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April 10, 2018

David J. Collins
Executive Secretary
Maryland Public Service Commission
William Donald Shaefer Tower
6 St. Paul Street, 16th Floor
Baltimore, MD 21202

RE: In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portifolio, Case No. 9478

Dear Mr. Collins:

Please find enclosed a letter written by three national trade associations—the National Association of Convenience Stores (NACS), the National Association of Truckstop Operators (NATSO), and the Society of Independent Gasoline Marketers of America (SIGMA)—representing fuel retailers like Carroll Fuel and others throughout the state of Maryland in response to Electric Vehicle Work Group's Proposal to Implement a Statewide Electric Vehicle Portfolio.
I greatly appreciate your willingness to accept these comments. Please let me know if I can be of assistance to you as you consider this proposal.

Sincerely,

John Phelps

President
Carroll Independent Fuel Co.

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RE: In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio, Case No. 9478

Dear Mr. Collins:

The National Association of Convenience Stores ("NACS"), the National Association of Truckstop Operators ("NATSO") and the Society of Independent Gasoline Marketers of America ("SIGMA") (collectively the "Associations") appreciate the opportunity to comment on the "Proposal to Implement a Statewide Electric Vehicle Portfolio"[1] (the "Proposal") submitted by the Electric Vehicle Work Group in the State of Maryland. The Associations, while understanding the State of Maryland's desire to take a proactive approach to electric vehicle charging infrastructure, oppose the Proposal, which would create an alternative refueling monopoly, destabilize the competitive nature of the refueling marketplace, and harm consumers.

Collectively, the Associations represent approximately 90 percent of retail sales of motor fuel in the United States. NACS is an international trade association representing the convenience store industry with more than 2,100 retail and 1,750 supplier companies as members. NATSO currently represents approximately 2,500 travel centers and truckstops nationwide, comprised of more than 1,500 chain locations and hundreds of independent locations. SIGMA represents a diverse membership of approximately 260 independent chain retailers and marketers of motor fuel.

The Associations' members are the consumer-facing entities in the fuel space, and are constantly adapting to changing consumer demands. Offering a product for sale does not

[1] Maryland Electric Vehicle Work Group, *Proposal to Implement a Statewide Electric Vehicle Portfolio*, (Jan. 19, 2018), *available at* http://evadc.org/wp-content/uploads/2018/03/Full-Petition-for-Implementation-of-a-Statewide-Electric-Vehicle-Portfolio.pdf [hereinafter *Proposal*].

guarantee that consumers will purchase it. Motorists do not purchase products because members of the Associations sell them; the Associations' members sell products because their customers purchase them. Thus, the Associations' members will continue to invest in equipment to support renewable and alternative fuels if their customers demand it, presuming a return on investment is possible. In fact, there are already fuel retailers throughout the country offering electric vehicle recharging stations in response to consumer demand.

States, like Maryland, grant utility companies a monopoly over the provision of electricity in a particular marketplace because it is inefficient for multiple companies to build overlapping infrastructure in order to service the same (immobile) building or home. In exchange for the loss of market freedom, utility companies are guaranteed a rate of return from ratepayers. But, a benefit that utility companies enjoy is their ability to recover their investment costs when those costs are included in the rate base. So it is not surprising that utility companies have endeavored to treat their capital investments in the vehicle recharging business as part of the utility rate base.[2] Subsequently, the utilities' market entry costs are essentially zero. The private sector, including many members of the Associations, cannot compete with zero market entry costs. Thus, the current regulatory system essentially provides utilities a monopoly on the service of electric vehicle refueling, which undercuts the competitive nature of the refueling marketplace, ultimately harming consumers by increasing the cost to refuel. On the other hand, robust competition drives greater efficiency, diversified options, and lower costs for consumers.

Fuel retailers, who are significant ratepayers, are happy to compete with public utilities in the electric vehicle refueling marketplace—if the market demands it. Public utilities must be required to charge their competitors a price for electricity which is no higher than the price at which they transfer power to their own refueling facilities. Competition in the fuels marketplace results in lower prices for all types of fuel (liquid or electric) for consumers as well as more refueling options. The Associations oppose granting a de facto monopoly on the provision of refueling services, which will likely lead to an increase in costs for consumers in the long-term.

If Maryland, or any other state, provides special incentives to a public utility that allow it to provide motor fuel (electric or otherwise) at a cost with which the private market cannot compete, it will naturally limit the private sector's desire to invest in the alternative fuel marketplace. This will lead to fewer refueling options and less marketplace competition, which will lead to higher prices—a terrible result for consumers.[3] If utilities want to get into the electric vehicle marketplace, they need to enter the market on the same cost basis as the private

[2] Proposal, *supra* note 1, at Page 45.

[3] The Proposal indicates the EV Portfolio Advisory Council will study the potential impacts of utility charging service pricing to the competitive market. The results of this study, however, will be inherently misleading unless the study takes into account utility-owned charging stations are able to recover their investment costs as part of the rate base whereas the private sector cannot.

sector. Any benefit Maryland may afford (e.g., tax benefits) should be available to anyone looking to enter the marketplace—this will encourage the development of electric vehicle charging infrastructure on the most efficient basis.

If Maryland wants to encourage the use of electric vehicles, the state should work with fuel retailers to develop an electric charging infrastructure. Fuel retailers are located in the highest traffic areas that allow motorists the most convenient locations to fuel their vehicles. The most efficient way to create an electric charging infrastructure is to incentivize sellers of motor fuel to invest in the alternative fuel marketplace.

We urge Maryland to reject the Electric Vehicle Work Group's Proposal, and instead work with the fuel retail industry and other potentially affected parties to find ways to deploy an electric charging infrastructure via the existing privately developed motor fuels infrastructure to ensure that the investments local businesses have made in their properties are not diminished by Maryland's plan to support alternative fueling locations.

NACS, NATSO, and SIGMA appreciate the opportunity to comment on this important issue and stand ready to be of assistance to you as you consider this matter.

Respectfully,

David H. Fialkov
Vice President, Government Relations
Legislative and Regulatory Counsel
NATSO

R. Timothy Columbus
Eva V. Rigamonti
Steptoe & Johnson LLP
Counsel to NACS and SIGMA