Ensuring Customer Fairness and Equity

Over the past decade, state regulatory commissions across the country have approved billions of dollars of ratepayer funds to be spent by investor owned utilities for the purpose of expanding electric vehicle charging infrastructure. Indeed, many utility-operated EV charging stations provide electricity to EV drivers free-of-charge in the hopes of further enticing consumers to switch to electric vehicles; however, the costs of these programs are ultimately spread among the utilities' entire customer base - regardless of whether or not they drive an electric vehicle. The costs of both the physical infrastructure and the electricity used to refuel EVs are added into the rate base upon which the utility collects a guaranteed rate of return and essentially operates as a state-sanctioned, utility-distributed subsidy for EV drivers. While this may have been an appropriate method to spur early investment in EV infrastructure during the fledgling stage of EV adoption, the continued use of this financing mechanism unfairly discriminates against lower income and fixed income communities who are both more sensitive to price fluctuations in their utility bills and are rarely EV drivers.

Simply put, the current public policy structure in many states across the country for the construction of an EV charging network unnecessarily mandates that lower and fixed income communities subsidize EV drivers who tend to be from wealthier, more affluent communities.

Allowing power companies to charge all of their customers more money in their monthly electric bills operates as a regressive tax on those who do not drive an EV. While some may think that a few extra dollars a month is not a significant change, it can be catastrophic for some families. A 2021 study found that nearly 4.8 million low income American households couldn't pay an energy bill last year, and low income Black and Hispanic communities were especially vulnerable. Given that the average EV driver has an income of over $75,000 (with some studies finding the average income to over $150,000), it does not follow the principles of equity, fairness, or social justice to continue to burden disadvantaged communities with the bill for a product they are not using.

Not only are these underserved communities more financially sensitive to rate increases, they are not receiving any of the benefits and are rarely included in discussions surrounding EV infrastructure development. Studies have shown that only six of the 36 states with EV mandates included some form of equity consideration, such as requiring a certain share of funds to be invested in these underserved communities.

There are more equitable, effective ways to grow a nationwide EV charging network. The private sector is ready and willing to enter the market and supply EV charging infrastructure across the country and in every community. Just as our current refueling network serves all communities, a privately built EV charging infrastructure will similarly operate in every community regardless of geographic location or financial well-being. In fact, the refueling industry currently has about 150,000 fueling stations across the country in nearly every local community. We would expect that EV charging stations would follow suit. The industry reacts to consumer demand to supply whatever type of fuel it is that each community needs.

Regulated utilities should not be placing the burden of providing electricity to EV drivers on the backs of hard-working low- and middle-income individuals, many of whom do not own a vehicle much less an EV, particularly when the private sector is willing to foot the bill. We must ensure that all communities – regardless of location or socioeconomic status – are included in the development of an EV charging network, just as there are refueling stations in every community.

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