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SDG&E Comments on National Electric Vehicle Infrastructure (NEVI) Funding Program Pre-Solicitation Joint Workshop

Additional submitted attachment is included below.

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California Energy Commission
Fuels and Transportation Division
Sacramento, California 95814

RE: Docket No. 22-EVI-05 – National Electric Vehicle Infrastructure (NEVI) Funding Program Pre-Solicitation Joint Workshop

San Diego Gas & Electric Company ("SDG&E") appreciates the opportunity to comment on the National Electric Vehicle Infrastructure ("NEVI") Funding Program Pre-Solicitation Workshop held on September 7-8, 2022. SDG&E values the robust stakeholder engagement process undertaken by the California Department of Transportation ("Caltrans") and California Energy Commission ("CEC") to implement NEVI funds. SDG&E applauds the recent approval of the California NEVI Deployment Plan by the federal government and supports its general direction to strategically select projects, achieve cost sharing among public and private entities, and best utilize the $384 million in NEVI funds allocated to the state. SDG&E offers the following comments and recommendations related to the NEVI Pre-Solicitation Workshop Sessions 1 and 2.

SESSION 1

The CEC and Caltrans requested stakeholder feedback on several questions. SDG&E provides comments on the following:

1. How many groups should be available for bid in each solicitation round?

SDG&E does not have a specific recommendation on how many groups should be available per solicitation round. If there are 20 groups and solicitations every six months over a two-year period, that averages out to five groups per solicitation, which SDG&E believes is reasonable.

State agencies should be mindful of instances where a solicitation includes multiple groups that would be supported by the same utility. Given that groups are prioritized based on multiple criteria – e.g., percentage of a corridor located in a disadvantaged community ("DAC"), Justice 40 community or on Tribal land – group deployment disproportionally in one utility's service territory could create a substantial and potentially burdensome workload for a utility providing support to multiple applications across multiple groups within the same solicitation. One solution might be to have a threshold, for example, that no more than half of the groups in a given solicitation shall be located in one utility service territory.

2. Is $250,000 per charger an appropriate estimate for the total project cost?

SDG&E believes that $250,000 is a reasonable maximum per charger project cost, assuming no significant distribution system upgrades are required. However, SDG&E recommends building flexibility into program implementation so that the cost per charger can be reevaluated if justified by economic circumstances.

In June 2022, SDG&E filed an advice letter with the California Public Utilities Commission ("CPUC") requesting approval for its Power Your Drive for Communities near-term priority project (AL 4021-E[1]). Appendix B of the advice letter includes SDG&E's cost estimate of $413,000 for four direct current fast chargers ("DCFC"), including design, construction, electric vehicle supply equipment, and network, which is roughly $103,000 per charger. SDG&E's estimate for AL 4021-E was based on 62.5 kw chargers, which are half the cost of the 150 kw chargers required under NEVI. Thus, $250,000 per charger is reasonable.

3. Please comment on the proposed match share requirements.

As indicated in California's Deployment Plan for the National Electric Vehicle Infrastructure Program, which was approved by the federal government on September 19, 2022, the state *"anticipates that successful applicants for NEVI funding will provide at least the 20 percent cost-share required, from private funding and/or stacked incentives from utility or local government programs. If necessary to meet NEVI spacing requirements, the state will consider, in limited cases, providing cost-share from state funding"* (p. 33).

SDG&E encourages state agencies to confirm that utility investments covered by applicable infrastructure tariff rules and/or other grid infrastructure costs covered by the utility will count toward the match requirement of a given project. In the workshops, the state agencies indicated that CEC and Caltrans state funding could not be stacked with NEVI funds. SDG&E, however, encourages flexibility for projects to use state or other funding and incentives, in addition to local government programs, particularly where a 50 percent match is required.

[1] SDG&E Power Your Drive for Communities advice Letter 4021-E: https://tariff.sdge.com/tm2/pdf/4021-E.pdf

5. Is requiring conduit for 350 kW, and one additional space/stub-out, adequate future-proofing?

Incorporating such requirements would help to future-proof NEVI charging sites, but the potential cost of such measures is unclear based on the state's current proposal language. Installing conduit that can accommodate larger sized cabling to avoid having to retrench to install a 350 kW charger at a later date is reasonable. However, if the state agencies are suggesting that the customer/site host install switchgear, conduit, and cabling to support 350 kW now for a charger that is only 150 kW, that would be much more expensive and require the utility to supply 233 percent more capacity, which would be a significant cost to the utility (ratepayers).

6. Do you have any concern on the proposed minimum requirements?

Regarding readiness requirements, SDG&E is concerned about providing applicants with utility letters that will be used to help score the readiness of a given project. At best, a utility letter could provide a snapshot of grid and site conditions at a given point in time. Grid capacity and other variables are subject to change over time, as additional load from other sources is added and as the utility executes its short- and long-term grid infrastructure projects. As a NEVI application moves along in the process, the information provided in a utility letter could become outdated by the time the project reaches the implementation phase (if it is selected for funding).

Additionally, providing one utility letter per site, per project application (as described in the CEC/Caltrans workshop), would require substantial utility resources to undertake initial site analyses. SDG&E offers the following hypothetical as an example:

> *A given corridor group requires eight new charging stations, as is the case for proposed corridor Group #15 in SDG&E service territory. There are 3 applicants for Group #15. SDG&E is required to evaluate and provide letters for up to 24 potential sites.*

The impact of the proposed letter requirement is compounded when factoring in the proposed application period of three months. Utility resources to undertake this kind of site analysis are finite, and those resources support the range of utility design and project management needs, including for non-NEVI transportation electrification projects. Performing detailed site analyses on proposed projects that have not been and may not be selected for funding is not an optimal use of limited utility resources.

SDG&E recommends that if a utility letter is to be required for all applications, the utility letter should be a high-level expression of the utility's willingness to work with the applicant to provide utility service to support the project. Providing additional information in the letter (e.g., estimated costs, projected grid capacity, needed infrastructure upgrades) would potentially provide an inaccurate long-term assessment of a potential project site, given that such information is only relevant for a specific moment in time and

would be subject to change based on several variables (e.g., market/economic conditions, other sources of load, ongoing projects). SDG&E recommends that the state agencies work directly with utilities to identify potential solutions that address concerns around utility administrative resources required to assess site readiness and the time-sensitivity of grid capacity data.

7. Are there other criteria that should be evaluated?

The State found that the I-5 interstate corridor in SDG&E service territory already meets the minimum NEVI requirements (DCFC chargers no more than 50 miles apart, no more than one mile from the highway, etc.) and has proposed to exclude this corridor from funding consideration as part of Group #16. SDG&E encourages the state agencies to consider both population and EV density in looking at charging needs along the I-5 and other corridors, whether that be in this first round of 20 proposed corridor groupings or in the next tranche of corridors or groups considered for NEVI funding. SDG&E highlights the following takeaways based on internal analysis of vehicle, traffic and EV pricing plan data for the I-5, I-8, I-15 and I-805 corridors in SDG&E territory:

- I-5 is the second longest corridor in the group (behind I-8), traverses the most zip codes, and houses the second largest population of the corridor group (just behind I-15).
- While I-5 has the third highest total traffic volume, 24 of the 89 ramps (26%) have traffic volume exceeding the highest corridor total traffic volume (~170K along I-805).
    - When compared to the length of I-805, I-5 has a greater volume of vehicles travelling daily throughout the full corridor.
- Zip codes along the I-5 corridor have the highest EV registration count and EV density per zip code count. This also applies to SDG&E EV pricing plan participation and density.
- Zip codes along the I-5 corridor have the highest public Level 2 and DCFC charger counts. However, due to the high number of EVs within these zip codes, the EV to DCFC ratio is higher than any other compared corridor, suggesting greater need for DCFC infrastructure.
- According to the state's Mobile Source Strategy and *AB 2127 Electric Vehicle Charging Infrastructure Assessment*, between 2022-2035, San Diego County will need one public DCFC charger for every ~200 light-duty EVs. The region is already behind state targets and explosive EV growth is forecasted for future years.
- SDG&E's service territory is currently at 74 percent of the Mobile Source Strategy vehicle target for 2022. Through 2035, the number of EVs forecasted is expected to increase by 10 times the 2022 target.

These points underscore the need for additional DCFC infrastructure along I-5 in San Diego and southern Orange Counties.

8. Are the proposed points for each category appropriate?

Basing 50 percent of an application's score (up to 100 out of a possible 200 points overall) on cost has its drawbacks. For more remote areas, which are most in need of infrastructure, projects may be more expensive due to a lack of existing infrastructure, added costs of transporting materials, or difficult terrain, among other potential obstacles.

SDG&E appreciates that the Deployment Plan includes the flexibility to either install new chargers or allow applicants to propose updating existing chargers; this may be less expensive, especially at sites where "stub-outs" and conduit are present and ready to accommodate new installations. The State should endeavor to strike a balance between awarding funds to the projects that are the most economical/cost effective (i.e., those that are less expensive or that request the least amount of public funds), those projects that fill charging gaps, and those that are strategically important to the buildout of a network of fast charging infrastructure that provides adequate coverage along main corridors across the state.

9. Is a 3-month application period the right length of time?

Three months is likely insufficient if the State will require detailed site readiness analyses. Additionally, the utility resources used to perform site analyses are the same resources required to evaluate all other utility design and project management needs, including planned grid maintenance and upgrades, wildfire mitigation projects, and non-NEVI transportation electrification projects.

SESSION 2

The CEC and Caltrans requested stakeholder feedback on the following related to proposed corridor groups and the group ranking formula:

3. Should California request any Discretionary Exceptions?

SDG&E encourages the State to consider how it will meet EV charging needs when the NEVI station location parameters (not more than 50 miles apart, not more than one mile from the highway) intersect with lands that are culturally sensitive, environmentally protected, and/or otherwise restricted (e.g., military bases). This is the case, for example, along certain stretches of the I-5 in Southern California. The Deployment Plan does not explicitly contemplate a strategy for overcoming these obstacles; seeking discretionary exceptions from the U.S. Department of Transportation may be necessary to properly anticipate such issues.

4. Should any variables be added or removed?

NEVI fund applicants working with regional partners and/or proposing projects coordinated with a regional EV charging strategy should receive credit toward the scoring of their project application. Projects proposed within the context of thoughtful, data-driven

regional planning have advantages over plans developed in a silo or without adequate consideration of broader regional needs and objectives.

Other Considerations

The CEC and Caltrans should consider how the State can build flexibility into its implementation of NEVI so that utilities may choose to take a lead role in applying for NEVI funds in instances where the market is not filling certain investment gaps, such as investments in underserved communities or investment needs that the private market has not stepped up to fulfill.

California's NEVI Deployment Plan notes that the State will propose other uses for the funding if NEVI funds are sufficient to build out California's corridors; this includes leveraging other investments. Supplemental uses may include increasing charging capacity, upgrading chargers and stations, increasing fast charging capacity near demand centers, and increasing investments in medium-duty and heavy-duty (MD/HD) charging. SDG&E would encourage the State to consider how excess NEVI funds might be used for charging hubs, including hubs specifically designed for MD/HD charging. Charging hubs could serve a variety of functions and a wide range of customers, including muti-unit dwellers who may not have access to charging at home, transportation network companies, and commercial fleets. Additionally, the buildout of charging for MD/HD fleets in the coming decade will be critical if the State is to meet its goal of transitioning fleets to zero emission by 2045.

Finally, SDG&E encourages the State to publicize the final NEVI program requirements and evaluation criteria in advance of the first solicitation in 2023 to ensure applicants and stakeholders can effectively plan and prepare future applications. The additional notice will assist in the development of applicant teams and preparing for utility support requests.

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In closing, SDG&E applauds the work of the joint agencies in developing the California NEVI Deployment Plan and appreciates the robust stakeholder engagement. Utilities will play a pivotal role in ensuring that NEVI projects are energized and can provide benefits to California communities. SDG&E looks forward to supporting the State, local governments, electric vehicle service providers, site hosts, and other stakeholders in the successful execution of the NEVI program in California. These efforts will support the achievement of the state's goals of reducing greenhouse gas and air emissions through transportation electrification.

Sincerely,

/s/ Rhiannon Davis

Rhiannon Davis
Clean Transportation Policy Manager

About SDG&E

SDG&E is a regulated investor-owned utility that provides energy service to 3.6 million people through 1.4 million electric meters and 873,000 natural gas meters across 4,100 square miles in San Diego County and southern Orange County, California. SDG&E is committed to delivering clean, safe, and reliable energy throughout its service territory and is proud to partner with the State and stakeholders to help achieve California's greenhouse gas reduction goals, including through decarbonization of the transportation sector. SDG&E is a champion of transportation electrification and has installed over 3,500 EV charging stations at over 250 sites in its territory. Among SDG&E's goals is a commitment to operate a 100 percent zero-emission fleet by 2035, including interim goals of electrifying 100 percent of its light-duty fleet and transitioning 30 percent of its overall fleet to zero-emission vehicles by 2030.