

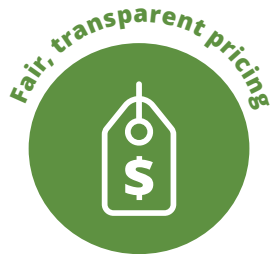


Transparent, Competitive Pricing Promotes the Sale and Use of EVs

The retail fuel market is the most transparent and competitive commodities market in the United States. Consumers can easily see fuel prices and decide where to refuel based on the posted price without having to leave their vehicles. This leads to lower prices for customers. EV drivers should have access to the same competitive, stable and convenient prices that drivers of gas-powered vehicles have enjoyed for decades. The rate charged must be measured in a consistent and predictable way for drivers to have confidence that they should buy an EV.



Demand charges – the fees assessed to a commercial entity's energy bill for the maximum amount of power drawn in a particular timeframe – make the business of fast charging unviable. The primary problem in most cases is that demand charges make the electricity to the owner of the charging station so expensive that the cost cannot be passed through to customers. The business owning the charger will then lose market share to a utility that does not experience demand charges or lose revenue on the charge. Neither option makes the business case for fast charging investment. The fundamental challenge is to come up with a rate that doesn't undercut direct-current fast-charger economics. Presently, demand charges are one of the most significant cost factors in the operation of a fast charger. Acknowledging this barrier, some utilities are creating alternative pricing structures for EV charging stations for both residential and public-facing charging. Public policy should work to find the most equitable and fair rate structure that promotes private investment and collaboration between power companies and the refueling industry. Many states are already working to solve this problem, and the Charge Ahead Partnership encourages other lawmakers to draw from the work already done by their colleagues.



In tandem with the demand charge principle, it is equally important that both end-users and EV charging suppliers have the ability to know what prices they will “see at the pump.” End-users should easily be able to tell exactly how much they will be spending to “fill up their car”, it is imperative that end-users do not get blindsided by a high price tag such as would be necessary to cover large, monthly demand charges.

Electricity pricing can be a challenge because many utilities operate in a monopoly position in which there are not viable market competitors to discipline pricing. That can lead to continually - and often times dramatically - fluctuating prices of electricity throughout a single day. In turn, that dynamic can make it difficult for EV charging station suppliers to consistently offer prices that are competitive with, and as stable as, traditional fuels. While the price of gasoline may differ a few cents from station to station and from day to day, it is entirely possible for the price of electricity to significantly differ by the hour – especially in hot summer days or cold winter nights when electricity usage is at its highest. The recent blackouts in Texas, California, and the Northeast, where in some cases electricity prices rose from \$50 per megawatt-hour to more than \$9,000 per megawatt-hour, are evidence of the already strained grid and massive price fluctuations. This makes it incredibly difficult for private businesses to mitigate risks and calculate potential revenues as balanced against the expenses of installing the charging equipment and supplying the electricity to the end-user.

Similarly, should incumbent utilities compete in the market without fair rules, they could significantly lower their own costs due to the monopolistic benefits that are inherent with vertically-integrated utilities. This includes being able to “self-deal” and provide themselves with electricity at a cheaper rate by cutting transmission or generation costs. This puts the private market at a severe competitive disadvantage – particularly for customers who are sophisticated stakeholders, incredibly price-sensitive, and will reroute their trucks to find the cheapest fueling option. Any pricing mechanisms imposed by public policy must ensure that rates are fair, predictable, transparent, and do not disincentivize private investment into charging stations.

