

**GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

IN RE: Public Comments on Deployment of Electric Vehicles Charging Infrastructure	CASE NO.: NEPR-MI-2021-0013 SUBJECT: Written Comments by Evergo Puerto Rico LLC
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**WRITTEN COMMENTS BY EVERGO PUERTO RICO LLC
REGARDING ELECTRIC VEHICLES CHARGING INFRASTRUCTURE**

On behalf of Evergo Puerto Rico LLC (“Evergo”), we are pleased to submit the following comments in response to the request for comments made by the Puerto Rico Energy Bureau (the “Energy Bureau”) regarding proposed modifications to the definition of “Electric Service Company” as set forth in Section 1.08(A)(5) of Regulation 8701 (as amended and supplemented from time to time, the “Regulation”) to promote the deployment of commercial electric vehicle (“EV”) charging infrastructure throughout the Commonwealth of Puerto Rico.

The Energy Bureau has taken proactive steps to understand the key issues related to the EV charging sector and we applaud its willingness to consider adopting a regulatory framework that paves the way for the deployment of this infrastructure by the private sector. Recent improvements in technology have led to a decrease in the costs of purchasing EVs, as well as the time it takes to charge them. As a result, the electric mobility sector increasingly represents a viable alternative to help address the challenges of pollution, greenhouse gases and climate change. When packaged with innovative pricing solutions, appropriate user-friendly technology and a robust support infrastructure, the electric mobility sector is also uniquely positioned to play a key role in promoting the Puerto Rican government’s public policy regarding the transition to renewable sources of energy.

To be sure, the electric mobility sector is relatively young, but it is rapidly evolving and the market for EVs in Puerto Rico is growing at a fast pace. We believe that the Energy Bureau should partner with the private sector to ensure that this sector is able to seamlessly accommodate the anticipated growth in the demand for electric vehicles. As described herein, a critical component of this partnership is the implementation of a regulatory framework that decreases barriers to entry, provides certainty to the private sector and promotes the penetration of EVs throughout Puerto Rico.

I. Background on Evergo Puerto Rico LLC

Evergo’s presence in Puerto Rico is the result of a partnership between InterEnergy Group (“InterEnergy”) and Caribbean Renewable Technologies, Inc. (“CRT”), two entities with vast knowledge and experience in the energy markets. Founded in 1988, InterEnergy has been a major player in the electricity sector for over thirty (30) years. InterEnergy is currently doing business in Dominican Republic, Panama, Jamaica, Chile, Uruguay, and other countries. Historically, InterEnergy has focused on wind and solar power, recently including EV charging stations to their line of services. Founded in 2005, CRT is a Puerto Rico-based provider of renewable energy components and solutions, including with respect to the

design, engineering and installation of electrical switchgear, metering equipment and efficient lighting solutions. Our goal is to be a pioneer in the EV charging sector in Puerto Rico under the Evergo brand.

Evergo is the most advanced and sophisticated platform for EV charging stations in the Caribbean and Latin-American regions. Our mission is to create a network that allows consumers to get where they want, in a convenient manner, while ultimately decreasing their carbon footprint. As an example, Evergo has already established over 500 charging stations in the Dominican Republic, Panama, and Jamaica, providing customers a reliable alternative to powering their vehicles. Additionally, our charging infrastructure has made it possible to avoid the emission of more than 277,724.24 kilograms of CO₂ into the atmosphere. Going forward, we are working to expand our reach into Mexico, Paraguay, Spain, Uruguay, Aruba, as well as Puerto Rico. More specifically, we hope that by the end of 2022, we will have approximately 260 installed level 2 and level 3 EV charging stations in Puerto Rico.

We are excited for the future of EVs and our participation in a market that is poised to have a transformative effect on Puerto Rico's energy markets. We truly believe that there is a way to provide for a better customer experience while reducing our greenhouse gas emissions by incentivizing consumers to switch to this alternative.

II. Amendments to Regulation 8701's Definition of "Electric Service Company"

At the current juncture of the deployment of EV infrastructure in Puerto Rico, the Puerto Rico EV market would benefit from a flexible regulatory framework that promotes the expansion of this sector and the growth of the pool of potential EV end-users. To that end, we believe that the Energy Bureau should amend the Regulation to clarify that entities that provide EV charging services, irrespective of whether they charge their end-users based on usage (i.e., \$ per kWh) or connection time (i.e., \$ per minute), do not fall within the scope of the definition of "Electric Service Companies".

As a practical matter, requiring EV charging providers to register with the Energy Bureau and become regulated entities would result in increased administrative and compliance costs that are normally associated with entities that operate as traditional public utilities and would, therefore, ultimately disincentivize private sector participation in this market. These costs should be evaluated in light of the fact that the EV charging sector is operating within a novel space that is subject to considerable financial and operational uncertainty and caters to a relatively narrow subset of end-users. As opposed to regulated public utilities that deliver services to a community of end-users (i.e., through a grid), the type of services offered by EV charging providers are more akin to individually negotiated transactions between consumers and commercial retailers.¹ In many cases, these services are also being offered as an ancillary add-on option to an already existing service (i.e., shopping mall and workplace parking garages). Further, EV charging providers generally do not interact with electricity generators in ways traditionally associated with the sale of electric power --- for instance, EV charging providers typically do not sign interconnection agreements governing the delivery of capacity and energy into a grid and, like most consumers, these providers purchase energy based on tariffs determined pursuant to a formal rate order proceeding overseen by the applicable regulatory body, such as the Energy Bureau.

¹ We also note that carving-out EV charging service providers from the scope of the Regulation does not mean that such entities would be left without adequate legal restraints. In particular, these entities would still be subject to applicable laws, including laws and regulations protecting consumers and regulating commercial transactions.

The Energy Bureau should alternatively consider amending the Regulation’s definition of “Electric Service Companies” to clearly exclude EV charging companies that utilize units of time as the basis to invoice end-users for their services. As threshold matter, the fee structure utilized by such EV charging companies does not involve the technicalities normally associated with the purchase of electricity from a public utility --- these invoices are simpler, presenting the cost of a service in a format that retail consumers are intimately familiar with when they engage in day-to-day transactions for goods and services. The price for EV charging services would be determined by market forces such as competition, costs and supply-and-demand. Further, companies delivering EV charging services through time-based pricing are not truly engaged in the “resale” or “billing” of electric power. EV charging companies are engaged in a value-added service whereby the price ultimately charged to end-users is instead largely driven by an EV charging provider’s cost of sales, not their cost of electricity transmission, distribution and/or generation.

In any case, we believe that the foregoing approaches will facilitate the deployment of EV charging infrastructure throughout Puerto Rico. Puerto Rico would not be alone in excluding EV charging providers from the scope of regulations typically applicable to public utilities and this approach would be consistent with trends and practices adopted by regulators elsewhere within the United States and in other countries.

III. Certain Additional Comments and Observations Regarding the Energy Bureau’s Proposed Principles for Initiating EV Infrastructure Deployment

On its Resolution and Order dated November 18, 2021, the Energy Bureau described a set of principles to “guide the adoption of plans, regulations and procedures” related to the development and deployment of EV charging infrastructure in Puerto Rico. While we recognize that this is an ongoing regulatory process, we wish to respectfully offer the following constructive observations:

- The Energy Bureau should ensure that EV charging providers have the flexibility to adopt a billing and pricing framework that is catered to their particular business model. The price of all EV charging services inherently incorporate some level of recovery on the fixed costs (i.e., equipment production and installation, infrastructure deployment, labor) and variable costs (i.e., electricity rates) from the operation and management of EV charging infrastructure. Requiring all EV charging providers in Puerto Rico to adopt a unit-based pricing approach (i.e., \$/kWh) will undermine competition by favoring a certain subset of market players that, in addition to providing commercial EV charging services, are also engaged in related EV charging businesses and, thus, are able to subsidize their fixed and variable costs with revenues generated by the cross-selling of products with higher profit margins (sales of batteries, home charging equipment and electric vehicles).
- The implementation of price controls (i.e., a maximum allowable price) would effectively undermine ongoing efforts to promote the development of the EV charging market. The deployment of EV charging infrastructure involves the making of up-front capital investment --- the implementation of a maximum allowable price would dissuade entities providing EV charging services from entering into the Puerto Rico market given that it takes a number of years before a particular EV charging station is able to generate a positive return on investment.

- Regulatory requirements applicable to the technical aspects of commercial EV charging infrastructure should be carefully calibrated to address actual logistical needs. For example, the installation of dedicated meters should only be required to the extent that EV charging service providers are subject to targeted tariff structures (i.e., time of use rates).

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While we acknowledge that there are several other key issues and considerations at play, it is our hope that our comments will be considered and accepted by the Energy Bureau as it works to design a regulatory framework that fosters the development, growth and penetration of EVs in Puerto Rico. We welcome the opportunity to provide the Energy Bureau with additional details regarding our experience within this sector in other jurisdictions, including elsewhere in the Caribbean region.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, on January 20, 2022.

I hereby certify that I filed these written comments via email to: comentarios@jrsp.pr.gov with copy to secretaria@jrsp.pr.gov.

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