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EVgo Comments on Block Grant Design Changes Workshop

Additional submitted attachment is included below.

January 19, 2024

California Energy Commission
715 P Street
Sacramento, CA 95814

Re: Docket No. 20-TRAN-04 – Comments In Response to Light-Duty Electric Vehicle Block Grant Design Changes Workshop

EVgo appreciates the opportunity to submit comments on California Energy Commission's (CEC) light-duty electric vehicle (EV) block grant design changes workshop held on January 9, 2024. As one of the nation's largest public fast charging providers[1], EVgo commends CEC's leadership role in accelerating EV charging infrastructure deployment. CEC's programs, especially CALeVIP 2.0, are essential for meeting California's transportation electrification (TE) goals. These goals, by CEC's own estimates, will require 39,000 direct current fast chargers (DCFCs) by 2030– up from just over 10,000 today – to support EV adoption in line with the California Air Resources Board's Advanced Clean Cars II regulation.[2] CALeVIP 2.0, which launched only 12 months ago[3] and has had only two solicitations to date, took learnings from five years of CALeVIP 1.0 and included many best practices to drive private sector investment in service of deploying shovel-ready DCFC projects at scale.

It is difficult to understand why the CEC has proposed such sweeping changes at this nascent stage of CALeVIP 2.0. Further, the CEC proposes to make these changes quickly, having hosted a workshop on January 9 and requesting feedback only seven business days after these modifications were first proposed. As such, EVgo finds these changes to be premature and contributing to an unpredictable business environment for charging operators that share CEC's goal in helping California meet its TE goals.

EVgo recommends that the CEC exercise care when considering modifications to its programs – including CALeVIP 2.0. As such, EVgo provides the following feedback to the CEC as it considers related design changes for CALeVIP 2.0:

1. Avoid introducing major structural changes to CALeVIP 2.0. until at least 2025;
2. Release a public schedule of future anticipated funding rounds to improve business planning;
3. Preserve applicant's ability to apply for reasonable levels funding and develop high power (350 kW) DCFC in line with state goals;
4. Preserve CALeVIP 2.0's multi-tier application system that prioritizes shovel-ready projects to ensure speculative applicants do not congest the queue in a manner similar to CALeVIP 1.0;

[1] EVgo has over 950 fast charging locations across more than 35 states, including stations built through EVgo eXtendTM, its white label service offering.
[2] https://efiling.energy.ca.gov/GetDocument.aspx?tn=251866&DocumentContentId=86859
[3] https://calevip.org/incentive-project/gspp-incentive-east-central

5. Evaluate applications based on a dollars per kilowatt of nameplate capacity basis if the CEC chooses to assess projects based on cost; and
6. Defer establishing an enforcement mechanism for on-time performance given that the 450-day project completion window for CALeVIP 2.0 has not yet concluded for any projects awarded in 2023.

1. Avoid introducing major structural changes to CALeVIP 2.0 until at least 2025

CALeVIP 2.0, which only launched in January 2023, introduced key enhancements to improve program efficiency after approximately five years of CALeVIP 1.0. These improvements included the elimination of applicant caps to ensure parity among business models, the introduction of a tiered lottery system to promote shovel ready projects and discourage speculative applicants that were adding congestion the queue, and an increase in the number of eligible active connectors per site to enhance the customer experience. These improvements were implemented in only two solicitations in 2023, the first of which yielded funding for over 500 active DCFC connectors across 76 applications.[4]

EVgo urges the CEC to avoid introducing major program design changes to CALeVIP 2.0 after only one year of implementation and before the 450-day project completion window has closed for projects funded in CALeVIP 2.0's debut Eastern & Central region solicitation. Frequent structural changes to CALeVIP create uncertainty for businesses who are working actively to accelerate charger deployments to help CEC meet shared TE goals. If CEC is going to make major structural changes, EVgo recommends that the CEC evaluate the results of current and future CALeVIP 2.0 solicitations in 2025 to align with U.S. Department of Energy (DOE) guidance for program evaluation every 2-3 years.[5]

2. Release a public schedule of future anticipated funding rounds to improve business planning

EV charging providers make business decisions based on the public information that the CEC provides about its block grant opportunities. EVgo encourages CEC to provide a publicly available notice of future block grant funding rounds. To the extent possible, a simple, predictable, and durable cycle of future solicitations for the remainder of CALeVIP 2.0's block grant would support more efficient planning and submission of high-quality projects that meet CEC's specifications. Similarly, it creates a more predictable, stable business environment for California's growing clean energy economy.

3. Preserve applicant's ability to apply for reasonable levels funding and develop high power (350 kW) DCFC in line with state goals

In its workshop, the CEC stated an intent to preclude the stacking of CALeVIP 2.0 incentives with other funding opportunities – including those stemming from other state or federal investments – to improve the CEC's ability to measure the efficacy of its programs for meeting state EV goals. If stacking is

[4] https://calevip.org/incentive-project/gspp-incentive-east-central
[5] What and When to Evaluate | Department of Energy

prohibited, EVgo encourages the CEC to revisit CALeVIP 2.0 funding levels in a future workshop to ensure that active connector rebates reasonably reflect the capital expenditures associated with deploying fast charging equipment, especially high power equipment that the CEC's own analysis expects will be relied upon heavily to meet state TE goals.[6]

Rebate stacking has been a commonplace and longstanding feature of many EV charging incentive programs in California, including the CEC's Fast and Available Charging for All Californians[7] (FAST) and Reliable, Equitable, and Accessible Charging for Multi-Family Housing[8] (REACH) solicitations, Volkswagen Appendix D programs[9], Los Angeles Department of Water and Power Commercial EV Charging Station Rebate program[10], and Bay Area Air Quality Management District's (BAAQMD) *Charge!* program.[11] EVgo recommends that CEC preserve applicant's ability to stack incentives with local or regional EV charging programs that do not rely on state funding, including programs administered by publicly-owned utilities. Maintaining this flexibility encourages improves the economics of deploying DCFC, especially high power DCFC, at the level necessary to meet state goals.

4. Preserve CALeVIP 2.0's multi-tier application system that prioritizes shovel-ready projects to ensure speculative applicants do not congest the queue in a manner similar to CALeVIP 1.0.

In its workshop, the CEC proposed moving to the use of a single readiness tier when evaluating CALeVIP 2.0 applications. EVgo recommends that the CEC maintain the current multi-tier application structure. The current tiered application model is a key enhancement that was introduced in CALeVIP 2.0 as a result of lessons learned in CALeVIP 1.0. This approach streamlines EV charger deployment and reduces program attrition by prioritizing the most mature, high-quality projects. Encouraging high-quality projects is directly aligned with the CEC's goal of further enhancing the EV charging experience through its program uptime requirements[12] and draft reliability regulations.[13] Moreover, the permit and utility service design requirements in CALeVIP 2.0's Tier 1 help increase the likelihood of projects being completed on time to the CEC's specifications. Removing this requirement increases the risk of project attrition that CALeVIP 1.0 experienced and may reduce the likelihood of on-time project completion.

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[6] The CEC's EV Charging Demand Assessment (p. 54) anticipates that 350 kW chargers will become the dominant DCFC technology in California.
https://efiling.energy.ca.gov/GetDocument.aspx?tn=251866&DocumentContentId=86859

[7] https://www.energy.ca.gov/solicitations/2023-04/gfo-22-611-fast-fast-and-available-charging-all-californians

[8] https://www.grants.ca.gov/grants/gfo-21-603-reliable-equitable-and-accessible-charging-for-multi-family-housing-reach/

[9] https://www.californiavwtrust.org/ev-infrastructure/

[10] https://ladwp.com/ladwp/faces/ladwp/residential/r-gogreen/r-gg-driveelectric/c-sm-rp-commevstation1?_adf.ctrl-state=ov6xb3uap_4&refer_pv_id=3d7728c3nwfAWr)&_afrLoop=473045701215093&_afrWindowMode=0&_afrWindowId=null#%40%3F_afrWindowId%3Dnull%26_afrLoop%3D473045701215093%26refer_pv_id%3D3d7728c3nwfAWr%2529%26_afrWindowMode%3D0%26_adf.ctrl-state%3D13o1q3f2c2_17

[11] https://www.baaqmd.gov/funding-and-incentives/businesses-and-fleets/charge

[12] https://calevip.org/sites/default/files/docs/golden-state-priority-project-north-south/gspp2-implementation-manual.pdf

[13] https://efiling.energy.ca.gov/GetDocument.aspx?tn=252434&DocumentContentId=87440

5. **Evaluate applications based on dollars per kilowatt of nameplate capacity basis if the CEC chooses to assess projects based on cost**

In its workshop, the CEC proposed requiring applicants to submit a requested rebate amount and then evaluating submitted applications based on the requested amount – prioritizing projects with lower requested rebates. First, EVgo recommends that this application evaluation approach should not supersede the current tier system that evaluates applications based on project readiness for the reasons noted in the previous section. Moreover, the current rebate system, which scales rebate levels according to guaranteed output per active connector, creates simplicity and consistency for the EV charging industry.

However, if the CEC does seek to evaluate projects based on cost, EVgo recommends that it should do so within the context of the tiered application system and should evaluate projects based on rebate dollars per kilowatt (kW) of nameplate capacity rather than on an absolute dollar basis. Evaluating projects on a $/kW basis reasonably encourages high-power DCFC and large sites while encouraging efficient use of program funding in line with the CEC's goals. In other words, a $/kW metric prioritizes projects of comparable size that will deliver greater charging capability for the same or lower cost than similar projects with lower capacity. In its EV charging incentive program, the Bay Area Air Quality Management District (BAAQMD) evaluates applications based on $/kW cost-effectiveness, which prioritized applicants that asked for less funding per kW of capacity.[14] If the CEC solely evaluated projects based on absolute rebate amount requested, the CEC would unduly discriminate against projects that feature higher power 350 kW DCFC which, from CEC own analysis, is expected to be the most prevalent fast charging technology in California needed to meet state goals.[15] Moreover, this approach would also discriminate against larger sites that feature more active connectors, as these projects would likely request higher total rebate amounts than smaller sites. To avoid this outcome and promote cost efficiency, EVgo recommends instead evaluating projects on a $/kW basis.

6. **Defer establishing an enforcement mechanism for on-time performance given that the 450-day project completion window for CALeVIP 2.0 has not yet concluded for any projects awarded in 2023**

In its workshop, the CEC proposed introducing mechanisms to encourage greater on-time performance. EVgo shares this goal of time-efficient project development with the CEC and encourages the CEC to provide more data on timeline performance issues related to CALeVIP 2.0 prior to incorporating new enforcement mechanisms.

Projects awarded in the first round of CALeVIP 2.0 from Spring 2023 are currently in development and the 450-day window for project completion has not yet concluded. It is premature to introduce mechanisms to drive on-time performance when the CEC has yet to collect data on project completion

[14] Light Duty Electric Vehicle Infrastructure 2021 Funding Opportunity, California VW Mitigation Trust (July2021). Available at https://www.californiavwtrust.org/wp-content/uploads/CAVW-Trust-QA-72021.pdf.
[15] The CEC's EV Charging Demand Assessment (p. 54) anticipates that 350 kW chargers will become the dominant DCFC technology in California.
https://efiling.energy.ca.gov/GetDocument.aspx?tn=251866&DocumentContentId=86859

rates under this new paradigm. Furthermore, EVgo urges the CEC to not assess on-time performance from CALeVIP 1.0 because that program structure has been retired and, instead, encourages CEC to first determine whether there are issues with project completion under CALeVIP 2.0. To this end, EVgo also recommends that the CEC further develop the EV Infrastructure Project Tracker that it previewed in a 2023 workshop to better understand current project development timelines for DCFC projects.[16] The CEC's draft 2023 Integrated Energy Policy Report also provides an overview of recent distribution grid energization challenges that may also extend DCFC project development timelines in a manner outside of applicants' control.[17]

EVgo appreciates the opportunity to provide comments on the CEC's block grant design changes workshop. The CEC is a leader in developing effective solicitations for scaling EV charging infrastructure deployment, and CALeVIP 2.0 is an example of a model for others to follow. EVgo encourages the CEC to defer making significant program modifications until more data can be collected to assess CALeVIP 2.0 performance and ensure the program is continuing to support efficient deployment of EV charging necessary to achieve California's TE goals. EVgo looks forward to coordinating with the CEC and other stakeholders to support this shared objective.

Respectfully submitted on this 19th day of January,

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[16] https://www.energy.ca.gov/event/workshop/2023-07/electric-vehicle-infrastructure-project-tracker-workshop
[17] https://efiling.energy.ca.gov/GetDocument.aspx?tn=253086