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Rivian Comments on Light Duty Block Grant Design

Additional submitted attachment is included below.

January 19, 2024

California Energy Commission
715 P Street
Sacramento, CA 95814

Re: Docket 20-TRAN-04 – Light-Duty Electric Vehicle Block Grant Design Changes

Rivian applauds the leadership of the California Energy Commission ("the Commission") in the continuation of CALeVIP 2.0 as a critical funding opportunity for DCFC charging infrastructure in the state of California. CALeVIP has played, and will continue to play, an influential role in ensuring EV drivers in California have access to reliable and equitable charging throughout the state's varied geographies and communities. We support the Commission's goal to continue to refine the CALeVIP 2.0 program to promote the equitable distribution of charging infrastructure and improve the administrative process for all parties involved. We welcome the opportunity to support this effort and respectfully submit our comments below regarding the current hardware eligibility process and the proposed adjustments presented by staff on January 8, 2024.

Keep the World Adventurous Forever

Founded in 2009, Rivian is an independent U.S. company headquartered in California. With over 14,000 employees across the globe, Rivian's focus is the design, development, manufacture, and distribution of electric, zero emissions vehicles, specifically pickups, SUVs, and commercial vans. It is Rivian's mission to *Keep the World Adventurous Forever* and displace the highest polluting vehicles on the road today. In addition to our vehicles, Rivian is also a manufacturer of direct current fast chargers (DCFC) and deploys, owns, and operates those chargers under a nationwide charging network – the Rivian Adventure Network. Since 2022, the network has deployed over 380 DC fast charging ports nationwide at over 60 sites. California is the home to 14 of those sites, with many located in more rural, harder to electrify areas such as Bishop, Mt. Shasta and Inyokern, with more coming soon. Although the Rivian Adventure Network is currently open to Rivian drivers only, later this year it will start to open to provide access to all EV makes and models. The network will also start to incorporate the SAE J3400 connector standard in 2025 to align with when Rivian's R1T and R1S vehicle models will natively include the SAE J3400 charging inlet.

Proposed Adjustments to the Current Hardware Eligibility Process

The current application process for CALeVIP 2.0 requires charging hardware to comply with all program requirements upfront in order to be included on the eligible hardware list and thus able to be used in a

proposed project ("the current hardware eligibility process"). If hardware does not meet the program requirements before an application deadline but will meet the requirements throughout the course of the application, contracting, and deployment timeframe, an applicant wanting to use that hardware is not eligible to apply to the program. This is especially problematic for applicants who are, or are partnering with, vertically integrated charging providers as they cannot simply choose an alternate equipment provider from the eligible equipment list. We encourage the Commission to re-evaluate this current process and consider the use of other procedural options to confirm hardware compliance with CALeVIP program requirements.

In addition to being problematic for vertically integrated charging providers, the current hardware eligibility requirements may also have negative implications on the Commission's goals of distributing reliable charging infrastructure in an equitable and efficient manner in the following ways:

Increases the administrative burden and complexity of application and contracting processes.
Charging hardware is rapidly iterating and innovating to meet driver needs and the requirements of an increasingly complex regulatory and funding landscape across geographies. It is therefore highly likely that a CALeVIP applicant will end up deploying different (and newer) charging hardware in the field than what was included in their original application and selected from the program hardware eligibility list. This substitution of new hardware is a positive for the state overall, enabling it to have the latest and greatest hardware deployed to serve the state's EV drivers. However, it also results in additional administrative processing and documentation that must be completed by program administrators. For example, an applicant planning a project that will install newer hardware models not currently on the eligible equipment list would likely apply with older, already-listed equipment during the application window, and subsequently change the equipment submitted on the Application after approved for Funds Reserved. Beyond the additional administrative complexity of incentivizing applicants to submit—and requiring program administrators to review—duplicative application materials and change requests, this would also potentially require program administrators to juggle review across multiple versions of the eligible equipment requirements if updated requirements have gone into effect since the application deadline.

Given the rapid technological innovation of chargers is a trend that is unlikely to subside over the lifetime of the CALeVIP program, we encourage the Commission to assess the time it takes to process hardware substitutions at the end of the application and contracting process and whether efficiencies could be gained by adopting a more flexible hardware eligibility process upfront.

Reduces the diversity of applicants and therefore the equitable distribution of charging.
The current hardware eligibility process presents barriers to program participation, specifically for newer market entrants who are not eligible to apply because their hardware doesn't meet all the requirements at the time of application, even if their hardware is expected to comply by the time of Funds Reserved or project completion. Requiring all certifications to be met *at the time of application* excludes potential applicants who are in the process of completing the program's

necessary hardware certifications and will be compliant and ready to deploy when the project timeline necessitates. The lack of flexibility around hardware eligibility will therefore result in a smaller and less diverse group of applicants, biasing awards towards larger and more legacy charging providers. A robust group of diverse applicants is critical to achieving a diverse set of project locations across the state, specifically in areas with lower EV adoption which have not been historically served by established industry players.

In addition to the above concerns around potential negative implications to the program's overall goals, the current hardware eligibility process also does not appear to fully consider the nuances of how a vertically integrated charging network provider would participate in the CALeVIP program. As a vertically integrated charging network, Rivian manufactures its own DC EVSE and operates its own charging network software in-house. Rivian has also elected to not currently sell our hardware to third parties – an option that does not appear to be contemplated by the current CALeVIP programmatic design. Rivian handles all management of site design and development, including site selection, design, permitting, utility coordination, AHJ coordination, installation and commissioning, service, and preventative maintenance, as well as ongoing operations and customer service support over the course of the project's lifetime. We lease space to locate our chargers from landlords directly and work with engineering, procurement, and construction (EPC) firms to design and deploy charging sites. In this model, the site host does not incur any costs for Rivian equipment or the design and deployment of charging sites and is therefore protected from many potential business risks. Site hosts are also provided with full support for their charging site, thus making it a more compelling business case for site hosts who do not have the time, resources, or expertise to be deeply involved in the process of applying for, deploying, and operating a charging station. This type of model has the potential to be extremely effective in deploying infrastructure in more rural parts of the state where electrification can be much more challenging for a range of reasons.

For the reasons stated above, we strongly encourage the Commission to consider the removal of the requirement for completed equipment certifications at the time of listing and instead consider one of the following alternative adjustments to the program application process:

1) Require applicants to provide proof of certifications alongside other required post-award Supporting Documentation. This is similar to what is currently done for other equipment compliance documentation such as the Receipt of Equipment Purchase and Network Service Agreement. This would avoid locking out smaller or newer entrants with hardware that is expected to receive all necessary certifications in the near-term, while still providing program administrators the same level of safeguards against speculative or unqualified projects receiving program funds as currently in place for ensuring applicants secure Network Provider Agreements and purchase eligible equipment. For example, in the same way that the existing CALeVIP Program Terms and Conditions would allow CEC to rescind funding if a site host applies with a listed set of equipment or network provider and fails to successfully execute a contract with them, CEC could rescind funding in the unlikely event an applicant is unable to secure expected equipment certification (as the Implementation Manual provides, "If a Proposed Installation fails to comply

with these Equipment Requirements, the corresponding Application will not be granted Funds Reserved Status and will be cancelled.")

2) Alternatively, require applicants to submit attestations and/or other relevant documentation as determined by the Commission to confirm the certification requirements will be met by the time of project completion.

Either of these proposed process adjustments would streamline the CALeVIP application process and more closely align CALeVIP with equipment verification process for Commission solicitation programs, while still encouraging high quality applications and provide program administrators safeguards against speculative or unqualified projects receiving program funds.

Feedback on Proposed Design Changes Workshop – January 8, 2024

Arms-length transactions

We are concerned with the proposed changes that would categorically exclude *all* in-house costs as eligible, including in-house costs for manufacturing charging equipment and installation materials. While we support the proposed exclusion of *profit* as an eligible cost for in-house design & engineering, hardware, warranties, materials, categorically excluding all in-house costs to require arms-length transactions would functionally bar vertically integrated providers such as Rivian who manufacture their own charging equipment from participating in the program.

While the Commission staff presentation outlining these proposed changes suggested that applicants could navigate around these restrictions by having third-party site hosts owning and operating charging locations serve as the rebate applicant and then execute arms-length transactions with site hosts for charging equipment, this approach is incompatible with vertically integrated business models and only works for hardware vendors who do not also own and operate charging locations. For vertically integrated providers who not only manufacture their own equipment but also own and operate charging locations, there is no third-party owner/operator host to enter into an arms-length transaction with. This modification, coupled with the exclusion of all labor/design/engineering, and installation costs, would exclude *essentially all* costs from vertically integrated charging providers as eligible. Ultimately, this would serve to functionally exclude vertically integrated providers from participation and create an uneven playing field favoring certain business models.

We understand this proposed requirement's intent is to promote more easily verifiable and speedy review of project costs. However, we encourage the Commission to consider alternatives to accomplishing these goals without erecting new barriers to participation. An option for consideration includes allowing applicants to include in-house costs so long as they provide sufficiently detailed documentation for any claimed equipment and installation material costs. Under this proposal, profits on equipment or

installation costs could still be excluded as eligible costs while also not fully excluding any and all in-house equipment and installation costs for vertically integrated charging providers.

Public Disclosure of Equipment Costs

To promote increased transparency of charger unit costs for applicants purchasing or negotiating deals for charging equipment from third party providers, the Commission also proposes to require the MSRP or average sales price for chargers be listed on the eligible equipment list. The Commission reasons this will help applicants get a better sense of charger costs prior to negotiating deals for charging equipment with third party hardware providers and allow program administrators a better baseline for comparing invoice costs during the rebate payment process.

We understand the reasoning behind this proposed requirement insofar as it applies to manufacturers who sell their equipment to third parties and the goal of enabling increased pricing transparency for CALeVIP applicants evaluating between multiple potential vendors. However, the reasoning is less clear for vertically integrated manufacturers who do not sell their equipment to third parties and only provide equipment at self-owned and operated charging locations, where listing this information on the eligible equipment list may actually result in greater confusion among prospective CALeVIP applicants (as prospective applicants would see pricing information for equipment that is not available for public purchase and may mistakenly attempt to reach out to those manufacturers for procuring equipment).

However, for the purposes of enabling program administrators to have a better baseline for comparing invoice costs during the rebate payment process, the Commission could still separately require manufacturers to submit pricing information directly and confidentially without publishing this information on the eligible equipment list.

Thank you again for the opportunity to comment and for the Commission's continued leadership as a key partner in expanding charging infrastructure in CA and beyond. We look forward to continuing the discussion on the topics addressed above.

Sincerely,

Kelsey G. Johnson
Sr. Lead Policy Advisor – Charging & Energy
Rivian