

**DOCKETED**

<b>Docket Number:</b>	20-IEPR-02
<b>Project Title:</b>	Transportation
<b>TN #:</b>	234521
<b>Document Title:</b>	Enel X North America, Inc. Comments - Enel X Comments on TERPA
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Enel X North America, Inc.
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	8/27/2020 9:04:00 PM
<b>Docketed Date:</b>	8/28/2020

*Comment Received From: Enel X North America, Inc.  
Submitted On: 8/27/2020  
Docket Number: 20-IEPR-02*

**Enel X Comments on TERPA**

*Additional submitted attachment is included below.*



August 27, 2020

Ms. Patty Monahan, Commissioner  
California Energy Commission  
1516 9th Street  
Sacramento, CA 95815

**Re: Charging Infrastructure Technology and Markets (Docket 20-IEPR-02)**

Dear Commissioner Monahan and Staff:

Enel X North America, Inc. (Enel X) is pleased to submit the following comments on the California Energy Commission's (CEC) Joint Agency Workshop on Plug-In Electric Vehicle Charging Infrastructure, held as part of the CEC's annual Integrated Energy Policy Report (IEPR) effort on August 4 and 6, 2020. Our comments respond to the CEC's proposed "Transportation Electrification (TE) Regulatory Policies Act" or "TERPA" concept as presented in Session 2 of the workshop on Charging Infrastructure Technologies and Markets.

Per the CEC, the objective of TERPA would be to accelerate widespread TE while leveraging limited public funds with private capital. The TERPA construct would achieve these objectives by administering a competitive process to determine the "avoided cost of charging" (ACC) for a region (or subset of projects in that region), given the proportional regional demand for charging energy entailed by state goals and policies for EV deployment, and would use the ACC benchmark to "right-size" public investments in EV charging infrastructure. At a high level, the CEC describes the TERPA process as follows:

1. Phase 1: Assess the Market
  - a. Region analyzes needs and identifies locally appropriate project types;
  - b. CEC qualifies EVSPs upon technical and viability bases. Program Administrator (PA) holds a reverse auction, quantifying the cost of charging (ACC) from EVSPs;
  - c. CEC confirms the inelastic demand for charging consistent with California laws;
  - d. PA pools funds and compares supply with demand to discover a willingness to pay;
  - e. PA and CEC analyze supply or demand sensitivities (e.g., non-EV factors, regulation, innovation, new policy) to quantify and mitigate risks or market power.
2. Phase 2: Invest In and Delivery Projects
  - a. PA selects the cost-beneficial supply portfolio from EVSPs to meet the electrification objective;
  - b. Consulting with CEC and Agencies, PA budgets the public investment needed to deliver the portfolio according to the state of the broader market;
  - c. PA tailors the investments in EVSPs according to their barrier(s) to entry;
  - d. Utilities serve load, energize, and offer economic rates to the EVSPs' projects.

Enel X appreciates the CEC's thoughtful consideration of a new process that could help ensure that the state's investments are tailored to the charging *energy* needs associated with the TE transition, and not based on infrastructure capacity alone. By introducing market competition to the process of determining public incentive levels, TERPA would encourage innovation in technology solutions, project finance approaches, and third-party business models in sourcing the maximum delivery of kWh at the least cost, and in a way that inherently rewards the minimization of grid impacts from EV charging.



While the presentation at the CEC's August 4, 2020 IEPR workshop presents a detailed blueprint for how TERPA could work, several outstanding questions remain to be answered before the framework can be put into practice. Below, Enel X outlines these questions and provides preliminary discussions for how they can be resolved. We note that these views are largely exploratory in nature. At this stage, we believe the merits of TERPA must be considered alongside existing programs and sources of funding, such as from utilities or CALeVIP, and that the following discussion should not be construed as a recommendation to move away from those programs.

**1. Is TERPA able to be implemented under existing authorities, or is legislation needed? Who is the entity that oversees TERPA? How is TERPA funded?**

The TERPA construct can be established under existing authorities. The CEC is well positioned to assume the role of state-level administrator and could implement the TERPA framework to disperse a portion of its Clean Transportation Program funds. Utilities, Community Choice Aggregators (CCAs), and other Load-Serving Entities (LSEs) could provide matching funds on a voluntary basis to support TE infrastructure buildout in their territories. Or, the California Public Utilities Commission could dedicate ratepayer funds from its jurisdictional utilities for the purposes of TERPA, similar to how the CEC administers ratepayer dollars for the EPIC program.

With additional legislation, the state could create a multi-agency authority that would serve to coordinate state-wide TE activities and funding, including serving as the state-level TERPA administrator. Legislation could also appropriate EV infrastructure budgets from existing sources such as the general fund, greenhouse gas reduction fund, or utility ratepayers. Legislation is also likely required to create new funding sources, such as Enel X's recommendation to create a state-backed, public-private fund to attract and deploy patient institutional capital towards the buildout of EV charging infrastructure.

An EVSP's bid price would reflect any revenues from Low Carbon Fuel Standard (LCFS) credit monetization, monetization of vehicle-grid integration services through existing or emerging market pathways, and any additional funding that can be leveraged through site hosts or other sources. TERPA should not seek to adjust existing LCFS credit generation rights.

**2. Are TERPA reverse auctions held based on actual projects with the intent to award contracts? Or are they more illustrative in nature for the purposes of setting the ACC and right-sizing incentive payouts in each region?**

Enel X believes that TERPA auctions should be held to source charging infrastructure for actual projects. Commercial entities would be unwilling to invest the time and resources needed to develop realistic bids without a pathway to winning the job. Furthermore, establishing a regional ACC on a hypothetical basis, simply for the purpose of right-sizing public investments, would disregard the many variables that impact a project's overall cost, including the specific charging use case, real estate, permitting, electrical upgrades, trenching, number of ports, and EVSE distance from the electrical source. Our understanding is that the ACC metric would be revealed through the process of bidding on jobs and winning awards, rather than calculated up-front to set regional incentive levels.

**3. What is TERPA's jurisdiction and how is it implemented in practice? What are the roles and responsibilities of state agencies versus regional or local authorities in executing TERPA?**

TERPA should be established on a state-wide and ongoing basis. In an ideal world, TERPA funding would be available to any project that seeks it on an as-needed basis. This vision could be realized if our recommended public-private infrastructure fund proved overly successful at attracting capital. We



recognize, however, the more likely scenario, at least in the near-term, is that the program will be constrained by annual budget cycles. As such, TERPA should be structured to deploy funding across the state at a regular cadence – e.g., new funding rounds in each region held quarterly or semi-annually. This provides a contrast with existing programs that are based on “first-come, first-served” incentive reservations within a specific geography or utility territory.

The state-level administrator would allocate funding based on regional EV deployment gaps and informed by a region’s historical ACC statistics. For administrative efficiency, and to promote and utilize local jurisdictional resources, Enel X posits that region-specific PAs should be identified, selected, and trained to oversee the on-the-ground execution of TERPA. The PA role would be served by a regional or municipal governmental agency, be it a local CCA, air quality management district, regional or metropolitan transportation planning organization, or a branch of municipal or county government. This decentralized program management structure better matches with the simultaneous, state-wide nature of the program, though would require some significant education and quality control efforts on behalf of the state-level administrator to ensure consistent state-wide administration.

The region-specific PA would be responsible for 1) qualifying candidate projects, 2) hosting a competitive solicitation, and 3) overseeing project development. For step 1, the PA would advertise the open TERPA solicitation round with the assistance of LSEs, community-based organizations, and other local agencies and would build a pool of applicant TE projects that would be evaluated and awarded based on transparent scoring criteria. Evaluation criteria would be established at a high level by the state-level administrator, but ultimately, the PA should have the flexibility to establish criteria for each funding round that would prioritize the charging use cases or deployment radius that respond to the greatest local need. Evaluation criteria should broadly be structured to identify TE projects that promote equitable access to clean transportation options, reduce the pollution burden in disadvantaged communities, and fill EV infrastructure gaps as informed by the AB 2127 Infrastructure Deployment Strategy.

Once the quarterly or biennial TE projects are selected, the PA would launch an RFP to source bids from vendors that propose solutions to meet project requirements at the lowest possible \$/kWh. Bids would be evaluated by the PA with active participation from the site host. Once awarded, the PA would serve as project liaison to ensure streamlined permitting, construction, interconnection, and energization. These process steps would be staggered to ensure a timely and continuous deployment of charging infrastructure, until all regional TE projects have been constructed.

Enel X thanks the CEC for its consideration of our comments on the proposed TERPA framework. We urge the CEC to define next steps on this initiative and look forward to future collaborations to review the concepts and recommendations herein.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Monbouquette".

Marc Monbouquette  
Regulatory Affairs Manager  
Enel X e-Mobility