

**DOCKETED**

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May 10, 2022

The Honorable Tony Dang and Jim Mc Kinney  
Deputy Directors of Sustainability

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**RE: California's National Electric Vehicle Formula Program Plan**

Dear Directors Tony Dang and Jim Mc Kinney,

We respectfully request a meeting to discuss the Department's plans to deploy the funding available under the National Electric Vehicle Infrastructure (NEVI) Formula Program and the Charging and Fueling Infrastructure Program included in the Infrastructure Investment and Jobs Act (IIJA). We believe these Programs present California with an exciting opportunity to spur private investment in the electric vehicle (EV) charging market. We are eager to invest in EV charging infrastructure and look forward to working with you in the creation of these plans. It is our hope that the plans drive policy and market reforms to make the business case for EV charging station investments as attractive as possible.

To incentivize a faster transition to EVs, the Department should encourage, incentivize, and support the use of the existing refueling network and its business model, while also facilitating new entrants' ability to join the already-competitive market. The market dynamics and incentive structure that govern today's liquid retail fuel markets should be replicated to facilitate greater EV charging investment. Subsidies alone will not create a long-term, sustainable proliferation of EV charging stations. There must be a competitive market for offering electricity to refuel vehicles.

One of the major barriers deterring consumers from transitioning to EVs is fear about finding a convenient place to refuel. This "range anxiety" exists today for the EV driver not because there aren't enough chargers, but because there aren't enough *fast* chargers in the *right locations* to make charging more ubiquitous and convenient for consumers' existing habits and proclivities. Range anxiety does not exist for gasoline or diesel. Consumers freely drive their gas- and diesel- powered vehicles to every part of the country today without concerns about whether they will be able to refuel whenever they need to do that along the way. The availability of EV charging stations at existing retail fuel outlets is the most effective way to eliminate EV range anxiety. We should be working with the public's existing behavior rather than against it.

The Department should consider the time it takes to recharge an EV - no longer is it a five minute "*stop*," this will now be a 30-minute "*experience*." The type of amenities and experience available to consumers while they charge their vehicle is critical. The Department should seek to locate charging stations at real estate that already has these amenities on-site. The best way of doing this is to incentivize these businesses (whether their fuel retailers, restaurants, coffee shops, etc.) to invest in charging stations. This would allow the EV charging experience to be similar to today's refueling experience, thereby making consumers more comfortable purchasing an EV.

The Department therefore should prioritize grant applications that involve companies leveraging their own private capital to own and operate charging stations and make this prioritization clear in its NEVI Formula Plan. The Department should direct money toward

projects that have a more competitive market structure rather than projects where regulated utilities use ratepayer capital to own and operate charging stations without putting any money at risk. This would facilitate the development of a private, self-sustaining market while avoiding unnecessary, across-the-board increases in residential and commercial electric bills.

To be clear, we believe utilities should be able to charge ratepayers more money to underwrite “above-the-meter” investments in grid and distribution capacity to accommodate charging stations. The charging stations themselves, however, should be funded and operated without ratepayer subsidization. The Department can use the NEVI Formula Program to facilitate these partnerships between private businesses such as fuel retailers and regulated utilities in order to ensure an efficient and effective buildout of an EV charging network in California.

Notably, IIA did not incorporate provisions that would allow states to unfairly compete with the private sector by installing EV charging stations at Interstate rest areas. This assurance protects the investments private businesses have made (or are considering making) in EV charging infrastructure along the Interstate. Interstate rest areas do not provide the secondary amenities and security that retailers provide to customers. Chargers at rest areas would risk becoming a stranded asset. We believe that off-highway fuel retailers are more appropriately positioned to provide the services that consumers want and need. Off-highway fuel retailers will be far less interested in investing in EV charging infrastructure if it is available at rest areas on the Interstate right-of-way.

We appreciate your consideration of this matter and look forward to meeting with the Department as California designs the program and market structure that will facilitate investment in EV charging.

Sincerely,

**Sarkis Khrimian**