

Commission Staff Memo and Decision Options

Commission Staff: Hanna Terwilliger

Docket No. E017/M-20-181

In the Matter of Otter Tail Power Company's Electric Vehicle Direct Current Fast Charging (DCFC) General Service - Time of Day Pilot Rates.

1. Should the Commission approve Otter Tail Power Company's proposed modifications to the Time-of-Day Pilot rates for its Electric Vehicle Direct Fast Charging General Service?

The Commission approved Otter Tail Power's Electric Vehicle Charging and Infrastructure Programs in its October 27, 2020, Order in the instant docket. Among the programs approved were rate schedules for charging at Company and third party-owned Direct Current Fast Charging (DCFC) stations. On May 26, 2023, Otter Tail filed a request with the Commission to modify the Electric Vehicle DCFC General Service – Time of Day Pilot rate, Rate Schedule 10.07, to simplify and improve the customer experience. Specifically, the Company had run into issues programming the billing systems of the electric vehicle chargers to accommodate the calculation of multiple rate components and bill customers.

In initial comments, the Department requested additional information from Otter Tail Power (Otter Tail), which Otter Tail provided in reply comments. With the additional information, the Department recommended approval of Otter Tail's proposed changes to the EV Pilot. (**Decision Option 1**)

Staff provides this memo to note the Commission has taken a variety of approaches to setting rates for DCFC tariffs for pilot rates. All three Minnesota IOUs have Commission-approved pilots to build, own, and operate DCFC stations. Each utility has taken a different approach to rate design for the prices charged to EV drivers. Otter Tail originally designed its rates to have both a per-kWh rate and connection fee component, with kWh costs based on the cost to supply energy and the connections fees supporting other operational costs for the DCFC stations. The revised rate proposed by Otter Tail in the instant proceeding would convert all costs to a kWh rate which would cover both energy and operational costs. Minnesota Power also has a per-kWh and connection fee component, but sets its rates based on the market rate of other third party-owned DCFC stations throughout Minnesota. Xcel Energy only has a per-kWh rate, but it also proposed a rate based on the same methodology as Minnesota Power. Importantly, all three IOUs use time-varying rates for their DCFC tariffs, which the Commission has emphasized as an important consideration when designing EV specific rates.¹ Staff concurs with the Department that Otter Tail's proposed changes should be approved, and Staff believes the revised rates to be consistent with the Commission's overall goals for transportation electrification as laid out in the Commission's February 1, 2019 Order in Docket No. 17-879, the Commission's investigation into Electric Vehicle Charging and Infrastructure.

¹ See the Commission's February 1, 2019 Order in Docket No. 17-879

Decision Options

1. Approve the following proposals from Otter Tail Power's May 26, 2023, petition:
 - a. updated customer and facility charges for the third-party provider rate;
 - b. updated energy/demand \$/kWh rate for both third-party provider and company provider rates;
 - c. change to the company provider customer connection fee to a \$/kWh fee;
 - d. remove rider costs from the customer's charging bill for both third-party provider and company provider rates;
 - e. combine the connection fee and energy/demand \$/kWh charges together along with any necessary taxes when displaying pricing to customers for the Company Provider rate; and
 - f. other miscellaneous administrative tariff changes as described in Section IV. D. of Otter Tail Power's petition.

(Department, Otter Tail Power)