EVgo
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October 26th, 2018

Mark Williams
Mailstop 3E California Air Resources Board
P.O. Box 2815 Sacramento, CA 95812

RE: Comments on Electrify America's California Cycle 2 Zero Emission Vehicle Investment Plan

Mr. Williams,

EVgo salutes the California Air Resources Board (CARB) for its leadership in making California the undisputed leader in transportation electrification and overall reductions in emissions from vehicles. EVgo is proud to have worked in partnership with CARB, the California Energy Commission (CEC), the California Public Utilities Commission (CPUC), automakers, and other industry partners to build our nation-leading public electric vehicle (EV) charging infrastructure enabling more Californians to access the benefits of electric vehicles (EVs) today. Nationally, the U.S. Department of Energy announced on October 22, 2018 that EVgo has the largest number of DC fast charging stations of any network in the country.[1] In California, EVgo is leading the way for vehicle electrification with more than 90% of Californians now living within 35 miles of an EVgo fast charging station.

EVgo develops, owns and operates more than 1050 chargers in 66 metropolitan markets across 34 states. By investing to build America's largest public fast charging network, we now provide more than 100,000 monthly charges to a customer base of more than 100,000 EV drivers, powering EVs to drive more than 5,000,000 miles monthly.

Currently, we have approximately 600 fast chargers deployed in California with hundreds of sites under development and dozens in permitting and construction. In September, we announced that by year-end 2018, we plan to grow our fast charger count in our top two markets, the San Francisco Bay Area and the LA Metropolitan Area, by 59% and 45%, respectively. In California and nationwide, EVgo is rapidly expanding in the dense urban core, and other charging companies are following suit as the U.S. EV market similarly expands.

Our experience in building ahead of the market, in partnership with automakers and regulators like the CPUC through the NRG settlement, gives EVgo a unique perspective in how public policy can leverage and enable private investment or potentially thwart it. While EVgo was previously supportive of Volkswagen / Electrify America's (VW/EA) Cycle 1 plans and continues to strongly support and welcome additional investment into public charging infrastructure, we have serious concerns about VW/EA's implementation of Cycle 1 and the departure from expectations in the Cycle 2 proposal.

The timeframe for the Cycle 2 investment, mid-2019 through mid-2021, is a crucial period to deploy a fully statewide network for electric vehicle charging, as the number of models and volume of EVs offered in California will dramatically increase. Enabling comprehensive access for all Californians, those in rural areas, those traveling the length of the state, those in multi-unit dwellings, and those who take public transportation, is dependent on a statewide network of corridor charging and neighborhood charging where early utilization will be low to modest, and therefore unprofitable for private investment without aligned public funding or Volkswagen settlement mitigation investment.

EVgo, as stated in previous public hearings, remains firmly aligned with CARB that VW/EA's investments can stimulate market growth in public charging, enabling EV deployment and assuring automakers and California drivers alike that now is the time, not later, to buy, lease or rent an EV. Unfortunately, we believe that Cycle 2, as proposed, could have a chilling effect on additional private investment in public charging infrastructure at the exact time that we need rapid expansion so that Californians across geographies and demographics can take advantage of the benefits of EVs.

Moreover, we are also concerned that EA's plan as drafted will jeopardize the success of other state funding opportunities, something that we have witnessed first-hand. Therefore, EVgo respectfully asks CARB to work with VW/EA to consider the following modifications to the EA Cycle 2 plan to ensure a vibrant EV charging market, and to truly enable a

[1] https://www.energy.gov/eere/vehicles/articles/fotw-1052-october-22-2018-four-networks-maintain-over-60-22343-level-2-and-dc

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statewide charging network for all Californians.

1. **Rebalance Cycle 2 to ensure a truly statewide charging network to enable Electric for All.**

The design of the VW mitigation settlement wisely sought both to ameliorate the environmental damage done directly by excessive diesel emissions and to facilitate investment in statewide and nationwide charging networks that could build ahead of where the market already exists today. Public policy can and should have the effect of pushing companies outside of their comfort zones to deploy in areas not already being served and that would not be served if not for public policy. For example, the NRG settlement with the CPUC required EVgo to build not just in San Francisco, Los Angeles, and San Diego at a time when EV penetration was predominately of the plug-in hybrid electric vehicle (PHEV) variety, but also to the San Joaquin Valley, where EV penetration remains lower than the urban cores, and with hard targets on installation percentages in disadvantaged communities.

Additionally, the NRG settlement required investments in projects that increased awareness of the social benefits of electric vehicles while creating opportunities for residents of under-served communities to gain access to electric vehicles. One such program was Green Raiteros, an 18-month partnership with San Joaquin Valley Latino Environmental Advancement Project (Valley LEAP), the Fresno County Rural Transit Authority (FCRTA), the Shared Use Mobility Center (SUMC), and West Hills Community College to build upon an existing grassroots ridesharing program in the San Joaquin Valley,[2] The Raiteros. EVgo worked with the program to establish a sustainable business plan for electrifying the Raiteros program's vehicles, deploy EV charging infrastructure to support electric vehicles for the program, and demonstrate the use case for rural ridesharing. This program was not intended to be profitable yet was key to expanding access to Californians beyond the major cities and is a model for how settlement funds can build ahead of the market in partnership with other community organizations that otherwise may not be served by commercial interests.

While we are glad to see rural level 2 installations in Central, Imperial, and Coachella Valleys in the Cycle 2 plan, $2MM is far below what level of investment these and other communities need to start to catch up to denser portions of the state. Additionally, EVgo agrees with VW/EA's public position regarding the importance of DC fast charging for low-to-moderate income communities that tend to live in multi-unit dwellings and/or cannot afford the upfront costs to install home charging. Accordingly, we believe that Cycle 2 should invest far more directly into cities in more rural areas, including significant portions into DC fast charging. It is unlikely that these communities would see these investments otherwise, and the Cycle 2 plan provides the largest near-term opportunity to blanket rural California with EV charging. In the U.S., two and a half million EVs are expected to be on the road by 2022, and automakers will roll out over 160 EV models by that same year. Given the current implementation schedule of Cycle 1 and natural development timelines, waiting until Cycle 3 to start serving these communities means too many Californians will be left behind on the road to electrification.

2. **Ensure that EA's deployment plans are complementary – not duplicative or displacing – of other investments in the EV charging space.**

The implementation of Cycle 1 has had unintended consequences in the marketplace that have led to increased costs for EVSE providers or in some cases upended in-progress EVSE development altogether. One key area has been a marked shift in how, for example, grocery stores have switched from seeing the value of charging as an amenity to increase foot traffic into their stores to now expecting hundreds of dollars of rent per charger for month, as rent costs are an eligible expense for VW/EA's investment. And, given VW/EA's delay of the Cycle 1 plan delivery to date, these practices have led to a land grab, both in the urban areas where private investment is already supported with a combination of private and public funding, as well as in the corridors being built under CEC authority. The consequence of a steep increase due to competition from VW/EA with other market participants, including EVgo, is

[2] https://www.evgo.com/about/news/green-raiteros-connects-rural-californians-vital-services/

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higher charging rates to EV drivers – counterproductive to EV deployment. Additionally, state agencies and EVSE providers have encountered site hosts terminating plans for charging installations due to activities under Cycle 1, e.g. a CEC-funded site with a publicly available address where the site host was paid to break an existing contract in order to replace a charging investment with an installation under Cycle 1. These practices do not meet the spirit of the settlement agreement to proliferate charging and expand access to electric vehicles when these chargers would already have been built—and in fact were underway—without Appendix C investments.

Similarly, we have seen instances of VW/EA Cycle 1 site planning targeting specific parking lots where EVgo already has deployed public charging infrastructure, duplicating efforts in many low utilization markets where those resources could otherwise support incremental charging elsewhere to enable more Californians to access charging at a greater number of retail establishments. As VW/EA's Cycle 2 plan proposes a major shift in emphasis to higher utilization metropolitan areas – areas already served by both past and announced future private investments – we strongly recommend a shift away from installations where EVSE already is in place. Otherwise, there is a significant risk that Appendix C funds position the charging market for a ceiling rather than a floor.

This duplication of geographies could also create conflicts, and has created conflicts, in areas where there is already overlap with VW/EA's plans and other public funding sources. For example, the Energy Commission's CalEVIP program will serve, among other geographies, Sacramento and the Central Coast, two areas that Electrify America is proposing to service in Cycle 2 beyond investments already announced but not implemented in Cycle 1. While VW/EA is unable to receive grant funding, their presence in these regions will have, and has had, the effect of driving up costs for other companies to conduct business in these regions, thereby leading to inefficiencies in funds deployed by the Energy Commission. This is again an instance where the implementation of Cycle 1 is falling short of the intent to add new charging stations to the state; these regions could already be served through these programs while other regions of the state are being left behind.

In addition to the recommendation that Cycle 2 investments focus on areas that are not already being served, EVgo recommends that CARB require more public transparency in the site selection process under Cycle 2 and going forward to help avoid any further duplication of efforts. VW/EA contracts include confidentiality provisions that disallow site hosts from alerting other charging companies of the fact that their parking lot will be used for public charging, meaning that EVgo and other charging companies are unaware of the locations of planned VW/EA investments until permitting. This leads, in the worst case, to distorted investment of multiple stations in immediate proximity to each other rather than more dispersed and valuable to a broader universe of Californians. The CEC corridor funding and other state funded projects often require identification of site hosts earlier so that complementary charging can be planned accordingly. We recommend that any form of commitment with a site host, a letter of intent, an option agreement, a memorandum of understanding, or a contract should require the location to be posted on a designated, publicly viewed CARB website. This transparency will support regional and statewide planning efforts and also reduce the duplication and overlap of investments.

Perhaps less important, but worth noting, is that when there are departures in execution from previous planning—whether that be for emphasis on corridors or willingness to support hydrogen fueling infrastructure—it is more difficult for other private players to be able to conduct long term planning and development of sites needed to meet Governor Brown's 10,000 DCFC goal.

3. Redirect VW/EA education spending to enable Electric for All.

EVgo was glad to see VW/EA's Cycle 2 proposal allocate significant funding for education, awareness, and outreach activities. However, we would note that amount is a reduction from Cycle 1 just as California needs more awareness in order to achieve our five million electric vehicle goal by 2030. Additionally, we note that EV education and awareness, when supported by California policy, has included a strong focus on reaching underserved communities and comprehensive statewide marketing, including community-based organizations and NGOs with strong grassroots reach. At this point in the development of the EV market, we propose that rather than focus marketing dollars on

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increasing utilization, those dollars be combined with the education and outreach dollars to maximize their impact on awareness and education.

EVgo believes strongly that VW/EA Cycle 2 education and awareness funding should be entirely brand neutral. To ensure education funding in Cycle 2 is truly brand neutral, as well as statewide with a deep reach in rural and other underserved markets, we propose that planning and deployment of that Cycle 2 funding be directly under the umbrella of the institution birthed for that exact purpose by the State of California: Veloz. VW/EA sits on the Veloz board, as do all major stakeholders in the California EV market, and VW/EA has licensed Veloz' tagline. To ensure that all Cycle 2 marketing aligns within the Electric for All framework and accesses the broad network of communities, NGOs, and institutions aligned with Veloz, we recommend that instead of requiring Veloz to match VW/EA funding, Cycle 2 combine all marketing, education and awareness funding into the planning and deployment of the largest EV awareness and education campaign in the U.S. This is the Cycle that best matches the timing for the transformation of consumer and business awareness of electric vehicles and therefore this is the best time to ensure the VW/EA investment dollars are aligned with the goals of all EV stakeholders.

In conclusion, VW/EA's Cycle 2 investment, if conducted properly, could enable mass adoption of EVs with the installation of truly statewide charging network. EVgo is concerned that EA's plan will duplicate and, in fact, chill private investments without additional transparency. Rebalancing the focus of investments on a fully statewide basis, including underserved areas, particularly in rural California, is critical. With a course correction, Cycle 2 could truly catalyze Electric for All by complementing and not inhibiting additional private investment. EVgo thanks CARB for the opportunity to provide input, and please do not hesitate to contact us if we can answer any additional questions or be of further assistance.

Sincerely,

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