

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Public Service Commission
Electrification of Transportation
Investigation**

Case No. PU-22-147

**ORDER ON MEASURES TO PROMOTE GREATER ELECTRIFICATION
OF THE TRANSPORTATION SECTOR**

February 7, 2024

Preliminary Statement

On November 15, 2021, the President of the United States signed The Infrastructure Investment and Jobs Act (“IIJA”), H.R. 3684, 117th Cong. (2021). Pursuant to the IIJA, Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) was amended (“Amendments”) by adding the following standard:

(21) Each State shall consider measures to promote greater electrification of the transportation sector, including the establishment of rates that —

- (A) Promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
- (B) Improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles; and
- (C) Accelerate third-party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles; and
- (D) Appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

On March 30, 2022, the Commission issued an Order Requesting Comment on Measures to Promote Greater Electrification of the Transportation Sector requesting each electric public utility file written comments that provide:

- a. A report of existing measures used to promote electrification of the transportation sector by the electric public utility.
- b. Existing rate mechanisms that:

1. Promote affordable and equitable electric charging options;
 2. Improve customer experience associated with charging;
 3. Accelerate third-party investment;
 4. Appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle infrastructure.
- c. Previous actions taken by the Public Service Commission or State Legislature to implement the standard or a comparable standard.
 - d. Appropriate measures to promote greater electrification of the transportation sector.
 - e. Any other information that the Commission should consider.

On June 15, 2022, comments were filed by ChargePoint Inc., Montana-Dakota Utilities Co. (MDU), Northern States Power Company (NSP), and Otter Tail Power Company (OTP).

On September 7, 2022, the Commission issued a Notice of Public Hearing (Hearing) for 2:00 p.m. November 3, 2022, in the Commission Hearing Room, 12th floor, State Capitol, Bismarck, North Dakota.

On October 3, 2022, the Commission issued a Notice of Issues and Request for Comment. The notice identified the following issues to be addressed:

1. Whether ownership of electric vehicle charging stations should be permitted by regulated utilities? If permitted, under what conditions?
2. What should the Commission consider regarding unfair competition between third party charging entities and regulated utilities?
3. Should the Commission consider special tariffs or rates for residential electric vehicle charging?
4. Whether the Commission should consider pilot programs in anticipation of the electrification of the transportation sector? If so, what pilot programs?
5. What is the anticipated distribution system impact from residential and fleet charging?

On October 20, 2022, written comments were received from Schurkey.

On October 21, 2022, written comments were received from Rick Hutchens.

On October 28, 2022, written comments were received from Paul Jensen.

On October 31, 2022, written comments were received from ChargePoint and revised comments by Paul Jensen.

On November 2, 2022, written comments were received from Northern States Power Company.

On November 3, 2022, written comments were received from NEIPA and NDCGA, and the Greater North Dakota Chamber.

On November 3, 2022, the Hearing was held as scheduled.

On November 4, 2022, written comment was received from Dan Hamre.

On November 5, 2022, written comments were received from Brent Winkelman.

On November 9, 2022, written comments were received from Rolf Brakvatne.

On November 10, 2022, written comments were received from the Lignite Energy Council.

On November 14, 2022, written comments were received from Senator Keith Boehm, Thereza Cevidanes, the North Dakota League of Cities, Alliance for Automotive Innovation, OTP, Charge Ahead Partnership, Electrify America, the Fargo Moorhead West Fargo Chamber, and the Alliance for Transportation Electrification.

Discussion

ChargePoint recommended the Commission initiate a proceeding to consider measures that promote greater transportation electrification, including EV-specific rates, utilities should be authorized to increase staffing that is dedicated to EV charging infrastructure to accommodate the anticipated influx of new service requests, and encourage the utilities to develop make ready programs. Jared Ballew spoke at the November 3, 2022, hearing about ChargePoint charging stations, metering in homes and commercial charging, and rates.

MDU stated they do not currently employ any measures to promote the electrification of the transportation sector. MDU has several customers with level I and level II chargers behind the meter which are served under the applicable general service rate schedules. MDU also supplies electricity to four Tesla level III chargers on its integrated electric system, two of which are in North Dakota. MDU does not plan to own or operate EV charging stations. MDU spoke of their discussions of developing an EV charging rate for home and fast charging in the future, but does not currently have a separate rate. MDU addressed distribution challenges that may come as a result of increased in-home charging, which will depend on the size and location of load EV charging creates requiring upgrades to homes or larger distribution transformers. Off peak charging was noted by MDU as a way to alleviate some of these issues. MDU also acknowledged that demand response charging is a barrier.

NSP stated that currently the Company has not proposed any programs or special rates in North Dakota to promote transportation electrification. In its Minnesota

jurisdiction, the Company has a suite of programs targeted at increasing transportation electrification. These Company initiatives and offerings can be broadly broken into three categories: 1) advisory services, 2) electric vehicles and infrastructure, and 3) charging optimization through rates. NSP spoke about its EV charging in Minnesota, where commercial EV make-ready build-out costs are passed on to all rate payers. Home charging for NSP is paid for by the customer who installs the charger and incurs the cost of charging themselves. NSP stated there are a lot of upfront costs with installing EV charging infrastructure, and spoke about the role that regulators, policy makers and utilities have in EV charging and the long-term effects EV charging may have on rates and costs to the rate payers.

OTP offers a rebate of \$400 for level 2 chargers hardwired and served by one of its many off-peak rate options and has provided several level 2 chargers to customers at no cost to the University of Jamestown, the National Buffalo Museum in Jamestown and one to the city of Wahpeton. OTP also has a third-party direct current fast-charge pilot tariff for third-party owned electric vehicle charging stations in Minnesota. OTP's off-peak rates allow appropriate recovery of the marginal costs of delivering electricity and it has not added to OTP's peak load requirements. OTP believes that EV charging station ownership should be allowed by regulated utilities and in their case would allow their customers in rural areas to have a charging network to support their use of an EV if they desire. OTP does not want to displace private third-party investment in EV charging, but believes their participation would address underserved rural areas. OTP supports special rates for EV charging. OTP believes that grid impacts will be manageable as EV popularity and adoptions grows.

Comments from the public regarding regulated utilities being permitted to own charging stations varied. Some comments were in support of regulated utilities owning charging stations as it would create a competitive market for EV charging, and regulated utilities could efficiently build out charging stations to accelerate charging infrastructure. Other commentors stated that regulated utilities would have an unfair advantage, such as utilizing load data of third-party charging stations they provide electricity to and would be able to offer lower rates that are subsidized by rate payers and not by EV users and would hinder the ability of businesses to compete in the EV charging market.

Similarly, comments regarding special tariffs and rates were polarized. Some commentors felt special tariffs and rates would promote development of EV charging infrastructure, competition, and fair and competitive rates between those offering EV charging. Other commentors felt that special rates and tariffs were not necessary and that the promotion of off-peak charging and sub metering would be a better option to special tariffs and rates. Additionally, some commentors said any special treatment of rates and tariffs or the expenditures of any tax dollars or special programs are inappropriate and the EV market should be left alone to develop on its own. Comments on demand charges being a cost prohibitive barrier to development were also made.

Other comments discussed EV charging times, differences from EV charging to fossil fuel filling, costs, and cost per mile compared to fossil fuel powered vehicles showing EV vehicles to cost less to operate.

The Commission has taken previous action regarding the Electrification of Transportation in PU-20-388 which looked at the status of EV charging stations, utility ownership of charging stations, impacts on rate payers and the PSC's role in the development of EV charging.

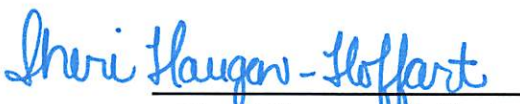
Comments provided illustrate that charging rates for electric vehicles are affordable and equitable. Commission action to create specific EV charging rates would unfairly distribute costs to non-EV users, which would be unequitable to a majority of rate payers.

Order

The Commission Orders:

The Commission finds that no additional action is required at this time and will use the record established as it continues to evaluate the development of the EV industry in North Dakota and its impact of the state's investor-owned utilities and customers.

PUBLIC SERVICE COMMISSION



Sheri Haugen-Hoffart
Commissioner



Randy Christmann
Chair



Julie Fedorchak
Commissioner