

MEMO

**Agenda Consent
Item #: 5.g**



Meeting Date: June 21, 2024

To: Board of Directors
From: Director of Engineering & Compliance, Guy R. Petraborg
Approved by: General Manager, Felipe Melchor

Subject: Approve a \$0.035/kWh (25%) Increase to ReGen's EV Charging Station User Rate Effective July 1, 2024

RECOMMENDATION: That the Board approve a \$0.035/kWh (25%) Increase to ReGen's EV Charging Station User Rate effective on July 1, 2024.

BACKGROUND

In 2020, ReGen Monterey (ReGen) staff, together with a small project team, modified a portion of the Administration Office's parking lot to include six (6) electric vehicle chargers (e.g., comprised of three (3) ChargePoint CT4000 Level 2 dual charging stations). The project team included Whitson Engineers (Civil Design), Aurum Consulting Engineers (Electrical Design), Monterey Peninsula Engineering (MPE – Civil Construction Contractor), and Day Electric (Electrical Construction Contractor). At that time, ReGen participated in an incentive program offered by the Monterey Bay Air Resources District (MBARD) that provided the EV Level 2 charging equipment from ChargePoint (~\$25,000 value). The California Electric Vehicle Infrastructure Project (CALeVIP) awarded ReGen a \$30,000 grant for the EV Charging Station development. The EV Charging Stations went online in early 2021 and are part of a nationwide charging network. ReGen has a contract with ChargePoint for network access and administration services. ChargePoint monitors and reports on the use of the charging stations, administers the customer sales process, and processes the billing and payment from the customer (refer to Figure 1 below for a typical monthly report). The current 'total sales rate' is 14 cents per kilowatt-hour (kWh - \$0.14/kWh) and is comprised of two components as follows: a 1.4 cents per kWh (\$0.014/kWh) administrative fee collected by ChargePoint and a 'net sales rate' of 12.6 cents per kWh (\$0.126/kWh) paid to ReGen. These rates were assigned by the owner (ReGen) and have been used since early 2021 when the EV charging stations first opened (approximately 3.5 years ago).

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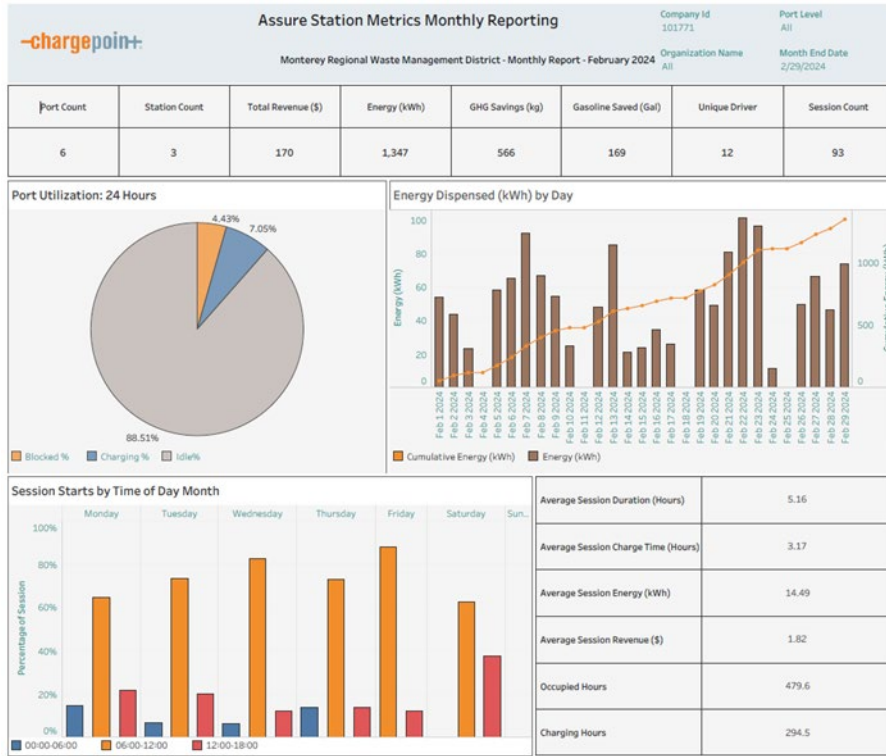
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Let's not waste this.

Figure 1: Monthly EV Charging Stations Report (typical)



DISCUSSION

The user sales rate for ReGen’s EV Charging Stations has remained unchanged at \$0.14/kWh since it opened in early 2021. ReGen owns the charging stations and sells the electricity generated onsite at the LFGTE “Gas Plant” at wholesale pricing levels (e.g., less than retail rates as ReGen does not have retail level infrastructure and is not a primary electricity provider). ChargePoint provides network access and administrative services for a ten percent (10%) service charge on total sales revenue. Prices for EV Charging Station use, both wholesale and retail, have increased significantly since 2021. Retail pricing tends to be on the order of 30% to 50% higher than wholesale pricing. ReGen staff have evaluated price changes in California and nationally to develop a recommendation for the ‘total sales rate’ at wholesale pricing structure.

PG&E has raised its retail electricity rates by 20% this year (e.g., 2024; San Francisco Chronicle, 3-11-2024) as previously approved by the California Public Utilities Commission (CPUC). As an example of the impact of that rate increase by PG&E, the higher rates have decreased savings experienced by Tesla owners (compared to average gasoline powered vehicles) from about \$60 per 500 miles travelled in 2022 to about \$40 of savings per 500 miles travelled in 2024. A 30%



decrease in savings within an elapsed time of just two years. Assuming a 10,000 mile per year vehicle usage rate, the annual user's savings decreased from \$1,200 per year to \$800 per year as a result of PG&E's retail rates increase.

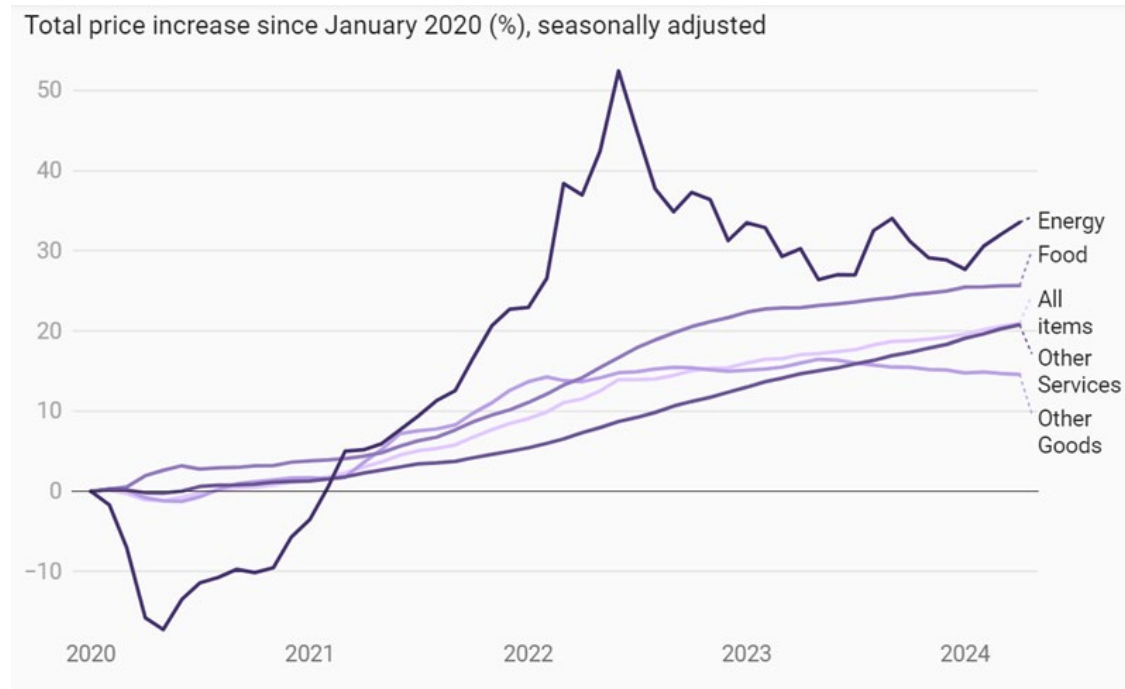
Using 2024 retail pricing data as provided by Stable Auto (<https://stable.auto/insights/electric-vehicle-charger-price-by-state>), the associated wholesale pricing for EV charging stations was developed and ranges from a low of \$0.14 to \$0.16/kWh in Nebraska, \$0.33 to \$0.38/kWh in California, and a high of \$0.37 to \$0.43/kWh in Montana. The national average wholesale price range is \$0.30 to \$0.35/kWh. Refer to the table below for a summary of this information.

Statistical Context	Location	Wholesale Price Range Data	
		(\$/kWh)	(\$/kWh)
Low	Nebraska	\$0.14	\$0.16
Average	national avg.	\$0.30	\$0.35
Above Average	California	\$0.33	\$0.38
High	Montana	\$0.37	\$0.43

According to the U.S. Bureau of Labor Statistics, energy prices have increased more than 30% since January 2021 (refer to Figure 2 below). As shown in Figure 2, the collective inflation rate of "all items" has increased by 20% since about January 2021.



Figure 2: U.S. Bureau of Labor Statistics “CPI” Data



Given that ReGen utilizes wholesale pricing consistent with its limited infrastructure and operations of a non-utility, secondary service provider, and based on the 30% increase in energy prices since 2021 cited in Figure 2 above, ReGen’s staff assessment of the preceding information is that it is appropriate for ReGen to increase its EV Charging Stations user’s rate by 25% (an average annual rate of about 7% over each of the past 3.5 years). In summary, the current rate of \$0.14/kWh would change by \$0.035/kWh to a new total rate of \$0.175/kWh.

Please note that ReGen’s EV Charging Stations are primarily for the purpose of supporting local, state, and federal policies and objectives for transition of electric vehicles into the transportation sector and an associated reduction of internal combustion engine (ICE) vehicles out of the transportation sector. Local entities like MBARD are promoting clean air for every person’s benefit and enjoyment, in addition to protecting clean air as a natural environmental resource. ReGen’s participation in the EV Charging Station development is supportive of MBARD’s efforts for the betterment of the region.



Visitors to ReGen and ReGen employees are the users of the EV Charging Stations. It has been observed that one or more Monterey One Water (M1W) Regional Treatment Plant employees have occasionally used the EV Charging Stations.

FINANCIAL IMPACT

Staff proposes an increase in ReGen's EV Charging Stations user rate from the current \$0.14/kWh to \$0.175/kWh; a change of \$0.035/kWh. The proposed 25% increase to the EV Charging Stations user's rate, after almost 3.5 years without a pricing change, will add about \$500 per year to the ~\$2,000 per year revenues earned by ReGen in 2023. Revenues of \$2,500 per year are relatively insignificant and, from a financial operations perspective, warrant almost no involvement by the staff and Board for this topic. Fortunately, most of the past 3.5 years of operations of ReGen's EV Charging Stations have been received without any significant staff encumbrance. An exception to that experience occurred recently after a suspected software update or power outage disabled a 'charge balancing' feature for each of the three dual charging stations and caused electrical breaker 'trips' when a second vehicle began charging and demanding a higher charging rate than could be supplied on that electrical circuit. This issue consumed on the order of 2.5 to 3 personnel-hours to monitor charging behavior, resetting 'tripped' breakers', and coordinating with ChargePoint to resolve the disabled 'charge balancing' feature.

CONCLUSION

As the total sales rate for ReGen's EV Charging Stations has not changed since early 2021, staff recommends that the Board approve a \$0.035/kWh (25%) increase to the EV Charging Stations user's rate effective on July 1, 2024. In summary, the existing user's rate of \$0.14/kWh will change to \$0.175/kWh on July 1st if approved by the Board.