stations should operate with the same competitive risks and access to electricity rates on a level playing field. This proposal should not be considered unless safeguards are put in place to ensure utility owned chargers do not have any operational advantages.

Finally, should the Commission elect to approve NSPW’s request to use ratepayer funds to own EV charging stations, this approval should be limited only to ownership, and not operation, of the charging stations. As mentioned in Ms. Erwin’s testimony, “In cases where the site host or partner for the charging hub does not take on the responsibilities of operation NSPW would be responsible for operation and maintenance.”¹¹ If the commission is inclined to support NSPW’s application, then additional requirements should be put in place that require site hosts to be responsible for operating the charger. The Commission could do this by requiring NSPW to partner with third-party partners to operate the chargers. Furthermore, the Commission should ensure that unregulated third-party entities that NSPW partners with for operations do not receive any advantages for hosting or operating utility-owned chargers and operate under the same rates, terms and conditions as any EV charging station operator in NSPW service territory. While this approach has inherent risks for market distortion, third-party operation of the charging hubs will help to minimize these risks.

⁹ Comments of the Office of People’s Counsel, In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio, Maryland PSC Case No. 9478, October 6, 2021, p. 4.

¹⁰ Minnesota Public Utilities Commission, Docket 22-432, *Xcel Energy – Initial Filing*, filed August 2, 2022, (“We [Xcel] propose reducing the kWh adder from \$0.30 per kWh to \$0.25251 to better reflect market pricing in Minnesota. Our current market data indicates that pricing at third-party chargers averages about 36 cents per kWh”)

¹¹ Direct Testimony of Deborah E. Erwin, Docket No. 4220-UR-126, April 28, 2023.

<https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=465754>

B. Xcel Energy’s Failures in the Public EV Charging Space

Northern States Power Company-Wisconsin is not the first operating subsidiary of Xcel Energy to seek regulatory approval to own and operate publicly available EV charging stations using ratepayer funds; however, the results have been far from satisfactory regarding the build out of the EV charging network. Xcel Energy was granted approval to build 21 DCFC stations by the Minnesota Public Utilities Commission in April 2022, but as of this summer, had zero operating, none beyond the “pre-construction” phase, only four signed site-agreements, and a 40% capital cost increase.¹² These shortcomings extend to other states where Xcel operates such as Colorado and New Mexico where Xcel Companies received approval to build EV charging stations in December 2020 and September 2021 respectively but had no stations in operation as of mid-March 2023.¹³ Approving this request from Xcel subsidiary NSPW would signify a failure by the Commission to recognize the technical challenges of allowing a regulated monopoly without experience or expertise providing transportation fueling services to take control of the market. Relying on electric utilities has thus far proved ineffective in seeing more chargers built, in neighboring Minnesota and other states, instead stifling the competitive market and private investment eager to invest capital in EV charging infrastructure.

C. Ratepayer Impacts

Finally, the Commission should consider the impacts that approving this request would have upon ratepayers. Allowing NSPW to recover the costs associated with owning and operating DCFC fast chargers from ratepayers without the necessary safeguards will adversely affect the entire rate base as well as the development of the competitive EV charging market. This would have the largest impact on individuals in low-income and fixed-income communities who are more sensitive to price fluctuations and are less likely to own EVs. There is also the inherent risk of electric utility investments in the ownership of charging stations becoming stranded assets as EV charging technology evolves quickly and could render ratepayer funded EV infrastructure obsolete before the amortization period is complete.

D. Right-Sizing the Role of Electric Utilities in the EV Charging Market

As the Commission evaluates the proposal it should consider whether or not it is appropriate for a vertically integrated electric utility, such as NSPW, to expand its monopoly to EV charging services when private businesses are eager to invest. CAP acknowledges that Wisconsin’s electric utilities will play a critical role in ensuring Wisconsin’s grid infrastructure is prepared to support a statewide fast charging network. The most effective way to build out Wisconsin’s charging network is through a coordinated partnership between Wisconsin’s electric utilities and private, unregulated businesses. Instead of seeking to participate in the competitive EV charging market, utilities such as NSPW should look to facilitate partnerships through a make-ready model. This model will allow electric utilities to deliver the make-ready infrastructure needed to prepare charging sites for DCFC stations while unregulated businesses that compete on

¹² Department of Commerce’s response to Northern States Power Company’s motion to certify and request to withdraw in MPUC Docket No. E-002/M-22-432, June 14, 2023.

¹³ Department of Commerce’s response to Northern States Power Company’s motion to certify and request to withdraw in MPUC Docket No. E-002/M-22-432, June 14, 2023.

price and quality of service invest their private capital to own and operate publicly available DCFC stations. This will encourage private investment and increase consumer choices in Wisconsin's EV charging market.

E. Considerations of the NEVI Formula Program

Additionally, Wisconsin's EV charging network is slated to receive over \$78 million in federal assistance over five years through the National Electric Vehicle Infrastructure (NEVI) program. The purpose of the NEVI funding is to catalyze additional private investment in the EV charging network,¹⁴ which could be substantially delayed if NSPW is allowed to corner the market in western Wisconsin by owning and operating EV fast chargers using ratepayer funding without market or competitive forces at play.

Thank you for your consideration of CAP's comments. As the Commission studies this issue, CAP is prepared to be a resource and welcomes all future opportunities to participate in this process.

Sincerely,

/s/ Jay Smith

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¹⁴ NEVI Program Guidance, Federal Highway Administration, February 10, 2022.

https://www.fhwa.dot.gov/environment/alternative_fuel_corridors/nominations/90d_nevi_formula_program_guidance.pdf