



AN ALLETE COMPANY

Jenna Warmuth  
Senior Public Policy Advisor  
218-355-3448  
jwarmuth@mnpower.com

June 27, 2019

**VIA ELECTRONIC FILING**

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101-2147

Re: In the Matter of Minnesota Power's Docket No. Petition for Approval of its Electric Vehicle Commercial Charging Rate Pilot  
**Docket No. E015/M-19-337**

Dear Mr. Wolf:

On May 22, 2019 the Minnesota Public Utilities Commission (or, "Commission") issued a Notice of Comment Period In the Matter of Minnesota Power's Petition for Approval of its Electric Vehicle Commercial Charging Rate Pilot in docket No. E-999/CI-19-337 (or, Notice"). Many stakeholders submitted initial comments in response to the Notice including Tesla, Greenlots, The Department of Commerce ("Department"), Office of the Attorney General ("OAG"), Large Power Intervenors ("LPI"), ChargePoint, Fresh Energy, et. al., and ZEF Energy. Minnesota Power hereby submits, via electronic filing, it's Reply Comments in response to the Minnesota Public Utilities Commission's Notice.

The Company appreciates the Commission's attention to this matter and is available to answer any questions.

Please contact me at the number above with any questions related to this matter.

Respectfully,

A handwritten signature in blue ink that reads 'Jenna Warmuth'.

Jenna Warmuth

JW:sr  
Attach

**STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION**

---

In the Matter of Minnesota Power's  
Petition for Approval of its Electric Vehicle  
Commercial Charging Rate Pilot

Docket No. E015/RP-19-337

**REPLY COMMENTS**

---

**I. INTRODUCTION**

On May 22, 2019 the Minnesota Public Utilities Commission (or, "Commission") issued a Notice of Comment Period In the Matter of Minnesota Power's Petition for Approval of its Electric Vehicle Commercial Charging Rate Pilot in docket No. E-999/CI-19-337 (or, Notice"). In the Notice the Commission outlined comment deadlines and topics open for comment.

**Topic(s) Open for Comment:**

- Should the Commission approve Minnesota Power's proposed Electric Vehicle Commercial Charging Rate Pilot?
- Are there other issues or concerns related to this matter?

Many stakeholders submitted initial comments in response to the Notice including Tesla, Greenlots, The Department of Commerce ("Department"), Office of the Attorney General ("OAG"), Large Power Intervenor ("LPI"), ChargePoint, Fresh Energy, et. al., and ZEF Energy. Minnesota Power appreciates the thorough and insightful comments submitted by each party. In the following sections of these Reply Comments the Company will address each party's questions and concerns.

**II. RESPONSE TO COMMENTS**

In their initial comments within the docket, Tesla, ChargePoint, Greenlots, and ZEF Energy were generally supportive, and recommended approval of, the proposed Pilot Program. The OAG and DOC had multiple questions and recommendations for the proposed Pilot Program.

**ChargePoint**

In their comments, ChargePoint requested Minnesota Power modify its Petition from a three-year pilot to a five-year pilot and allow customers to enroll on a rolling basis for up to one year after the tariff becomes available. Minnesota Power would like to clarify that there will be no specific enrollment period for the Pilot Program. Customers may enroll in the Pilot Program at any time. Extending the Pilot Program from 3 to 5 years would not be advisable as the Program is considered a temporary solution and the Company will propose a more robust solution based on the Pilot Program results. Considering the fast pace of change within the transportation electrification sphere, the Company does not want to delay providing a more tailored and robust solution.

## Fresh Energy

On the same note, Fresh Energy, et.al, proposed that Minnesota Power limit the term of the pilot to two years. The Company recognizes that Fresh Energy, et. al. is looking for rapid movement in rates that properly incentivize transportation electrification, specifically concerning rate designs that accurately reflect underlying system costs and send appropriate price signals. However, the Company considers a three year pilot appropriate for the size of its service territory and the rate of EV adoption it has experienced thus far. As stated in the Petition, one of the main objectives of the Pilot Program is education and learning. Considering the time it will take to market this rate, a two year period may not be long enough to garner substantial uptake, provide the valuable system and usage information this Pilot is intended to collect, and also develop a more permanent solution based off of the information collected. Additionally, the Company proposed a three year pilot term to recognize planned investments that the Company has described including implementation of a Meter Data Management System (“MDM”) and deployment of Advanced Metering Infrastructure (“AMI”). The Company feels that a three year pilot term better aligns with the implementation of those investments.

## LPI

In its initial comments, LPI requests that Minnesota Power confirm that the proposed Pilot Program and associated tariff is limited to rate design only and does not include any related capital investment. At this time, Minnesota Power has not identified any additional costs that will be incurred as a result of the Pilot. This Pilot Program is limited to the Petition, or rate, and capital costs are outside the scope of the Petition.

## OAG

In their initial comments, the OAG made several recommendations for modification to the Pilot including: (1) removing or reducing the demand-charge cap, (2) shortening the on-peak period to reflect the best available data, and (3) adopting additional reporting metrics to maximize the pilot’s value as a tool to inform future offerings.

The demand cap provides a very important benefit specifically for public charging station customers. As stated in its initial Petition in the docket, by capping demand rate billings, the Company is minimizing the economic risks to these public charging station owners. The 30 percent cap was determined to be a balanced approach that recognizes most public charging takes place during the on-peak period, but lowers the impact that demand would have to a level that doesn’t discourage progress. Minnesota Power believes that the 30% demand cap aligns with these goals and provides the appropriate relief for these early adopter public charging customers.

As stated previously, Minnesota Power recognizes that the peak periods of the Pilot Program may not directly align with underlying system costs. However, there are currently limitations to the AMI and MDM data/billing process as discussed in the Company’s initial Petition as well as limited information on the

usage patterns for these customers. Attempting to create a more targeted peak period for these commercial load customers is inadvisable without first providing an opportunity for both customer and utility education and analysis. Along with the absence of usage information, the Company has yet to receive formal feedback on its Time-of-Day analysis<sup>1</sup>. The Company believes it is prudent to wait for Commission approved guidance on its Time-of-Day methodology and analysis prior to modifying its peak periods for time-varying rates.

The OAG also requested that the Company outline any Xcel reporting requirements that it does not believe are appropriate for this Pilot Program. As the OAG alluded to in its initial comments, there is an inherent misalignment in attempting to transfer the reporting requirements from Xcel's EV pilot programs to Minnesota Power's limited Pilot Program proposal. The Company is willing to discuss additional reporting requirements with stakeholders but contends that it may not be prudent to precisely follow reporting requirements structured for inherently different programs.

## DOC

The DOC did not make a recommendation on approval and requested additional information on various topics as outlined below.

*The Department requests that Minnesota Power provide additional information regarding an estimated cost differential of providing electric service during the proposed on- and off-peak periods.*

Minnesota Power cannot provide the requested information. The Company simply does not have the data required to perform this kind of analysis. This highlights the importance of the education and learning aspects of the Pilot Program. This Pilot Program, along with the completion of its MDM system, will allow the Company to gain accurate information on costs to serve these customers.

*The Department requests that Minnesota Power provide a more detailed discussion on whether an appropriate and differentiated energy charge on a per kWh basis for on- and off-peak time periods should be included in the rate design of the Commercial EV Rate Pilot.*

The Company currently does not have the necessary load and cost data analysis with hourly detail for these customers on which to base pricing information. The Company will be gathering that information throughout the Pilot Program period and will be able to cost-effectively analyze it upon completion of its MDM system. The Pilot Program is a bridging solution meant to gather information and through the learnings of this Pilot, the Company will be able to develop a future robust solution that appropriately and

---

<sup>1</sup> Docket No. E015/M-12-233

accurately reflects the costs to serve these customers. (Please also see the response to the OAG's initial comments on Pages 2-3 of these Reply Comments.)

*The Department requests that the Company provide preliminary financial analysis of the Commercial EV Rate Pilot's impact on participants' monthly bills, and derive a preliminary cost estimate based on that analysis.*

Minnesota Power responded to this line of inquiry through DOC IR #4 in the docket. The public bill impact chart that was created in response to IR #4 is provided as an attachment to these Reply Comments. For the attachment, Minnesota Power created use cases with varying usage and demand which encompass likely usage scenarios.

*The Department requests additional information about the cost the Company expects to incur to provide participants with electric service during off-peak hours generally, and specifically related to demand-related costs.*

The intent of this Pilot Program is to gather data on how best to serve these customers along with better information on the costs to serve this customer class. The Company currently does not have the necessary load and cost data analysis with hourly detail for these customers on which to base pricing information or to estimate costs incurred.

*The Department requests that the Company provide more information regarding the potential for cross-subsidization of participants in the Commercial EV Rate Pilot by other ratepayers, specifically considering the impact that the rate design will have on (1) participants' monthly bills relative to their current monthly bills under the General Service Demand tariff and (2) the behavioral changes that may be induced as a result of the proposed rate design.*

If the potential Pilot Program participants are able to significantly change their load profiles then the potential for cross-subsidization could exist. However, Minnesota Power does not believe these customers currently have the ability to drastically change their EV charging behavior. Minnesota Power expects this rate will be utilized by Public and Fleet charging customers. Public charging infrastructure is owned by third parties and subsequently utilized by individual consumers with Plug-in Electric Vehicles. These EV owners are typically traveling and not likely to "shift" or wait until off-peak hours to utilize public charging. Fleet charging customers, such as the Duluth Transit Authority, will often not be able to complete their daily routes on a single charge, therefore requiring a mid-day charge during the on-peak periods. Initial usage and discount amounts are expected to be minimal for the Pilot Program, and the Company is not seeking to recover the reduced costs from other ratepayers at this time. The Company will track these costs and report on them in future compliance filings.

*The Department requests that Minnesota Power produce a sales projection for the Commercial EV Rate Pilot and provide an estimate of incremental EV deployment as a result of offering the Commercial EV Rate Pilot.*

Considering that Minnesota Power has very few known Commercial EV customers currently in its service territory, and little evidence on which to base an estimate, it seems premature to produce sales and incremental EV deployment forecasts at this time. The Company is committed to submitting compliance filings which will report on these metrics at an interval that will satisfy stakeholder's concerns and interests.

*The Department requests that Minnesota Power provide additional information on the mechanics of the tariff design, specifically explaining what behavioral changes in participant electricity consumption that Minnesota Power anticipates as a result of the \$0.00 off-peak demand charge and the 30% demand cap.*

The \$0.00 off-peak demand charge removes a significant financial barrier and provides an incentive for fleet customers to shift as much charging as is feasible for their respective business practices and logistical limitations. The dynamic pricing portion of the rate prepares both fleet and public charging customers for future time varying rate options. The Company believes that the flexibility built into this rate will be critical in supporting commercial customers that are the early adopters (some of the first in the state and Minnesota Power's service territory). It will allow these customers to learn and experiment with electric transportation in their fleets or public charging. In talking with customers and potential customers this Pilot Program would encourage shifting of charging to the defined off-peak hours, but not punish customers that need to charge during the on-peak, allowing for that much-needed flexibility as EV and charging technology continues to develop.

### III. CONCLUSION

Minnesota Power appreciates the opportunity to address the concerns of stakeholders. The Company designed the Pilot Program with ease of use in mind for current and potential fleet and public EV customers. The simplicity of the rate will allow customers to adapt to the EV charging technology and time varying rates while not punishing them during the learning process. It will also allow Minnesota Power to gain valuable insight into the costs to serve these customers. The Company looks forward to ongoing discussions regarding this Pilot Program and how the Company can best incentive transportation electrification in its service territory.

Dated: June 27, 2019

Respectfully submitted,

A handwritten signature in cursive script that reads "Jenna Warmuth".

Jenna Warmuth  
Senior Public Policy Advisor  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802  
(218) 355-3448  
[jwarmuth@mnpower.com](mailto:jwarmuth@mnpower.com)

STATE OF MINNESOTA        )  
  ) ss  
COUNTY OF ST. LOUIS        )

AFFIDAVIT OF SERVICE VIA  
E-FILING AND  
FIRST CLASS MAIL

-----

SUSAN ROMANS of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 27<sup>th</sup> day of **June, 2019**, she served Minnesota Power’s Reply Comments in **Docket No. E015/RP-19-337** on the Minnesota Public Utilities Commission and the Office of Energy Security via electronic filing. The persons on E-Docket’s Official Service List for this Docket were served as requested.



\_\_\_\_\_  
Susan Romans