



June 28, 2022

The Florida Department of Transportation
Attention: Paul Baker
605 Suwannee Street, MS20
Tallahassee, FL 32399

RE: DCFC EVSE Request for Information, DOT-RFI-22-9114-PB

RaceTrac, Inc. (“RaceTrac” or “the company”) respectfully submits the following comments in response to the Florida Department of Transportation’s (“Department’s” or “FDOT’s”) request for information (“RFI”) relating to its *Statewide Electric Vehicle (EV) Infrastructure Deployment Plan*.¹ As the Department develops the Florida Electric Vehicle Infrastructure Deployment Plan as required by the National Electric Vehicle Infrastructure (“NEVI”) Formula Program, we hope it will embrace this critical opportunity to not just *invest* public funds but *drive policies* that will shape the future of EV fast-charging markets.

If implemented properly, Florida can create a competitive EV charging market where a multitude of retail fuel companies have “skin in the game” such that their bottom line will be enhanced by robust growth in alternative fuels. This will mean that fuel retailers will invest in EV chargers in locations that are the most convenient for drivers in Florida. Conversely, if investments are made without any effort to drive policy, it is likely that charging stations will end up in undesirable locations, limiting consumer interest in purchasing an EV and squandering this historic opportunity.

RaceTrac, Inc. is a family-owned business that has been serving guests since 1934. Together with its franchise-brand RaceWay, RaceTrac operates over 760 convenience stores and employs over 9,000 team members across its footprint. The company has been proudly serving Floridians for almost half a century. Currently, there are 286 stores (247 company-owned RaceTrac stores and 39 franchise-operated RaceWay stores) in Florida, which are supported by over 3,600 team members. Since 2017, RaceTrac has built an average of 14 new stores in Florida, investing about \$92 million each year in the state. We plan to build 12 new stores over the next year, which will equate to another \$90 million in the Florida economy.

RaceTrac appreciates the work the Department has undertaken on this important issue and provides responses to the RFI below.

¹ FDOT, *DCFC EVSE Request for Information* available at <https://vendor.myfloridamarketplace.com/search/bids/detail/1478> [hereinafter *FDOT Plan*].

I. RaceTrac and the retail fuel industry will be an important participant to ensure the development of a robust and competitive EV charging marketplace in Florida.

RaceTrac, along with our competitors in the retail fuel industry, is an essential asset to lowering the carbon footprint of transportation energy in Florida and across the country. Policymakers should consider us surrogates for the consumer because we not only identify the most reliable, lowest cost transportation energy available, we also deliver that energy to the communities in which we operate. Moreover, our company also provides a whole host of services that motorists want and need when they refuel. Not only do we provide safe and convenient locations with highly competitive and transparent pricing; we also offer a multitude of secondary services and amenities that consumers have come to expect when they refuel. In this way, we compete with other fuel retailers on price, speed, and quality of facilities and service. To have any chance of being successful, the refueling experience for alternative fuels (including electric fuel) should be as comparable as possible to today's refueling experience. Thus, Florida should strive to work *with* consumer behaviors and habits (and with the entities that are closest to those consumers) rather than *against* them.

Today, in Florida and across the country, because of the highly competitive and versatile retail fueling marketplace, there is no range anxiety for internal combustion engines. To ensure, therefore, that Florida develops a robust EV charging network that is free from range anxiety, the state must promote a competitive, market-based approach in the electric recharging space that meets the needs of today's drivers and incentivizes private investment. Fuel retailers, like RaceTrac, are nimble. We are not only the best equipped, but we are also keen to facilitate a faster, more widespread and cost-effective transition to alternative transportation energy, including electricity.

RaceTrac, along with our competitors, has refueling stations located at the most convenient real estate for travelers, including many locations along alternative fuel corridors. Thus, we are poised to rapidly replicate today's fueling experience – both in terms of location convenience and the provision of “secondary services” such as food and beverage, restrooms, and security – for EV refueling. Indeed, the Infrastructure Investment and Jobs Act (“IIJA”) *specifically requires* state plans to take into consideration the availability of on-site amenities for vehicle operators, such as restrooms or food facilities. Additionally, the IIJA did not incorporate provisions that would allow states to unfairly compete with the private sector by installing EV charging stations at rest areas. We urge the Department to consider the policies described above as it tries to create a sustainable market for private investment in EV charging infrastructure in Florida.

II. Responses to RFI Questions

General

1. Please describe your organization's involvement and experience with DCFC infrastructure. What are your long-term EV plans? How many

chargers and/or charging stations are you able to build, install, and/or maintain on an annual basis?

To date, RaceTrac has not yet installed any EV chargers at any of the stores in its footprint. However, the company has 14 DCFCs in the pipeline and has ambitions to install many more DCFC ports over the next 5 years. These EV chargers would be owned and operated by RaceTrac, and benefit from being located at our real estate. The chargers' maintenance and operations would be supported by our robust engineering, construction, maintenance, and operations departments.

2. Where does your organization see the biggest opportunities for the utilization of NEVI funds? This could be in terms of innovative technology solutions, partnerships, and/or targeting geographic locations.

There are numerous impediments that currently hinder the development of a robust and competitive charging marketplace. These include: the high cost of the infrastructure and technology, the high cost of the electricity (particularly with respect to the high demand charges that accrue with DCFCs), and the general lack of competition in the space. With respect to EV charging, it is important for FDOT to keep in mind that utilities are increasingly seeking to underwrite their investment in owning and operating chargers by increasing all of their customers' monthly electric bills, regardless of whether they drive an EV. Utilities do this in order to operate charging stations in a guaranteed rate of return environment. This comes with insurmountable pricing advantages with limited incentives for innovation and improvements (such as faster charging stations). Against this backdrop, private businesses that would otherwise be eager to invest in charging stations will not consider the stations to be an attractive investment. Ratepayers should not be required to help utilities extend their service areas to realms where the private sector is prepared and equipped to invest. While ratepayers should help underwrite the cost of restructuring the power grid to accommodate increased EV charging, they should *not* be underwriting utilities' investment in EV chargers and utilities should not be given a competitive advantage in owning and operating EV chargers. In its final NEVI Plan, therefore, FDOT has a unique opportunity to inject competition into this emerging marketplace. To do so, FDOT should *prioritize private investment* and disincentivize ratepayer subsidization of charging stations.

In addition, we believe it is important for FDOT to promote market competition in the EV charging space and urge the Department not to pre-select a particular EVSE vendor. To ensure the expeditious and cost-effective deployment of chargers, the Department would be better served by setting the basic standards and specifications for the type of charger that would be eligible for grant money rather than selecting a sole supplier or vendor. Florida does not have a selected vendor for fuel dispensers and does not require fuel retailers to purchase fuel dispensers from a specific company or vendor. There is no reason for the state to create a de facto supply monopoly in the EV charging space. Rather, the Department should encourage a robust competitive market on the infrastructure supply side, which would complement and facilitate the build out of a robust and cost-effective charging market on the retail/consumer side. When it comes to

infrastructure hardware and software, supply-side competition will impose a downward pressure on price, which will lead to the efficient deployment of federal grant monies that ultimately will benefit Florida's motorists.

3. What are the biggest challenges or barriers that should be addressed to expedite reaching the goals of the NEVI program?

Today, there are long lead times to acquire and install chargers as well as required electrical equipment such as transformers. Thus, as a general matter, we are concerned that an expedited roll out of NEVI funding, which does not take into consideration the supply chain hurdles that exist, will undercut the success of the rollout. Thus, we urge FDOT to consider practical timelines when it comes to project construction and scheduling. Furthermore, permitting and utility interconnections are also subject to long lead times. It would be beneficial for FDOT to work with electrical utilities and municipalities to coordinate expedited permits and utility interconnections to reach NEVI goals as quick as possible.

Site Location

4. Please describe what you believe makes an ideal DCFC location including amenities as well as any risk factors that should be considered. How would you rank the relative importance of these factors?

An ideal DCFC location is one that is convenient and safe for motorists, in terms of both location, hours of operation and services. For instance, the U.S. DOT's guidance document emphasizes that investment in EV chargers should be made along the interstates, specifically alternative fuel corridors.² It is important that such locations be open 24 hours a day, 7 days a week, 365 days a year. Motorists have come to rely and depend on a refueling infrastructure that is convenient for them in terms of location and availability—this should also be the case in terms of EV charging.

Most importantly, the lawmakers who drafted the IIJA, *specifically* required state plans to take into consideration the availability of onsite amenities for vehicle operators, such as restrooms or food facilities. This was intentional. Lawmakers recognized that consumers are accustomed to convenient on-site amenities when they refuel. These sites are also usually well-lit and have 24-hour personnel on-site, making them safer refueling destinations compared with an unattended parking lot. While there are certainly sites that are close to the interstate and theoretically "open" 24/7/365, not every site is truly open 24/7/365 and also provides *on-site* amenities that are within a few feet of a charger. In fact, in many instances today, motorists arrive at an EV charger to find that they need to take a long walk to reach any actual amenities or find that those amenities are not open 24/7/365. To ensure a successful deployment of NEVI grants – and the rapid deployment

² U.S. DOT, FHWA, The National Electric Vehicle Infrastructure Formula Program Guidance, https://www.fhwa.dot.gov/environment/alternative_fuel_corridors/nominations/90d_nevi_formula_program_guidance.pdf, at 5.

of effective charging infrastructure – FDOT should prioritize areas with actual on-site available amenities, where drivers can use a restroom and purchase food or snacks to enhance their refueling experience.

We believe RaceTrac is well-positioned to offer motorists a successful fast charging experience, not only because of our excellent store locations and amenities, but also because of our quality of service and experience in the traditional refueling space. By way of example, the company utilizes software to monitor our fueling stations in near real time for anomalies and performance, enabling us to dispatch repair technicians to quickly correct issues. This constant monitoring and quick maintenance leads to a consistent high quality guest experience. That quality experience is needed to ensure the continued development of the EV charging marketplace and enhance the positive consumer charging experience; today, it is not uncommon to show up at a charger and find it is out-of-service.

5. Please describe your process, including market research, land use requirements, and business development opportunities for determining a DCFC site location.

RaceTrac, Inc. either owns or has long-term leases for the plots of land where we anticipate locating a DCFC. This structure would make RaceTrac an ideal partner for FDOT as it builds out Florida's EV infrastructure. Our Real Estate team is comprised of experts who for years have used data-driven tools (including, but not limited to, market surveys, traffic studies, etc.) and gone up and down Florida's roads to identify the best locations to refuel vehicles, whether that be with liquid fuels or electric fuel. That team is also well-versed in permitting and land-use process.

6. What do you think the DCFC site of the future looks like? Will location to amenities be as important or will micro-mobility be used to get to the amenities? What innovations/disrupters are coming?

The DCFC site of the future is already here. Over the past few decades, the hyper-competitive fuel retailing and convenience industry has been constantly evolving, constantly enhancing its offerings and the customer experience. Fuel retailers, like RaceTrac, are constantly adapting to meet the refueling needs of motorists, whether the fuel be a coffee or a gallon of fuel for their vehicle. This dynamic industry is what drivers will look for and expect when refueling EVs.

While it is tempting to search for a dramatically different "site of the future," many so-called innovative EV refueling sites are flawed and have failed to meet the needs of motorists. An example of this would be the Sortimo Innovation Park in Germany, which has tried to redefine the EV charging experience. Unfortunately, that vision was flawed. It offers nothing more than a place to sit while a vehicle charges and has too few amenities and too few food offerings. Similar flaws are evident in "innovative" EV charging areas in Norway, which sit empty, while motorists turn to DCFCs at traditional petrol stations and travel plazas, which are convenient and amenity dense, to refuel.

Finally, while micro-mobility is an important consideration and option for dense urban environments; frankly, these locations are often not where DCFCs should be prioritized, as these urban areas often have level 2 charging in areas where drivers park their car for many hours. Thus, it would behoove the Department to focus on practical site locations with on-site amenities, in lieu of trying to tackle the additional cost and headache involved in siting an EV charger at a location that requires micro-mobility to access amenities.

Partnerships and Business Models

7. –

8. Describe what makes a successful business model and partnership. Also, please describe threats that can lead to a business and partnership’s failure. These can be examples from current and/or previous partnerships.

A successful business model and partnership is one where all partners have “skin in the game” and are operating in a level playing field. Failures tend to arise when partners are not operating across a level market playing field.

9. Please provide your organization’s viewpoints on contracting methods for DCFC infrastructure, including leasing and/or revenue sharing agreements. Have you implemented any cost/revenue sharing models for the operation of DCFC EVSE? If yes, please share what you can about the terms of those partnerships.

RaceTrac prefers an owner/operator contracting method, where the entity that is the site host also has “skin in the game.” This model is the one that we believe is most beneficial to the state of Florida as well as its drivers. This is because such a model allows for meaningful revenue and cost sharing, ensuring that both the site host, and (if separate) operating company, both work collaboratively to support the health of the technology and the up-time of the chargers—all of which results in drivers having the best experience.

10. –

11.–

12. Are you currently able to meet the requirements of Buy America for DCFC infrastructure projects? If not, please explain your plans to meet the requirements and any potential issues.

Given the limited number of DCFCs on the market today that meet the “Buy America” criteria,³ it is unlikely that most site hosts would be able to meet the Buy America requirements for DCFC infrastructure projects in a timely fashion.

13. Are there any components required for DCFC infrastructure that are in short supply that could delay the goals of the NEVI program? Please describe what steps you have taken or what processes you have implemented to ensure the continuity of your supply chain.

Today, transformers and DCFCs are both in short supply and could delay the goals of the NEVI program. To ensure RaceTrac is best positioned in the current supply marketplace, we have been engaging with various entities to learn and minimize delays.

14. Please describe how your organization mitigates cybersecurity vulnerabilities. Is this consistent with industry standards? If not, where are the differences? Do you follow national cybersecurity standards including National Institute of Standards and Technology (NIST) Cybersecurity Framework? Do you comply with Florida’s 60GG-2 for ensuring the security of your infrastructure? What other technologies do you offer for an end-to-end secured operation?

RaceTrac proactively works in a variety of ways to mitigate cybersecurity vulnerabilities. For instance, the company has implemented EMV and point-to-point encryption for payment card transactions at our stores for both our external fuel dispensers and our internal point-of-sale systems. These investments, which allow us to attain our annual PCI Report of Compliance, protect our payment card transactions from potential breach events to ensure our guest data is protected. We also have implemented state-of-the-art malware, anti-virus, pattern analysis and ransomware technologies that protect our store systems as well as our corporate systems. Our cybersecurity investments and near real time monitoring capabilities allow us to meet industry standards to effectively monitor and respond swiftly to security issues, thus controlling and mitigating potential threats. In addition, RaceTrac has a dedicated cybersecurity governance leader, who is maturing our current standards and adopting more advanced NIST guidelines. The company also has implemented and maintained the various functions and categories listed in Florida’s 60GG-2.

15. What are your current or planned fee structures (time-based, energy-based, power-based, etc.) and what payment mechanism do you accept? Please explain any issues you have encountered or identified.

We anticipate utilizing competitive fee structures which, depending on the practice in the local market, would be either time or energy-based fee structures. Depending on the site, the company would accept electronic payments via phone and mobile application as well

³ The DCFCs that do meet this criterion tend to be much more expensive than the market average and do not have the open-source technology that has come to be expected in this market.

as payment cards through a traditional POS. It is worth mentioning that one thing FDOT should not do, is specify one preferred payment processing method, which will stifle the competition that will benefit the EV charging market in the long-term. Choosing a payment “winner” may lead to stagnation in the marketplace as payment processing evolves, thus, we encourage the Department in its final plan to at most, provide minimum preferences rather than specifications that an EV charging provider must meet.

16.–

17. How would your EVSE share data to a FDOT sponsored central data repository? What type(s) of data can you provide?

While data-sharing is critical to the Department’s ability to learn from site hosts and improve EV charging infrastructure, we encourage FDOT to avoid requesting over-broad confidential business information that will disincentivize overall participation in the NEVI grant roll out. Specifically, any grant sharing should be limited to EVSE related data.

18. What should FDOT do to ensure the end-users of EVSE infrastructure have the most convenient and reliable charging experience? Please include how emergency evacuations and power outages should be addressed.

This is a very important question, particularly given Florida’s annual hurricane season and the increasing number of severe weather events that the state experiences. Part of the reason that it would be beneficial to site DCFCs at existing fuel retailing locations, like RaceTrac’s, is that they tend to be located along evacuation routes. Moreover, our stores have the required transfer switches to allow them to use generators; and the company has the requisite number of emergency generators “on hand” based on county populations to keep stores functioning in the event of a power outage. This will facilitate emergency evacuations and enhance the convenience and reliability of the charging experience in Florida.

Strategies for Low Utilization

19. FDOT is looking to provide DCFC in rural and disadvantaged communities that may have a lower return on investment and is interested in how to make these projects more desirable to potential applications. What strategies can FDOT utilize to encourage deployment of DCFC EVSE into rural, underserved, or disadvantaged communities?

All owners and operators of publicly accessible fast charging stations should operate with the same competitive risks and the same access to wholesale electricity markets. There are two structural challenges to the electricity market that make it unprofitable for non-utilities to sell electricity to EV drivers. The first is the lack of a wholesale electricity market for charging purposes. Without a wholesale transfer rate, charging station owners are forced to purchase electricity at retail and sell at retail. Any businessperson knows that

dynamic to be problematic. The second related challenge for non-utility charging station owners is power providers' imposition of demand charges, or notably high rates levied while a fast charger is in use. These electricity pricing dynamics in tandem with concerns about rate-basing chargers, create an environment where utilities have an insurmountable competitive advantage over the private sector. This stunts private investment, which is to the detriment of consumers who have come to rely on competitive, transparent pricing for transportation fuels. For this reason, IIJA included not only federal grant dollars, but a provision that requires each state to establish EV-specific rate structures for private, non-utility owners and operators of EV charging stations.⁴ Explaining the need for the provisions, Section 40431's primary author noted that demand charges are the "most prominent among barriers to deploying commercial EV charging," and that he crafted this provision to address them.⁵

Although the concerns above apply across the entire EV landscape, it is particularly problematic in rural and disadvantaged communities where lower charging volume and lower revenue is expected. It would be beneficial for FDOT, therefore, to encourage the Florida Public Service Commission to push for long-term competitive and transparent tariffs for EV fast charging and there may be space for FDOT to use grant funds to offset high demand charges that are often associated with commercial fast charging stations.⁶

III. Conclusion

Today, there are regulatory and market impediments that make it unnecessarily challenging to identify a viable business case for investing in charging stations in Florida. The Department should distribute NEVI funds in a manner that mitigates rather than perpetuates these challenges. We appreciate the opportunity to respond to the Department's RFI and look forward to working with the Department as it designs the programs and market structure that will facilitate investment in EV charging in Florida.

Respectfully,



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⁴ An initial version of the language called for utility investment in EV charging infrastructure. Congress, however, determined Section 40431 was not intended to promote utility-owned programs but rather to incentivize and invest in third-party programs.

⁵ 167 Congressional Record 140 ed. (Aug, 5, 2021) at S5927 *available at* <https://www.congress.gov/117/crec/2021/08/05/167/140/CREC-2021-08-05-senate.pdf>.

⁶ See U.S. DOT, *Guidance*, *supra* note 2.