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Comments on CALeVIP Processes

Additional submitted attachment is included below.

Comments on Docket 17-EVI-01
December 23, 2020

On behalf of FreeWire Technologies, thank you in advance for considering our comments with respect to the California Electric Vehicle Infrastructure Program ("CALeVIP" or "Program") in partnership with the California Energy Commission ("CEC"). FreeWire appreciates the CEC's continued support of transportation electrification across the state and offers these comments to convey our strong support of the Program and to request iterative changes to the Program that will benefit Program applicants, private third-party stakeholders, and the electric vehicle market statewide.

Our recommendations are intended to increase certainty and facilitate faster distribution of capital for direct current fast charging ("DCFC") projects to help the state meet its aggressive electrification goals. The current implementation of the CALeVIP programs have had the unintended consequence of delays in the market deployment of public fast charging. This outcome contravenes the intended purpose of CALeVIP to "simplify the funding process and accelerate charger deployment" (page 42, 2020-2023 Investment Plan Update for the Clean Transportation Program, Revised Lead Commissioner Report). As currently implemented, the application process, Program rules, and significant delays in granting rebate reservations are creating uncertainty in the market and slowing down electric vehicle service equipment (EVSE) deployment. At a time when economic investment is badly needed and the state is suffering from increasingly frequent climate related disasters, the process and rules for investing in DCFC are causing millions of public dollars to remain on the sidelines and are effectively paralyzing a comparable amount of private investment. If implemented successfully, the changes outlined below would provide a more effective framework for public investment in charging infrastructure that supports a broad suite of EVSE technologies, including new innovations that can drive down total cost and accelerate deployment.

About FreeWire

FreeWire, with a mission to accelerate electrification at the grid edge, is a certified California Small Business that is manufacturing EVSE hardware in San Leandro, a disadvantaged community (DAC). We believe that the incorporation of energy storage with EVSE is fundamental to ensuring a more cost-effective, streamlined, and geographically diverse buildout of EV charging infrastructure. Our Boost Charger demonstrates the potential to deploy DCFC in weeks rather than months at just about any site location. Make ready infrastructure costs for a Boost Charger are a fraction of a typical DCFC project due to the ability to utilize low input power for high power DCFC output. In addition, installations are less complex and costs are lower because often no new grid infrastructure is needed. Similarly, ongoing operational costs are reduced due to the integrated battery buffer that protects utilities and asset owners from higher

energy costs in the form of capacity requirements, demand charges, and peak pricing. FreeWire has actively engaged with the CALeVIP Program, including an application on Tribal lands in San Diego. We have identified several hurdles that we believe are contributing to a slowdown in EVSE investment and deployment in these markets.

Allow Applicants to Incur Costs at Risk

The first recommendation is to remove the prohibition on reimbursement for funds spent prior to receiving a CALeVIP rebate reservation. The Program rules are designed to fund "shovel ready" projects yet effectively halt their progress by disallowing costs incurred prior to receiving a rebate reservation to be included as eligible project costs. Applications can languish on the waitlist for months or longer, but once funding reservations are confirmed, the applicant has sixty (60) days to provide proof of permits and/or utility design submission. A lack of resources to review applications has resulted in unacceptable timelines and uncertainty for customers that, absent a rebate, may not otherwise install EVSE at their sites. The start and stop nature of these policies stall the market, operating contrary to the purported goals of the Program. Where customers are able to do some work, including purchasing equipment in advance of reservation confirmation, these costs should be eligible for funding in the Program.

For some customers, the Federal tax credit, in addition to the CALeVIP funding, makes the project more feasible (i.e., the customer needs both). The $30k Federal tax credit is set to expire at the end of the year and taxpayers are required to place EVSE into service by year end to claim it. The CALeVIP prohibition on incurring costs at risk effectively denies site hosts the benefit of the Federal tax credit, the value of which would go a long way in improving the return on investment of fast chargers.

CALeVIP should operate like a rebate program. Currently, applications are not scored and compared to one another as in a grant solicitation where a prohibition on incurred costs makes more sense. It should operate similar to many energy efficiency rebate programs in which the customer can purchase a qualified item and simply submit proof of payment to receive reimbursement if their reservation is awarded.

The overall result is that the Program design creates market uncertainty and impedes, rather than accelerates, the EV charging market. FreeWire requests that the CEC allow applicants to incur costs at their own risk.

Accelerate Application Review

The San Diego Incentive Program opened on October 27th and now, nearly two months later, only $6M of the $16M allocated has been reserved. If this pace continues, the funds won't be fully reserved for another 3 months. These projects, far from being accelerated, will be stalled pending reservation confirmation. It is unclear why the funds

are not reserved more quickly.[1] The guidelines give five days to upload site verification forms after submission. There is no other requirement on the applicant end of which we are aware. We would expect that notifications could be given almost immediately to submitters of complete applications at the front of the queue. If applicants are unable to provide the program documents, then they are not shovel ready and those applications next in the queue should be quickly notified and enabled to move forward. The application review backlog is sure to be exacerbated by the subsequent Program launch. The Peninsula-Silicon Valley Incentive Program ("PSVIP") went live on December 16th and, unless the review process is accelerated, we assume application processing for PSVIP will be delayed into the spring of 2021.

The review and speedy notification of application status is critical to accelerating the EVSE market. Companies such as FreeWire can't effectively plan and scale if funding for potential charging locations takes months to decide. Similarly, potential providers of EV charging are paralyzed by the uncertainty of whether they will receive Program funding. FreeWire requests that funding reservations for each program are allocated within one week of Program launch.

Enforce Project Time Requirements

It appears the program rules are not being implemented equally, specifically with respect to the timing requirements for applicants. For example, the Southern California Incentive Program (SCIP) went live in August of 2018. Of the total $29M in available funds, only half (~$15M) have been issued over two years later and the remaining funds are either reserved or only provisionally reserved. According to the Program guidelines, applicants have **15 months** from the reservation date to complete the project[2]. This time requirement is clearly not enforced in practice as half the funds have not been issued two years after reservation. This selective implementation of the guidelines has substantial consequences for the market. SCIP received almost $50M in applications. Other than the $15M in projects where funds were issued, all of the remaining applicants are presumably in limbo, with projects that are delayed beyond the expected 15 months or delayed and waiting on the outcome of projects that have reservations but haven't proceeded. Thus, there are $14M in projects that are reserved or provisionally reserved, but haven't been completed, and there are another $20M in applications that are hamstrung because they are not permitted to spend at risk funds while they wait for Program updates.

FreeWire requests that timing requirements in the Program be enforced and that the program administrator explain why funds have not been allocated within 15 months of the reservation confirmation.

[1] FreeWire supports increasing resources for the program administrator if this is the cause for the delay in approving applications.

[2] The SCIP program implementation guidelines initially required projects to be completed in 12 months but were subsequently extended to 15 months.

Application Process Changes

Lastly, the first-come-first-served nature of the application process favors companies with experience in the application process and resources to dedicate to reservation submittal. Reservations are claimed in a very short window of time, typically within 5 minutes of the application process opening, without a comparative analysis of the comprehensive benefits or readiness of the project. The funds are simply allocated to the fastest submitter. Small companies or site owners may be "out-clicked" in this process, which may create substantial funding for a particular type of hardware or a particular network provider. This process rewards the application submittal speed as a selection criteria and has no bearing on the viability of the project.

For this reason, FreeWire encourages the CEC to consider creating a separate track for projects that can be completed on a fast-track timeline, e.g., within a quarter. As the CEC itself has noted it its recent paper entitled "Quantifying the Tangible Value of Public Electric Vehicle Charging Infrastructure," the very existence of public charging "appears to be able to offset a large fraction of the perceived cost of the limited range and long recharging time of the BEV, thereby increasing the likelihood of purchase." A fast track option would help advance market maturity and electrification generally. It would create a separate path for projects that are truly ready, accelerating deployment and reducing purely speculative rebate reservations. Lastly, we believe that more transparency into the application, reservation, and approval process is warranted. This would enable applicants to better plan their projects and provide a more efficient Program application process.

Conclusion

FreeWire appreciates the challenges of implementing a program and hope you can understand that a small business like FreeWire, is seeking to improve the process for customers and accelerate investment in electrification to help meet the state's ambitious goals. We simply have no time to waste.

Renee Samson, Director of Regulatory Affairs, West