Expanding America's EV Charging Network

The number of electric vehicles on U.S. roads is projected to reach 18.7 million in 2030, up from one million at the end of 2018. Yet consumers' concern about where they can recharge an EV remains the biggest impediment to widespread adoption. It is against this backdrop that federal and state policymakers are looking for solutions to rapidly expand the EV charging network.

The most expeditious, efficient and economical way for high-speed EV chargers to be as accessible as a gas pump is today is through a competitive and market-based approach. Unfortunately, EV charging is largely dominated by power companies which operate in a monopolistic environment with almost no competition and none of the market forces that spur innovation and expansion. However, with the right policies, the EV charging marketplace could thrive, leading to more chargers across the country, lower prices and better service and amenities to meet the needs of EV drivers.

America has thousands of established retailers spanning the nation that are eager to invest their own private capital and take on the risk to offer EV charging. However, the advantages that utilities enjoy as a regulated monopoly make it nearly impossible for retailers and entrepreneurs seeking to get into the EV charging business to compete with power companies in this space.

The most efficient and cost-effective path to attaining this nationwide network of high-speed EV chargers is for power companies and fuel retailers to work in partnership, with each focused on their core competencies. Power companies are best suited to generate electricity and strengthen the power grid through their regulated monopoly framework. Fuel retailers are best equipped to own and operate EV charging stations, utilizing their convenient locations to serve America's drivers, just as they have for the past century.

CHARGE AHEAD PARTNERSHIP BELIEVES WE CAN MEET THIS CHALLENGE WITH A FAIR, EFFICIENT, TRANSPARENT AND COMPETITIVE APPROACH. IN ORDER FOR THESE GOALS TO BE ACHIEVED, HOWEVER, WE MUST REMOVE THE FOLLOWING BARRIERS TO PRIVATE INVESTMENT:

RATE-BASING

The practice of rate-basing allows power companies to own and operate EV charging stations by passing along the costs to all of their energy consumers, regardless of whether those ratepayers own an EV or not. This not only results in higher power bills for everyone, but it also creates an uneven playing field where utilities have a massive competitive advantage. When a power company can tap into their existing customer base to fund an investment in EV charging, they deter any entrepreneur or private business from risking their own money. The initial expense of buying and installing a Direct Current Fast Charging (DCFC) charger is significant, and private

companies do not have the option to offload their investment onto the shoulders of ratepayers. This keeps private retailers out of the EV charging business and results in less competition, fewer charging stations and a worse customer experience. The practice of rate-basing also exacerbates the challenges facing people surviving on a low or fixed income, as their power bills continue to rise. If utilities wish to compete in the EV charging market, they should be free to do so, but not by passing along their costs to captive electricity consumers.

DEMAND CHARGES

The retail fuels market is the most transparent and competitive commodities market in the United States. EV drivers should have access to the same competitive, stable and convenient price structure that drivers of gas-powered vehicles have enjoyed for decades. There is a compromise to be found in the development of a fair rate structure that adequately compensates utilities for the required grid and infrastructure improvements that is not prohibitive to retailers who wish to offer EV charging to their customers. The establishment of a wholesale rate for electricity to be used for EV charging is necessary to provide the clarity and stability that retailers and EV drivers need.

The establishment of this fair rate must include a reevaluation of demand charges. Demand charges are monthly fees charged by utilities, based on the highest energy usage drawn at any given point over the billing period. These charges pre-date electric vehicles and are incompatible with the realities of owning and operating a high-speed EV charging station. The single use of a fast EV charger can incur a demand charge that doubles or triples the electric bill of the operator, a cost they must pass onto their EV charging customers. In these early stages of EV adoption there are not enough EV drivers to cover the cost of these demand charges, making the cost to charge prohibitively expensive.

TO LEARN MORE ABOUT CHARGE AHEAD PARTNERSHIP AND TO JOIN OUR EFFORT TO EXPAND THE EV CHARGING NETWORK NATIONWIDE, VISIT CHARGEAHEADPARTNERSHIP.COM

Charge Ahead Partnership is working to create a level playing field in the EV charging market by prohibiting power companies from rate basing their EV charging ownership and operations, and the partnership is advocating for a competitive rate structure for EV charging. These changes will incentivize private investment in this emerging industry and efficiently expand the EV charging network across the country.

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