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GREEN WATER AND POWER

California Energy Commission
715 P Street
Sacramento, CA 95814

Subject: Green Water and Power Comments on Light Duty Electric Vehicle Block Grant Design Changes Workshop

Thank you to the California Energy Commission for its efforts to promote the installation of EV infrastructure in California. Our public-private partnership should be a model for the entire nation. We would also like to thank the CEC for soliciting public comment and feedback on proposed changes for future funding.

Unfortunately, the changes proposed in the CEC presentation on Tuesday January 9th threaten the future success of that partnership. Those changes represent a philosophy and design strategy that threaten rather than compliment the stated program goals: Accelerating EV adoption and building a more equitable charging infrastructure.

This is because the program changes are based on assumptions that do not reflect the reality of relevant market conditions. The changes appear to assume that individual site owners are ready, willing and able to apply for the rebate/grant programs. But the reality is that the vast majority of multifamily and commercial property owners neither have the resources, the expertise, nor the appetite to pursue EV charging infrastructure on their own.

Today's market for EV infrastructure depends on EVSE/EPC (Electric Vehicle Supply Equipment/Engineering Procurement Construction) installers. Professional EVSE/EPC installers are essential to connecting property owners with rebate programs and then turning that connection into successful EV infrastructure. Installers have spent years learning the relevant technology, navigating complex rebate regulations, and working through local building requirements. Installers then must spend time and resources reaching out to property owners, show owners why installing chargers is in their self-interest, and then deliver the finished installation.

Professional installers are especially essential to implementing CEC programs for disadvantaged communities. The owners of these properties typically lack the substantial financial and human resources necessary to deploy EV infrastructure. For property owners in disadvantaged communities, installing EV chargers will be last on their long list of priorities, if it makes the list at all. But this is even true for property owners in communities that are not disadvantaged, the vast majority of whom have successfully operated for years without EV chargers. Change is hard and getting people to see why change is in their self-interest is even harder. The reality is, without incentives to offset the majority of the costs of deploying EV infrastructure, and without installers to show property owners why chargers are in their self-interest, whatever potential market there is for EV infrastructure will go undeveloped.

To understand the market for EV chargers, it is vital not just to understand potential adopters—it is also essential to understand the position of installers. Installers front all the costs and take all the risks. They are for profit businesses. For any public rebate program to succeed, these private businesses also must succeed. Yet the proposed changes, which add to the long list of real costs that already are ineligible for reimbursement, undermine the efforts and contributions of these private businesses.

Not only do the proposed program changes fail to synchronize with the realities of the market as they currently exist, the manner in which the programs currently are being administered by the CEC and its agents shows, a lack of reasonable consideration for the private businesses that are essential to the success of those programs. This includes freezing rebate funds indefinitely, making ad-hoc changes to program rules, imposing excessive paperwork requirements, and lack of preparedness to implement the programs. EVSE/EPC installers are small businesses that must invest resources and hire workers, trusting that their public partner will be reliable. But that trust is betrayed when administrators fail to pay their bills on time, unilaterally change the rules in the middle of a transaction and are unprepared to implement the complex programs that they themselves designed.

The CEC needs to be honest about the consequences: This costs Californians' jobs, hurts the California economy, and undermines the cause of building out the state's renewable energy resources. Frankly, in such an environment people in my business start to wonder if they should move their operation to another state.

In addition to my comments regarding the proposed program changes, I would propose the following:

- The CEC should abandon the idea that ambiguities or omissions in program rules and policies gives the CEC carte blanche, after a contract is created, to unilaterally impose on program participants changes that have negative financial consequences.
- The CEC should implement a flat per port incentive rate that covers 100% of the installer's costs up to the incentive amount. This should cover all costs of the installation including labor, materials, permitting costs and all other direct or indirect costs without limitation. Our suggested flat per port incentive for Level 2 (32 amp minimum) is $6,500 for projects requiring prevailing wage. Our suggested flat per port incentive for Level 3 is (150 kW minimum) is $80,000 for projects requiring prevailing wage.
- Rather than requiring a high level of forensic accounting to justify reimbursement for costs, we recommend that a small percentage of projects be subject to detailed accounting with spot auditing for other projects. This is consistent with how other public rebate agencies operate.
- We recommend that all sites be eligible for all projects with the sole exception of single family residential.
- We emphatically recommend that a car dealership be recognized as an eligible site type since car dealerships are the single most important distributor of electric vehicles.
- Since the CEC allows contractors who provide service to an incentive recipient to make a profit, incentive recipients themselves should be allowed to make a profit.

- For DCFC applications where there are public access requirements we recommend 18 hours access daily as the minimum.
- Workplace incentive rates should mimic the rates of multifamily housing. Workplace sites are arguably safer, provide greater access for disadvantaged communities, and are likely to see greater utilization. The environmental benefits to charger installations at workplace sites are significant; workplace chargers encourage installation of solar energy to meet demand during the day and workers driving EVs benefit from cheaper electricity.
- As is the practice under IRS regulations, receipts under $75 should not be required when accounting for expenses.
- We recommend against the single readiness tier whereby funding is reserved for applications from the lowest requested rebate to the highest. This does not take into account experience and ability to perform.
- We recommend against a funding cap on applicants that have a proven track record of performance.
- Incentive recipients should be evaluated on the number of charging stations installed and rebated through CEC funded programs.
- Performance should not be measured by the on-time completion rate. There are too many variables that are outside of the incentive recipient's control that cause delays, such as longer permitting lead times and actions by the CEC itself.
- For any public/private partnership to be successful, profit must be acknowledged by the public participant as not just a necessity for the private participant but as a positive value. The public partner can never forget that, without private profit, there would be no tax dollars and, frankly, no public partner at all.
- We recommend a bonus incentive for installations installed and operating within six months of the rebate reservation.
- The restriction on stacking incentives should be eliminated. Prohibiting multiple funding sources decreases the likelihood of successful deployments, especially where expensive infrastructure upgrades are necessary. Often the buildings that need upgrades are ones with limited capital to spend on tenant improvement projects and are in disadvantaged communities.
- We recommend that in-house overhead should be eligible for reimbursement. In-house projects are more cost effective, efficient, and provide greater quality control. Making in-house overhead ineligible encourages hiring middlemen, which inevitably raises costs and extends timelines.
- To increase the geographic diversity of installations and funding, travel costs must be reimbursable.
- Again, to increase the geographic diversity of installations, the term of the rebate expiration must take into consideration the unavoidable delays in regions where permitting requires longer lead times.
- We recommend CEC commit to rebate payment terms of 30 days, which is the commercial standard.
- To comply with requirements of the California Department of Food and Agriculture, all chargers rebated under any CEC program that have the capacity to bill for charging must be both CTEP approved and placed in service by a Registered Agent. Proof of being placed in service can be evidenced by an email to the local County DMS division (the standard for notifying Counties of equipment placed in service).

The CEC and Green Water and Power have a common goal: To expand California's EV charging infrastructure in a cost efficient, responsible manner. I believe that the success of our public-private partnership is essential to that goal. I make these suggestions and comments with that goal in mind.

Thank you for your time and consideration.

Sincerely,

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