

**Illinois Commerce Commission
Initiative on Plug-In Electric Vehicles
Supplemental Comments of the Illinois Competitive Energy Association
August 15, 2011**

Introduction

The Illinois Competitive Energy Association (“ICEA”) appreciates the opportunity to provide supplemental comments to the Illinois Commerce Commission (“Commission”) regarding implementation of a Plug-In Electric Vehicle (“PEVs”) framework in Illinois that will ensure residents have the greatest freedoms to experience the plethora of benefits associated with a vibrant PEV ecosystem. ICEA is an Illinois not-for-profit corporation established as an Illinois-based trade association to represent the interests of competitive energy suppliers, including licensed Alternative Retail Electric Suppliers (“AREs”) and others interested in preserving and enhancing opportunities for customer choice and competition in the electric and natural gas industries in Illinois. ICEA’s members include some of the most active and largest competitive energy suppliers in the state and nationally and the membership includes AREs that serve residential, commercial, industrial and public sector customers.¹ In its initial comments filed on January 21, 2011 regarding this matter, ICEA generally addressed some of the issues outlined in the request for supplemental comments; consistent with those initial comments, ICEA will respond to the following specific issues as requested by the Commission:

- The appropriate regulatory paradigm (if any) for private and public charging stations
- In order to facilitate the charging of electric vehicles that provides the maximum societal environmental and economic benefits, what modifications (if any) should be made to existing utility rates? In addition, what metering options and charges should be considered while taking into account the existence of competitive retail suppliers?

¹ Each member of ICEA expressly reserves the right to present its own individual position during the course of this initiative. ICEA members include Ameren Energy Marketing Company; Champion Energy Services, LLC; Constellation NewEnergy, Inc; Direct Energy Services, LLC; Exelon Energy Company; FirstEnergy Solutions Corp.; Integrys Energy Services, Inc; MC Squared Energy Services, LLC; Midwest Generation-Edison Mission Solutions, LLC; Nordic Energy Services, LLC; and Reliant Energy Northeast, LLC.

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- What cost causation and rate design modifications will be required to handle distribution upgrades for increased penetration of higher voltage at-home charging?
- Which costs, if any, should be socialized and why (rationale, benefits, etc.)? Assuming there are costs to be socialized, what are the proper methods for such allocation?

ICEA agrees that there are a myriad of topics that must be fully considered to ensure a successful deployment of any PEV charging initiative and concurs that the general items detailed above are of significant importance to the overall success of any vibrant PEV system to ensure that the socioeconomic benefits are fully realized by the residents of Illinois.

I. What Is The Appropriate Regulatory Paradigm for Charging Stations?

The Design for PEV Charger Infrastructure Must Not Hinder Retail Market Growth.

A primary factor in determining the manner in which PEV charging stations are deployed and supported in the market undoubtedly relates to what, if any, existing regulatory constructs are placed upon companies focused on supporting PEV chargers and other related electricity products. Electric vehicle charging companies (“EVCOs”) providing charging stations for the purpose of allowing their customers to “refuel” are not selling electricity. An electric recharging station’s primary purpose is not to produce, transmit, furnish or sell electricity. Rather, charging stations simply enable a safe charge to occur in the vehicle charger which is actually housed in the car itself. With respect to the electricity consumed by the person or entity utilizing the charger, the EVCO is the customer of the entity providing electricity at each charging station. This overall premise is true regardless of whether it is a public or private charging station. The EVCO never takes title to that electricity, and thus, it never has electricity to resell to a customer. Therefore, the EVCO is not required to be an ARES.

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Pursuant to Section 16-101 of the Illinois Public Utilities Act 220-ILCS5/16-101 (“the Act”), an ARES is defined (in part) as an entity that offers electric power or energy for sale, lease or in exchange for other value received to one or more retail customers, or that engages in the delivery or furnishing of electric power or energy to such retail customers². Electricity provided to charging stations is furnished by either an ARES or an electric utility. The EVCO would ostensibly install and maintain the equipment necessary to assure a safe charge and may require a fee for those services. The end-use customer would pay for electricity at a price negotiated with the ARES or at the applicable rate established through the Commission’s rate setting for ComEd and Ameren.

Consistent with our initial comments, ICEA agrees that if an EVCO met any of the standards noted in the definition of an ARES, then it must be considered an ARES and obtain the appropriate license from the Commission. However, since an EVCO does not meet the confines of the definition of an ARES, including not providing service to a retail customer as defined in the Act, it is not required to be an ARES and the Commission should support development of the PEV charging ecosystem accordingly. Successful deployment of PEVs and their supporting infrastructure is in its infancy and will continue to evolve over time. ICEA recommends that the Commission enable the marketplace to determine appropriate standards for EVCOs as well as the development of new PEV products and services rather than institute strict rules or support legislation today that may ultimately and inadvertently hinder broad adoption of PEVs in Illinois tomorrow.

II. What is the Best Approach to Maximize Societal Environmental and Economic Benefits & What Metering Options Should Be Considered?

PEV Benefits Will Be Maximized With Product Innovations Provided By Retailers, Not Utilities and Additional Metering Costs to Individual Customers are Unnecessary and Will Impede Successful PEV Charger Deployment.

² Six exceptions to the definition of ARES are noted in the Act, none of which appear applicable to EVCOs.

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ICEA reiterates that the best manner to ensure customers are empowered to maximize the vast array of societal environmental and economic benefits associated with PEV development is with a robust infrastructure that supports both broad PEV charger deployment and development of innovative products and services to meet the needs of PEV owners. As PEV charger development occurs, ARES will utilize their creativity and flexibility to design products and services that are attractive to their customers. ARESs will be competing for the opportunity to sell PEV owners their electricity, and those PEV owners will make their selection regarding their electricity needs based on how they consume power. ARESs, whose profitability and ability to attract and retain customers is dependent on satisfying customers' needs, will undoubtedly respond with products and services that best fit this emerging technology.

Electric utilities should not be burdened with responsibility to incur costs associated with the development of additional pricing plans, products or services specifically designed to support deployment of PEVs. Placing that burden on electric utilities would be compounded by wrestling with how those costs would be recovered. For example, would PEV users be required to pay surcharges associated with unique plans crafted by electric utilities solely for PEVs or would those development costs be included in an overall cost of service for every customer to share? ICEA recommends that the Commission look to and expect the ARES community to provide alternatives to the electric utilities' current time of use pricing programs to support the unique needs of all customers, including the opportunity for customized offerings for PEV owners³, instead of struggling with those issues unnecessarily. Additionally, ARESs will provide alternative pricing options and meet the demands of the PEV community such that it obviates any need for ComEd or Ameren to offer such services which would

³For example, in Texas several retailers provide a variety of TOU products; these TOU products include offers designed specifically for EV owners as well as "cash back" nights and weekends designed to incent load shifting to lower peak times.

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require them to seek a waiver from the Integrated Distribution Company (“IDC”) rules in order to allow them to market and offer such programs to PEV owners. To the extent the Commission is concerned about PEV owners being given a variety of options from which to choose, the best approach to address that matter is to ensure that the ARES community is allowed to operate on a level playing field in order to deliver those products and services. PEV owners should not be foreclosed from having competitive supply opportunities simply because of their astute environmental choice to drive a PEV; rather, they should be allowed to maximize the benefits of a variety of new and innovative products and services that only a robust competitive marketplace can provide.

Robust PEV ecosystems are evolving today in other states and those jurisdictions do not require separate metering for the charger (or the PEV itself). Similarly, ICEA believes that there is no fundamental need for Illinois to deviate from this standard policy approach. Conceptually, there is no reason to separately meter the PEV charger, just as there is no reason to separately meter an air conditioner, or other electric consuming devices. As discussed previously, the charger simply makes charging the electric vehicle safe; it is not producing electricity. In fact, it is the rechargeable battery in the PEV that supplies the car with the electricity. The chemical reaction that charges the battery occurs as a result of access to electricity supply. As technologies develop, it is incumbent on market participants, like ICEA members, to evolve to support those technologies. With the emergence of PEVs, real time and time-of-use plans will be essential and metering and infrastructure to support these plans is already underway.

The costs for those meters (and associated data) to support them continue to be implemented in the same manner as it is today. For instance, both ComEd and Ameren have real time pricing rates for residential customers. Under those rates, the program costs and costs for the additional metering equipment that is a pre-requisite to be on those pricing programs are currently partially allocated to the

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customer class, not the individual customer⁴. Further, the incremental costs of data storage, processing and billing for those customers are allocated to the customer class, not to the individual customers served under these rate programs. If the current policy of cost allocation at the customer class level for real time pricing customers is continued, then any changes that are necessary to support PEV should be similarly allocated at the class level--although ICEA is not aware of any such costs at this time.

Furthermore, utility related metering, billing and data costs should not vary based on the customer's supplier. Doing so would adversely affect competition. ARESs should be competing based on the services they provide and value they bring to the customer. There simply is no sound public policy reason that per class, not per customer, metering, data and billing costs should vary based on the customer's electricity supplier. When smart meters are fully deployed, the issue of two meters should be eliminated, therefore, obviating the need to worry about allocation of additional meter costs. As the metering infrastructure in Illinois further advances with the deployment of smart meters, any benefits associated with additional metering functionality and data should be provided to customers, including owners of PEVs, and their associated supplier.

ARES customers and customers taking service from the electric utilities should be subject to the same rate design associated with interval metering data and pricing programs. Otherwise, customers will not be able to completely maximize the benefits associated with the additional data provided by that meter at no additional, individual cost. For example, both ComEd and Ameren's real time pricing customers do not pay additional costs related to the gathering, processing and storage of interval data required to bill those customers. Interval data provided to customers provides significant insights regarding usage patterns and other information to empower customers to maximize benefits associated with time of use and other similar type pricing programs. Access to this data for the customer and their

⁴ ComEd Basic Electric Service Hourly Pricing (BES-H) and Ameren Rate BGS Rider RTP (Real Time Pricing)

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provider (ARES or utility) alike is imperative to ensure that not only the provision of details pertinent to electricity purchasing decisions is maintained, but also to ensure that this information leads to further product innovation opportunities because suppliers are more informed regarding specific customer behaviors. Furthermore, ARES data access to this interval information will enable the ARES to offer personalized product and pricing options specifically designed to meet individual customer needs. As is done today, the provision of this sophisticated metering data should be provided to the customer and the ARES at no additional, individual cost.

ARESs have a variety of options, including Utility Consolidated Billing/Purchase of Receivables (“PORCB”), to determine the manner in which to bill their customers. The recent introduction of PORCB in the ComEd and Ameren service territories has been one of the primary factors in the increase in the number of ARES serving residential customers. Regardless of the billing option selected by the ARES, PORCB or otherwise, the same metering data and information the customer would have otherwise received had they remained on a utility provided real time pricing product must be supplied to the ARES at no additional cost to the ARES. If such data is supplied at an additional cost, the result is an uncompetitive subsidization of the utility real time pricing option that is difficult, if not impossible, for an ARES to compete against. Further, ICEA believes that the ARES should be able to bill real time pricing and time of use products under Rider PORCB. To limit PORCB to non-time of use rate products unfairly limits ARES ability to compete with utility class subsidized real time pricing programs where the customer incurs no additional data or billing costs for time of use rates. ICEA does not believe a sound policy argument exists to exclude customers that choose an ARES from continuing to receive this same level of detailed interval metering data and billing options, and thus similar billing data, at no incremental cost--to the customer or their ARES.

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III. *What Cost Causation & Rate Design Modifications Are Required for PEV Deployment?*

Requisite Distribution Upgrades Associated with PEVs Must Be Fully Evaluated in Advance and Not Impair Development of a Well-Functioning PEV Environment.

ICEA supports the Commission's keen focus on designing a PEV charging infrastructure that will minimize grid impacts. Empowering customers to choose a properly structured pricing plan best suited to meet the unique needs of PEV ownership and charging will result in appropriate incentives for charging to occur during off-peak hours. Thus, no system reliability issues should surface solely as a result of PEVs. ICEA continues to support any system upgrades, to the extent they are necessary, to ensure the safe and reliable delivery of electricity to consumers, regardless of the underlying catalyst for any such upgrade. Consistent with standard general practice, implementation of any cost recovery mechanisms associated with system upgrades should require a full review of appropriate rate design prior to implementation. Furthermore, any such costs must be instituted in a competitively neutral manner to maintain the viability of and further advance the competitive marketplace in Illinois; such design will ensure all market participants can fully support deployment of PEVs.

IV. *Which Costs, If Any, Should be Socialized for PEVs?*

Cost Socializations Should be Consistent with Current Utility Practice and Support Opportunities for ARESs to Deliver Additional Benefits to All Consumers

Cost socialization involves a conscious decision to require customers that may not see personal benefits from the incurrence of those costs to nevertheless incur some of the costs. Cost socialization as a ripple effect of PEV charging is not ripe at this time. Other than the cost socialization associated with the interval metering to support real time pricing programs and ComEd's smart grid pilot meters and associated interval data and billing system upgrades that exist today and perhaps future expansion of existing smart grid initiatives, no immediate socialization solely related to PEV ownership are apparent

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at this time. It bears noting though that one of the many benefits of a vibrant competitive retail market is that cost socialization considerations surrounding utility rates are mitigated because the competitive entity (ARES, EVCO) is responsible for bearing the risk associated with costs for their products and services. If these competitive ventures prove unsuccessful, a utility ratepayer is not captive to pay the costs associated with the charging station infrastructure or unsuccessful product designs. Instead, the shareholders of the ARES or EVCO are responsible for such costs. This exact dynamic helps spur innovation in the competitive market, as incentives are appropriately aligned.

Conclusion

The General Assembly's directive for the Commission to promote and foster competition and a competitive market applies equally to the issues surrounding PEV charging and implementation. ICEA respectfully urges that the Commission look to the robust competitive market as it develops PEV charging policies and refrain from instituting policies that would discourage product innovation, which ultimately impair a customer's ability to choose a service option best suited for that customer's unique needs. Allowing PEV charging to develop as a competitive service and enabling ARESs to innovate and craft retail electric products and services around their PEV customer's unique needs will accomplish the most favorable result for development of a successful PEV ecosystem. ICEA member Aundrea Williams (Reliant Energy Northeast LLC) will be attending the August 23rd Policy Committee meeting and will be available to participate in that discussion on behalf of ICEA should the Commission desire. ICEA looks forward to continuing to work with the Commission and all stakeholders on this initiative.

Respectfully submitted,

Kevin Wright, President