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130th Maine Legislature

Joint Committee on Energy, Utilities and Technology

LD 347 – An Act to Facilitate Maine’s Climate Goals by Encouraging Use of Electric Vehicles

Testimony of Brian Moran

Government Affairs Director, New England Convenience Store & Energy Marketers Association

Chairman Lawrence, Chairman Berry, and members of the Joint Committee on Energy, Utilities and Technology:

The New England Convenience Store & Energy Marketers Association (NECSEMA) represents convenience store and gasoline retailers, independent transportation fuel distributors, and the businesses which supply them. NECSEMA members own, operate and/or supply the majority of the 1,000+ convenience stores in Maine which employ over 16,000 people.

As proposed LD 347 will direct the Maine Public Utility Commission to require transmission and utility companies to develop and submit incentive based rates for Electric Vehicle (EV) charging by November 1, 2021.

Because our locations are situated along the highest trafficked roadways and busiest street corners, NECSEMA members have an essential role in moving people and products from place to place. Today the predominant fuels are gasoline and diesel, but even as fuels and mobility choice evolves our members’ role will remain constant. This is because those roadways and street corners will remain the busiest. Fuel choice won’t change that. As a result, we will continue meet our customer’s needs; whatever their fuel choice is, be it electric, fuel cells, or other renewable alternative fuels.

NECSEMA members are currently pursuing several projects to increase its electric vehicle supply equipment (EVSE) footprint in the region. These projects involve additional partnerships with leaders in the EV charging space and technologically innovative models. Members are also designing and building stations to include infrastructure such as underground conduit to support EV charging stations in the future, solar power, battery storage, and demand response measures. Moreover, our members continue to evaluate opportunities to meet and anticipate the needs of its current and future customers, including by making additional EV charging available at its retail locations.

One of the overarching barriers inhibiting widespread adoption of EVs is addressing “range anxiety” experienced by EV drivers through installation of conveniently located and publicly accessible charging stations. While experts project most EV charging will occur at home or at work, these scenarios do not contemplate meeting the needs of all drivers, such as the long-distance worker, those who lack access to or control of a personal charging space, or the tens of millions of tourists Maine welcomes each year.

NECSEMA and its members have a strong interest in providing services to the emerging EV market, a market in which a rate design mechanism for EV charging will impact economic and reliable customer services in the competitive transportation fuels market.

NECSEMA respectfully offers the following statements on LD 347 for further consideration by the Committee:

First, NECSEMA members operate in a hyper-competitive retail fueling and food services market. NECSEMA members believe that electric vehicle adoption must address consumer charging needs beyond home and workplace charging and provide for fast, easy access to high-speed charging along highly trafficked commercial

zones and highways. Investments, whether for fueling or convenience store services, in new and existing sites must pass threshold investment return tests – initial cost, ongoing cost, expected use by consumers. As such, the underlying cost of delivered electricity to serve an emerging EV market must be consistent, transparent, and predictable for successful EVSE investments by any private entity. In addition, the cost of delivered electricity for EVSE applications should not result in cost burden to other classes of ratepayers.

Secondly, our members own property in most every municipality and these properties hold competitive and convenient value to its customers, pay local and state taxes, employ thousands of people, and play a vital role in Maine's economy. While we recognize the role that electric vehicles (EVs) can play in helping to mitigate carbon emissions in the transportation sector, fuel retailers in New England are uniquely positioned to play an important part in the future of fueling vehicles and lowering emissions by methodically and economically responding to customer demands for cleaner-burning fuels. This includes fueling electric vehicles.

In order to do this, it is essential that Maine not pick winners and losers during the transportation transformation. LD 347 should be clarified to prohibit regulated utilities from unfairly using their monopolistic investment status or rate design to overpower private market participation in EV fueling infrastructure. Allowing utilities to use ratepayer funds to own and operate charging infrastructure downstream of the meter would (i) negatively impact, at ratepayer expense, what is currently a very competitive industry, (ii) impact the customer experience and adaptation, (iii) undercut technological innovation that is generally funded and expanded through private, not utility investment, and (iv) undermine the cumulative hundreds of years of experience of NECSEMA's member companies' employees in serving the fueling needs of Maine's customers.

Looking to the future, EVSE technology will undoubtedly accelerate rendering earlier equipment obsolete and the investments in them sunk. Will utilities continue to charge ratepayers for replacement equipment? Rather, this should fall to private business as it always has. NECSEMA, under certain transparent conditions, could support the so-called "make-ready" model for utility investment in EV infrastructure, allowing private investment access to the electric grid for transportation fueling (the electric grid infrastructure upgrades and enhancements are funded by the utility while enabling privately funded EVSE installations at host sites). Furthermore, any process for make-ready investment by the utility should be transparent and non-discriminatory.

In addition, the measured dissemination of locational grid sweet spots, areas on the utility's grid that might host electric charging stations without requiring distribution system upgrades, could be matched with current NECSEMA members' sites to determine best locations for high-speed, consumer-convenient electric charging. This encourages the electric utility industry to work jointly with the current transportation retail fuel providers to make smart EV charging investments, both upstream and downstream of the meter. Better investment principles will likely lead to more EV charging equipment where both the grid can support load and consumers will use the charging equipment. The economic and environmental benefits associated with this cooperation should improve adoption rates for EVs. However, NECSEMA does not support utility ownership and operation of electric vehicle charging equipment at retail sites.

NECSEMA believes LD 347 should exercise caution in the development of this transformative market, and require the Commission to review programs and data as made available in other states, and look at electric infrastructure and EV charging infrastructure investment, whether its utility programs, ownership incentives, or other programs in the context of other carbon and emission-reducing available fuels and technologies. The Commission should not allow ratepayer funds, directly, or indirectly with discriminatory rate design, to be used to support utility entrance into the competitive fueling market and render it an uncompetitive monopoly evermore.

Electric distribution companies ("EDCs") generally use money provided by captive ratepayers to invest in the infrastructure to serve those ratepayers. Any investment by EDCs to enter into and serve what is currently an unregulated and very competitive market – the transportation market – should be limited. NECSEMA does not agree that ratepayer funds should be deployed, at little or zero risk to utility shareholders, unless (i) there is

significant benefit to ratepayers and (ii) does not negatively impact market-based incentives for private investment in that same EV market. If EDCs wish to invest in infrastructure that directly competes with private at-risk investors, EDC shareholders, not ratepayers should underwrite the risk of that investment¹.

The risks for investments in EV charging installations and operations are large. Among the most significant of those risks are: (1) the revenues from the EV charging equipment may never pay for its installation and operation; (2) the sites for the EV charging equipment may not be economical for the way that market develops; and (3) the EV charging technology may become obsolete. Private investors understand those risks and are willing to bear them if they economically make sense. EDCs, using ratepayer funds, do not have the incentives to assess those risks and factor them into investments.

Lastly, the legislation requires utilities, not more than once every three years, to revisit their approved incentive-based rate schedules. We suggest the legislation require more frequent evaluation of the investment cost-benefit, particularly in the early stages of capital spending as this is an emerging technology with limited data availability. Policies aimed at supporting EV growth should be based on the best available data and best practices. The legislation should consider the data and information currently available from Maine and other jurisdictions. It should also ensure that the Public Utility Commission reviews consist of a complete and balanced record of such information and is not overly reliant on theoretical information provided by electric distribution companies and EV infrastructure providers. That may require the Commission to periodically review the incentive rate designs more frequently than once every three years, as more actual (versus theoretical) data is collected over time by the utility and analyzed. The Commission must ensure that (i) rate effectiveness is benefitting ratepayers, (ii) the price signals in the rates lead to increased EV adoption and economical charging, and (iii) rates and EV use lead to the desired environmental benefit to society.

Thank you for your consideration of our concerns, and **we urge the Committee to amend LD 347 to limit a transmission or utility company's ownership role in EV charging infrastructure equipment and require a more frequent evaluation of any approved rates to be conducted than once every three years.**

Respectfully,



Brian P. Moran
Director Government Affairs
Brian@necsema.net | 781-297-9600 x5

1044 Central Street, Suite 203
Stoughton, MA 02072
(781) 297 – 9600

¹ As a result of electric utility restructuring in Maine twenty years ago (Maine § 3204, Divestiture of Generation), Maine determined that investment decisions outside of the distribution of electricity are best left to private, not ratepayer funded investment. This ensures that the risks of non-distribution investment decisions are not borne by EDC ratepayers, do not interfere with an otherwise competitive market, and consumers' needs are met with best cost options.