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**By Electronic Filing and Federal Express**

Mr. David J. Collins  
Maryland Public Service Commission  
6 Saint Paul Street, 16<sup>th</sup> Floor  
Baltimore, MD 21202-6806

**Re: Case No. 9478**

Dear Mr. Collins:

Enclosed for filing in the referenced matter please find the Comments of the Retail Energy Supply Association. An original and 17 copies will be sent via Federal Express to the Commission.

Sincerely,

A handwritten signature in blue ink that reads 'Brian R. Greene'.

Brian R. Greene

Enclosure



RESA is concerned about the proposal in the Petition to invest significant ratepayer funds to develop utility-owned electric vehicle (“EV”) charging infrastructure and expand utility EV time-of-use (“TOU”) rates,<sup>3</sup> when the competitive market is positioned to most efficiently respond to consumer demands for EV charging solutions.

## II. COMMENTS

### i. **Monopoly distribution utilities should focus on safe and reliable electricity distribution service, enabling the competitive market to deliver innovative EV electricity supply options.**

On January 31, 2017, the Commission issued a Notice (the “Initial Notice”) establishing the revised scope of the PC44 proceeding, providing guiding principles for this proceeding, and explaining the goals of each of the PC44 topic areas, including electric vehicles. The Initial Notice included eight guiding principles, including the following two:

1. “Competitive markets are an integral part of Maryland’s electricity landscape that seek to promote innovation, reduce costs, and increase customers’ choices;” and
2. “Electric distribution companies and cooperatives should maintain their current role as the operators of Maryland’s electric distribution grid.”<sup>4</sup>

The Petition mentions the Commission’s guiding principles for PC44, including the importance of competitive markets and the “appropriate role of electric distribution companies moving forward.”<sup>5</sup> These principles build upon Maryland’s broader policies requiring competitive retail electricity supply and electricity supply services markets, as well as customer choice for

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<sup>3</sup> Petition at 54-60.

<sup>4</sup> Notice at 3-4.

<sup>5</sup> Petition at 3.

electricity supply and electricity supply services.<sup>6</sup> The General Assembly has defined “Customer choice” to mean:

the right of electricity suppliers and customers to utilize and interconnect with the electric distribution system on a ***nondiscriminatory basis*** at rates, terms, and conditions of service ***comparable to the electric company's own use of the system*** to distribute electricity from an electricity supplier to a customer, under which a customer has the opportunity to purchase electricity from the customer's choice of licensed electricity suppliers.<sup>7</sup>

The Petition calls for expansion of utility TOU offerings modeled off the existing BGE EV TOU rate that is only available for Standard Offer Service (“SOS”) customers.<sup>8</sup> Importantly, the EV TOU rates are structured such that the utility provides both the supply and generation components of the EV service. As a result, this rate structure is anti-competitive because it does not allow third-party suppliers to compete for the electricity supply service. Instead, both the generation and distribution supply services are reserved to the utility. RESA cannot support a rate structure that favors utility electricity supply, while excluding competitive supply options.

The anticompetitive rate structure problems are exacerbated by the proposed \$5,124,794 million in “customer education, enrollment, and outreach” funding to encourage customers to switch to the utility-only EV programs and TOU rates.<sup>9</sup> Residential customers that are shopping now could only access the proposed EV TOU rates by switching a portion of their service, the EV charging service, back to the utility. The proposal for expanded utility TOU distribution rates paired with SOS, without the opportunity for retail suppliers to compete to provide the EV TOU

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<sup>6</sup> Maryland Public Utilities Article (“PUA”) § 7-504.

<sup>7</sup> PUA § 7-501(f) (emphasis added).

<sup>8</sup> Petition at Attachment 3; *see also* BGE Rate Schedule EV, P.S.C. Md. – E-6 at 39-40.

<sup>9</sup> \$2,406,501 for BGE, \$569,140 for Delmarva, \$1,534,153 for Pepco, and \$615,000 for PE. Petition at 57-60.

generation service, does not further the Commission’s stated goals for PC44, discussed above, or the General Assembly’s policy goals in the Electric Customer Choice and Competition Act of 1999.<sup>10</sup> RESA recommends that before moving forward with any EV charging rates, the rate structure(s) should be modified to enable full competition for electricity supply services.

**ii. The Commission should engage competitive suppliers to develop EV charging infrastructure.**

RESA believes that robust competitive markets, including retail energy markets, drive the lowest-cost and most efficient outcomes. The Petition’s stated benefits of increased EV penetration – reduced annual vehicle operating costs for EV owners, reductions in electric utility bills, and environmental benefits from reduced greenhouse gas emissions – could be more efficiently achieved by engaging competitive industry stakeholders, including retail electricity suppliers, rather than relying on socialized utility investment in EV charging infrastructure and EV charging rates. However, rather than exploring all the ways that competitive market participants can be engaged to deliver these benefits, the working group instead focused on utility programs. As a result, the competitive market engagement discussed in the Petition is limited to establishing a “EV Portfolio Advisory Council” that would study pricing options from competitive market participants and utility charging service.<sup>11</sup> RESA participated in multiple stakeholder working group meetings, including a discussion directly with the utilities, encouraging the working group to look for opportunities to involve retail suppliers in the utility EV plans. However, the Petition does not call for any direct engagement with the competitive market on EV initiatives.

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<sup>10</sup> PUA § 7-504.

<sup>11</sup> Petition at 25.

Moreover, the EV Portfolio Advisory Council study would include “potential impacts of utility charging service pricing to the competitive market.”<sup>12</sup> If conducted, the study would conclude in 2023, after five years and over \$100 million of ratepayer funds invested in utility EV programs. Rather than waiting until the end of the program to consider effects on competitive markets, RESA believes that the prudent and lawful approach is to consider in advance how any utility program will affect competitive markets.<sup>13</sup> The program should proceed only after determining that it will support competition. At the very least, the program should not harm Maryland’s competitive electricity supply and electricity supply services markets.

The Petition states that electrification of the transportation sector “offers real opportunities for private market participants, ratepayers, and the utility sector to act in concert” to achieve Maryland’s policy objectives.<sup>14</sup> However, while the Petition calls for massive ratepayer investment – including \$104,681,622 million in total program costs<sup>15</sup> to develop over 24,000 EV chargers,<sup>16</sup> with \$5,124,803 in “customer education and outreach” for utility EV programs (with no mention of education or outreach for competitive EV charging options)<sup>17</sup> – the Petition lacks competitive market engagement. RESA believes more can and should be done to leverage the power of the competitive market to help achieve Maryland’s policy goals.

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<sup>12</sup> Petition at 25.

<sup>13</sup> PUA § 7-504.

<sup>14</sup> Petition at 2.

<sup>15</sup> Petition at 57-60.

<sup>16</sup> Petition at 56.

<sup>17</sup> Petition at 40.

### III. CONCLUSION

RESA appreciates the opportunity to comment on the Petition and respectfully requests that the Commission address the concerns discussed herein before moving forward with implementation of a Statewide Electric Vehicle Portfolio.

Respectfully submitted,

RETAIL ENERGY SUPPLY ASSOCIATION

By Counsel



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Dated: March 27, 2018