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Response to ChargePoint

Marke/Surrebuttal

Public Counsel

ET-2021-0151

SURREBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of the Office of the Public Counsel

**EVERGY METRO, INC. D/B/A EVERGY MISSOURI
METRO AND EVERGY WEST, INC D/B/A EVERGY
MISSOURI WEST**

CASE NO. ET-2021-0151

September 10, 2021

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1 **I. INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 A. Geoff Marke, PhD, Chief Economist, Office of the Public Counsel (OPC or Public Counsel),
4 P.O. Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Geoff Marke that filed rebuttal testimony?**

6 A. I am.

7 **Q. What is the purpose of your surrebuttal testimony?**

8 The purpose of this testimony is to provide a modification to my rebuttal testimony
9 recommendation and to respond to the recommendations offered in the rebuttal testimony of
10 ChargePoint, Inc. (“ChargePoint”) witness Justin D. Wilson.

11 **Q. Has your position changed since rebuttal testimony?**

12 A. Slightly. In rebuttal testimony, I said:

13 I may be willing to endorse reasonable cost expenditures for make-ready
14 infrastructure and installation expenses for charging equipment related to
15 the US Department of Energy’s grant to the Metropolitan Energy Center
16 and the City of Kansas City for a pilot streetlight-charging program in the
17 city’s right of way. I would consider this at least potentially reasonable,
18 despite the fact that such a program will most certainly cannibalize existing
19 CCN [Clean Charge Network] infrastructure, due exclusively to the unique
20 nature of the pilot and the fact that costs will largely be covered
21 (presumably) by the grant.¹

¹ Case No: ET-2021-0151 Rebuttal Testimony of Geoff Marke, p. 22, 2-8.

1 Having further reviewed the issue and relevant discovery responses, I can state that I am willing
2 to endorse the recommendation to expand Evergy's CCN to the pilot streetlight program on
3 the condition that no other customer class will bear any of the costs related to this service
4 beyond those that participate in the service. This is consistent with how the CCN currently
5 operates based on the stipulation and agreement entered into in Case Nos: ER-2018-0145 &
6 ER-2018-0146.

7 **Q. What will the rest of your testimony address?**

8 A. The rest of my testimony provides a brief discussion on risks and rewards as it relates to
9 ChargePoint in this case. I will then address Mr. Wilson's specific recommendations over the
10 following topics: 1.) Residential Programs; 2.) Commercial Programs; and 3.) CCN
11 Expansion.

12 My silence regarding any issue should not be construed as an endorsement of, agreement with,
13 or consent to Evergy or ChargePoint's filed testimony or position.

14 **II. Risk and Reward**

15 **Q. What is ChargePoint's business model?**

16 A. According to Mr. Wilson:

17 ChargePoint's primary business model consists of selling smart charging
18 solutions directly to businesses and organizations while offering tools that
19 empower station owners to deploy EV charging designed for their individual
20 application and use case.²

21 **Q. What has been a major source of revenue for ChargePoint to date?**

22 A. According to ChargePoint's most recent 10-K:

² Case No: ET-2021-0151 Rebuttal Testimony of Justin D. Wilson, p. 2, 7-9.

1 The EV market currently benefits from the availability of rebates, tax credits
2 and other financial incentives from governments, utilities and others to offset
3 the purchase or operating cost of EVs and EV charging stations.³

4 This is consistent with Mr. Wilson's recommendations to increase and streamline ratepayer
5 subsidies for participants in this case. In short, ChargePoint has a vested interest in utilizing
6 subsidized ratepayer funds to substantiate its bottom line.

7 **Q. What business risks does ChargePoint have?**

8 A. ChargePoint, like any publically traded company, has a lot of risks, some of which are germane
9 to this proceeding including but not limited to the following articulated in its 10-K:

- 10 • Changes to fuel economy standards or the success of alternative fuels may negatively
11 impact the EV market and thus demand for ChargePoint's products and services.
- 12 • ChargePoint's future growth and success is highly correlated with and thus
13 dependent upon the continuing rapid adoption of EVs for passenger and fleet
14 applications.
- 15 • The reduction, modification, or elimination of rebates, tax credits and other financial
16 incentives from governments, utilities and others to offset the purchase or operating
17 cost of EVs and EV charging stations could cause reduced demand for EVs and EV
18 charging stations, which would adversely affect ChargePoint's financial results.
- 19 • The EV charging market is characterized by rapid technological change, which
20 requires ChargePoint to continue to develop new products and product innovations.
21 Any delays in such developments could adversely affect market adoption of its
22 products and ChargePoint's financial results.
- 23 • ChargePoint's business may be adversely affected if it is unable to protect its
24 technology and intellectual property from unauthorized use by third parties.

³ ChargePoint Holdings, Inc. Form 10-K/A. United States Securities and Exchange Commission for fiscal year ending December 31, 2020 <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001777393/5e91886f-9802-4159-adcd-8d0656067904.pdf> see also GM-1.

- 1 • ChargePoint currently faces competition from a number of companies, particularly
2 in Europe, and expects to face significant competition in the future as the market for
3 EV charging develops.⁴
- 4 • The current lack of international standards may lead to uncertainty, additional
5 competition and further unexpected costs.
- 6 • ChargePoint’s technology could have undetected defects, errors or bugs in hardware
7 or software which could reduce market adoption, damage its reputation with current
8 or prospective customers, and/or expose it to product liability and other claims that
9 could materially and adversely affect its business.⁵

10 **Q. Does Evergy’s ratepayers share these same risks?**

11 A. In part. Presently, Evergy’s CCN network’s costs are borne entirely “at the pump” either by
12 participants or shareholders. As long as that is maintained, risk to ratepayers is minimal;
13 however, Evergy’s proposed suite of subsidized rebate offerings places all of the risks onto
14 ratepayers.

15 **Q. How are subsidized rebates a risk to ratepayers?**

16 A. First, these ratepayer funds are for a non-essential service given to contractors, current EV
17 drivers, or commercial customers that run the risk of high free-ridership. Simply put, they are
18 not a prudent, efficient, or appropriate use of captive ratepayer funding. Each one of these
19 entities already has more than enough incentive to do these actions on their own. Second, there
20 is an opportunity cost associated with subsidizing this non-essential service. That is, every time
21 you spend (somebody else’s) money on something, that’s money you can’t spend on something
22 else like the funding for essential services. Third, the EV market is characterized by rapid
23 technological change, a lack of standards, and is at the whim of many different confounding

⁴ “In addition, there are other means for charging EVs, which could affect the level of demand for onsite charging capabilities at businesses. For example, Tesla Inc. continues to build out its supercharger network across the United States for its vehicles, which could reduce overall demand for EV charging at other sites. Also, third-party contractors can provide basic electric charging capabilities to potential customers seeking to have on premise EV charging capability as well as for home charging. In addition, many EV charging manufacturers, including ChargePoint, are offering home charging equipment, which could reduce demand for on premise charging capabilities of potential customers and reduce the demand for onsite charging capabilities if EV owners find charging at home to be sufficient” (Emphasis added). Ibid.

⁵ Ibid.

1 variables. Look no further than Evergy's existing, largely unused CCN as a text-book example
2 of locking into a position that resulted in a poor outcome. That is to say, the subsidized rebates
3 from captive ratepayers could very well be going towards products that are obsolete before the
4 end of their useful life. Fourth, there are administrative and regulatory costs to this action. I
5 have been critical of Evergy's administrative overhead in the past and have no assurance that
6 excess funding for Evergy management and marketing will not be an issue yet again if this was
7 approved. There is also the regulatory costs associated with monitoring this program, which
8 effectively takes finite resources away from more relevant and impactful proceedings.

9 Finally when you factor in the likely many millions of federal dollars coming down to further
10 incentivize EVs and EV charging stations, why would this proposal still be pursued?

11 **III. Response to ChargePoint's Recommendations to the Residential**
12 **Programs**

13 **Q. What recommendations did ChargePoint make regarding Evergy's Residential**
14 **programs?**

15 Mr. Wilson makes the following recommendations:

- 16 • Direct Evergy to provide all qualifying customers with a \$500 rebate per home for a
17 charger and installation costs;
- 18 • Direct Evergy to allow residential customers that participate in the Residential Rebate
19 program to hardwire their home chargers and not to require the installation of NEMA
20 outlets (but allow customers to install NEMA outlets if they prefer);
- 21 • Direct Evergy to develop a list of qualifying chargers for the Residential Rebate
22 program, which should be updated upon request by vendors that introduce new
23 qualifying products. To qualify for the Residential Rebate program, the Commission
24 should require that chargers be ENERGY STAR certified, have a safety certification

1 from UL or another Nationally Recognized Testing Laboratory, and have managed
2 charging capabilities.⁶

3 **Q. What is your response?**

4 A. I maintain my recommendation to the Commission to reject Evergy's residential rebate
5 programs in their entirety. ChargePoint's modifications only amplify that position.
6 ChargePoint seeks to be subsidized as well in this proposal, and has made it easier to do so
7 through its recommendations.

8 ChargePoint's modification to raise the subsidy to a flat \$500 for all "qualifying residential
9 customers" is both excessive and self-serving. ChargePoint makes no attempt to define what a
10 "qualifying customer" is or what that might mean as far as an impact to Evergy's proposed
11 budget. It is important to note that there are no additional kWh generated from the inclusion of
12 this rebate. Just a greater chance that that the EV's will place a greater strain on the grid by
13 charging during peak hours than it otherwise would and consequently increase rates for all
14 customers. Assuming a set budget, this also means that there will be less "qualifying
15 customers" receiving a rebate. Moreover, there is a real risk of home contractors taking
16 advantage of this process. If they are aware that \$500 is available for their service at no cost
17 to the participant, it should not surprise anyone that the overall costs of installation will increase
18 as well.

19 The Commission should also reject the additional self-serving request by ChargePoint to
20 redesign and redirect Evergy's proposed subsidies for outlet installation to EV charging
21 stations. Again, ChargePoint sells EV Charging Stations. This recommendation is just
22 another attempt to force Evergy customers to directly subsidize ChargePoint's business.

23 Finally, the Commission should reject ChargePoint's recommendation to market EV
24 charging station providers (like ChargePoint) on Evergy's website to residential customers
25 through the recommended "list of qualifying chargers for the Residential Rebate program."

⁶ Case No: ET-2021-0151 Rebuttal Testimony of Justin D. Wilson, p. 10, 9-14.

1 It is neither necessary nor sensible for Evergy's website to become a platform to tell utility
2 customers what type of EV charger they should buy.

3
4 **Q. Mr. Wilson cites a recent Xcel Colorado program as justification for the \$500 residential**
5 **subsidy recommendation. Is there anything the Commission should be aware of about**
6 **that order?**

7 A. Missouri is not Colorado. Colorado has adopted aggressive EV adoption goals and directed
8 copious amounts of both mandated taxpayer and ratepayer funding to meet their EV goals.
9 I am aware of no such goals or enabling legislation in Missouri.

10 **IV. Response to ChargePoint's Recommendations to the Commercial**
11 **Programs**

12 **Q. What recommendations did ChargePoint make regarding Evergy's Commercial**
13 **programs?**

14 A. Mr. Wilson makes the following recommendations:

- 15 • Direct Evergy to remove the requirement that site hosts that participate in the
16 Commercial Rebate program share charger utilization data with Evergy;
- 17 • Direct Evergy to remove the requirement that customers agree to participate in demand
18 response events.⁷

19 **Q. What is your response?**

20 A. I maintain my recommendation to the Commission to reject Evergy's commercial rebate
21 programs in their entirety. ChargePoint's modifications only amplify that position.

22 I fail to see why charger utilization data would/should be prohibited from being shared with
23 Evergy. This suggestion seems to be here merely to make it easier for ChargePoint to sell its
24 product. Predictably, ChargePoint has very little concern with what the impact on the grid will

⁷ Case No: ET-2021-0151 Rebuttal Testimony of Justin D. Wilson, p. 15, 1-4.

1 be or the results of actual utilization is from the EV station. Of course, these are two data points
2 that regulators should be very keen to know. For example, data shows that Evergy's CCN
3 hasn't been able to cover its costs due to lack of charging and that further investment would
4 trigger a sunk cost fallacy where we would be throwing good money at bad. ChargePoint's
5 modification to not make this information transparent is bad policy.

6 As it pertains to ChargePoint's recommendation to remove the demand response event
7 requirements, I am more sympathetic. However, this is almost entirely because of the lack of
8 information, terms, or any details on Evergy's part. The inclusion of this provision by Evergy
9 appears to be merely aspirational at this point as it is void of any explanation. Given Evergy's
10 less than stellar history behind utilizing ratepayer invested CAPEX on demand response events
11 I am even more skeptical than I would be otherwise.⁸ I am also unaware of any utility utilizing
12 EV charging stations for demand response events anywhere. It is my understanding that at this
13 point, it is merely theoretical.

14 **V. Response to ChargePoint's Recommendations to the CCN Expansion**
15 **Request**

16 **Q. What recommendations did ChargePoint make regarding Evergy's CCN expansion**
17 **request?**

18 A. Mr. Wilson makes the following recommendations:

- 19 • I recommend that the Commission approve Evergy's proposal to expand the CCN
20 network but direct Evergy to allow site hosts at new CCN sites to choose the EV
21 charging hardware and network service provider and to set the prices paid by
22 drivers.⁹
23

⁸ See also Staff and OPC's position on underutilized programmable thermostats for demand response events in Case No: EO-2020-0227.

⁹ Case No: ET-2021-0151 Rebuttal Testimony of Justin D. Wilson, p. 18, 2-4.

1 **Q. What is your response?**

2 A. With the exception of the streetlight DOE-funded program, my recommendation to the
3 Commission is to reject Evergy's CCN expansion in total. Notwithstanding that point, the
4 recommendations proposed by Mr. Wilson do not make any sense in the context of the
5 existing CCN network and should not be implemented.

6 ChargePoint does not seem to understand that Evergy's CCN's costs are recovered from
7 participants and shareholders. Given this, there is no reason to allow a site host to select
8 what the price to use an EV charger should be if Evergy's shareholders have to cover the
9 difference. The same is true for the selection of the EV charging hardware which is currently
10 being qualified as utility plant for purpose of the CCN. Selection of the right EV hardware
11 should therefore be undertaken according to the same prudence considerations that would
12 apply to any other type of investment. This would not be possible if site hosts are calling
13 the shots regarding what type of charger to install.

14 If ChargePoint is proposing that site hosts cover all of the costs of service and provide
15 contributions in aid of construction to cover the cost of the plant, than I suppose I am
16 indifferent to their recommendation (not withstanding my position to reject the entirety of
17 Evergy's proposal). Otherwise, this recommendation should not be implemented. I would
18 also like to point out that rates should be set to accurately reflect the cost of service and be
19 set within the context of a rate case.

20 **Q. Does this conclude your testimony?**

21 A. Yes.

22

23

24

25