RECEIVED
DEC 21 2022
PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF AMENDMENTS TO THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978 AND ELECTRIFICATION OF TRANSPORTATION	))))	CASE NO. 2022-00369

PUBLIC COMMENTS OF THE KENTUCKY RETAIL FEDERATION and KENTUCKY GROCERS AND CONVENIENCE STORES ASSOCIATION

SUBMITTED ELECTRONICALLY: December 16, 2022

Thank you for the opportunity to file public comments on behalf of the Kentucky Retail Federation (KRF) and its affiliate Kentucky Grocers and Convenience Store Association (KGCSA). Both organizations represent retailers across the commonwealth, many of whom are in the fuel retailing industry and provide fuel services to hundreds of thousands of drivers on the road today.

Retailers, especially fuel retailers and convenience stores, realize their futures are inextricably linked to the future of electric vehicle charging. As the country increase investments in electric vehicles and electric vehicle infrastructure, it represents a rapid advancement in the ever-changing environment of convenience retailing.

The Infrastructure Investment and Jobs Act (IIJA) required public utility regulators to consider measures that "promote greater electrification of the transportation sector." These comments address the concerns of our members, the documented barriers to electric vehicles, and mitigating costs for customers and retailers.

To encourage deployment of electric vehicles, the federal government is providing states with funding for electric vehicle infrastructure, of which Kentucky will receive $69 million. Those funds are intended to improve the availability of electric vehicle charging stations.

340 Democrat Drive – Frankfort, Kentucky 40601
www.kyretail.com – info@kyretail.com
(502) 875-1444 phone – (502) 875-1595 fax

Retailers are uniquely situated to serve as locations for EV infrastructure, offering convenient locations yet there still remains hesitation amongst retailers to make these investments. Those barriers are relevant to this administrative case. As reported by CNN, one of the reasons retailers are cautious about deployment of the EV charging stations is because of Demand Side Management (DSM) charges from utilities[1]. Additionally, CNN reported that DSM charges can total up to 90% of a charging station's electric cost. For consumers, DSM charges could lead to costs equivalent to $20 per gallon to fill their gas tanks. One Direct Current Fast Charger (DCFC) can add as much power requirement in one 15-minute increment as the entire store operations, including running fueling stations, refrigeration, and freezer units[2]. The electric charging station infrastructure can be costly to install and maintain. Technology exists to avoid DSM charges, but it is expensive equipment to add to the charging station itself. The greatest impact from DMS would be on small retailers who don't have the volume of locations to leverage to negotiate with utilities. Peak demand from multiple charges could surpass one megawatt.

According to a 2019 Great Plains Institute Study, DCFC, in terms of high-wattage electrical equipment, are unique in the sense that they have high-power capacity and low-energy usage. The study concludes that demand charges can far exceed the energy-usage cost, disincentivizing deployment of the infrastructure. The study states:

> "*As the analysis in this white paper demonstrates, this situation can lead to operating costs that far exceed the revenue these chargers can receive from customer payments. Importantly, it is clear from the results of GPI's analysis that demand charges are a primary factor in DCFC station economics, representing the majority of costs in most scenarios studied here.*[3]"

These concerns lead KRF and KGCSA to one conclusion: the Kentucky PSC should consider alternatives to demand charges in order to encourage deployment of the DCFC charging stations.

The Federation and KGCSA are also concerned that retailers will not be able to fairly compete with utilities who may deploy their own infrastructure. Utilities should not be allowed to build EV infrastructure costs into utility rates. Traditional rate customers should be required to absorb utility infrastructure expenses or subsidize operations of DCFC charging stations. This would allow utilities to charge public customers less for charging their vehicle when away from home, allowing them to unfairly compete with retailers paying demand charges and commercial utility rates. Retailers are going to be required to balance recouping costs for the electricity and infrastructure and making a profit with concerns about potential price gouging allegations for

---

[1] NACS "Why C-Stores Are Not Racing to Install EV Chargers." Oct. 19, 2022: Why-Stores-Not-Racing-to-Install-EV-Chargers_EV.

[2] Reid, Keith "A Hurdle to Overcome." NACS Magazine. September 2021: https://www.nacsmagazine.com/issues/september-2021/hurdle-overcome

[3] McFarlane, Dane; Prorok, Matt; Jordan Brendan, and Kemabonta, Tam. "Analytical White Paper: Overcoming Barriers to Expanding Fast Charging Infrastructure in the Midcontinent Region.": https://scripts.betterenergy.org/reports/GPI_DCFC_Analysis_July_2019.pdf

these costs from customers and the Kentucky Attorney General. An unlevel playing field for electricity charges or ratepayers subsidizing EV charging costs will hamper deployment of DCFC charging stations. This will have the opposite desired result of the significant federal investments in National Electric Vehicle Infrastructure grant programs. The goal is to make sure EV customers have access to EV charging stations along convenient corridors for long-distance travels, including in rural areas. It is for these reasons that KRF and KGCSA believe that utilities should not be able to operate these machines themselves.

It is our opinion that retailers should have been notified of the Public Service Commission Administrative Case No. 2022-00369. We did not receive such notification; we are a critical part of the electric vehicle charging process and industry. Many of the barriers to deploying electric vehicle charging stations are due to demand charges and unfair competition with utilities. As Kentucky makes available millions of dollars in electric vehicle charging station grants, our members are deeply interested in EV charging, its deployment and the cost to supply customers with electricity to power their vehicles, but only if there is a fair return on this investment. We are grateful for the opportunity to file public comments on the regulation, but feel compelled to state that based on the PSC order, KRF/KGCSA should have been contacted and made a party to the case. In the PSC order, it states:

> "*The Commission also encourages interested stakeholders to participate, either by intervening or filing suggested guidelines or comments. A courtesy copy of the Order will be sent to groups that are either known to typically intervene in administrative cases or are known to have an interest.*"

The Federation believes that it is a group "…known to have an interest", and should have received the order in a timely manner to reach out to members to get their opinion on whether or not to request to intervene, which was only a time frame of eleven days.

We recognize that electric vehicles and the policy decisions being made are new to everyone, and that the commission may not be familiar with the KRF or KGCSA. We hope that we can be a partner in this endeavor and look forward to closely monitoring the development and end result of the administrative case. We are available for discussion of the issue and willing to work with all parties in any way possible.

Sincerely,

Tod A. Griffin

Tod A. Griffin
President of the Kentucky Retail Federation
Executive Director of the Kentucky Grocers & Convenience Store Association

340 Democrat Drive – Frankfort, Kentucky 40601
www.kyretail.com – info@kyretail.com
(502) 875-1444 phone – (502) 875-1595 fax