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June 17, 2020

To: New Jersey Board of Public Utilities

From: Sal Risalvato, Executive Director, NJ Gasoline, Convenience Store, Automotive Association

Re: Docket No. QO20050357 – “In the matter of straw proposal on electric vehicles infrastructure build out”

Thank you for the opportunity to submit comments on this proposal. I am pleased to do so on behalf of many of the members of the existing motor fuel retail community. NJGCA represents nearly one thousand independent small businesses in the motor fuel retail, convenience store, and automotive repair communities. I believe that my members can and in fact must be a part of the clean energy transportation revolution that the Legislature, the Administration, and the State’s new Energy Master Plan are focused on.

Over the last decade that I have been leading this association, I have consistently told my membership that they should not think of themselves as being in the gasoline or petroleum business; they are in the motor fuel business, and it just so happens that for right now (and for the last several decades) the only motor fuels demanded by the motoring public were petroleum products. I have instead asked my members to think of themselves as being in the “Transportation Energy Business”.

One thing everyone should understand about the current motor fuel market is that oil companies play very little role anymore (for which small business owners are very grateful). With the exception of Speedway (all locations currently owned by refiner Marathon), the oil companies have divested themselves of virtually every fuel retailer in this and just about every other state. Every Shell, Exxon, BP, or other branded location you see is an independent operator, most often a small business owner who has signed up for a franchise agreement with one of the well-known oil company brands. Their desire is to sell products the consumer demands, and most operators have very little romantic attachment left for gasoline. Alternative fuels are safer, cleaner, more reliable, and easier to maintain than massive underground storage tanks filled with a potentially serious pollutant.

Overall, I would like to commend the BPU for this straw proposal and for the mostly fair balance it seeks to achieve in creating a marketplace for EV charging. The biggest concern that we have regarding the EV charging marketplace of the future is that it will be dominated by just a handful

of massive corporations, cutting thousands of small businesses out of the picture, or leaving the fate of their business up to the whims of huge corporations.

One factor that could severely limit a free and functioning EV charging market is the threat of Big Electric moving in and suffocating everyone else who could ever be interested in this market, perhaps even aided by direct help from the government. When thinking about the future of EV charging, we need to look at Big Electric the way we looked in the past at Big Oil. The electric utilities, more than any other corporation, are able to look at the capital investments in public charging stations as a small cost that does not need to be extracted from the people using the charging stations, but from the millions of households and businesses who are ratepayers. No genuinely private company can ever compete with this state-sponsored market advantage, and it could easily lead to an unnecessary monopoly that will ultimately hurt motorists through the higher prices and poorer services that monopolies always lead to. It amounts to a massive wealth transfer away from independent small businesses and households and towards massive corporations. Not only that, but the increase in electric rates will be paid by all ratepayers, including those businesses who are being undercut because of that exact rate increase.

No matter what, a huge portion of battery electric vehicle charging will be done at home. Big Electric will have that market cornered no matter what. The least that can be done is for the State to keep them away from the smaller public charging marketplace that could sustain and benefit hundreds of independent businesses.

We learned over a century ago about the dangers to the general public and the free market from total vertical integration, we should take steps not to repeat those same mistakes in this new marketplace we are trying to give birth to. I am heartened to see that this straw proposal largely keeps to these principles by restricting the role of utility companies to the work of constructing the fundamental infrastructure and wiring up to a location, but keeps them out of operating chargers except as a “last resort”.

It is extremely important though, that “last resort” in practice truly is the absolute last solution. Utility companies using the slightest of delays or inconveniences to justify their entrance into the charging market must not be allowed. More details should be developed and provided to clarify when exactly market conditions have created a scenario in which the last resort needs to be engaged. Other alternatives should have been actively pursued to bring about private sector engagement in an underserved area. Utility companies should not be able to just look at an area without public chargers and declare that they are needed to step in. The BPU should also consider creating some kind of process for the utility to withdraw from the market in a certain area once market conditions in that area are such that the private sector can fulfill the public’s needs.

The BPU must allow for the marketplace the greatest amount of flexibility, and not develop rules and regulations based entirely on one or two business models which may predominate currently, and in doing so foreclose the possibility of newer arrangements which could be developed and that would promote greater demand to install charging equipment. For example, the straw proposal talks about electric vehicle service equipment (EVSE) companies “installing, owning, maintaining and marketing” the equipment. While some EVSEs control every aspect of the charging marketing and pricing, other companies allow the site owner to have much more discretion over the equipment.

The more varied the business models surrounding EV chargers, the more likely a business is to install one. I know from conversations I have had with members of NJGCA, some would only be interested in EV charging if they do not have to pay any attention to the charger and just receive a monthly check from the company which installed it. But others want the oversight and control to market their charger and price accordingly, as they currently do with gasoline prices. We know from our experience over the years with oil companies that immense harm can come to an independent business when control over the pricing of their main product is left in the hands of a separate corporation.

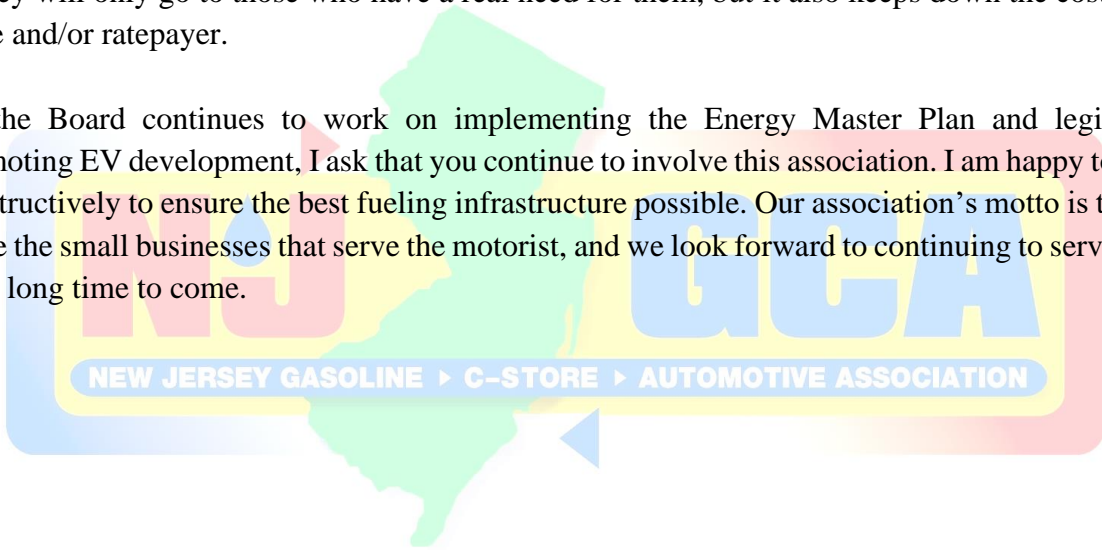
Businesses should also have a good deal of freedom in pricing the charging services they are providing. They should be able to charge for the electricity that the motorist is consuming, and at a price that is determined by competitive market forces. Retail prices should be allowed to change frequently as the grid demands it. In the future we may see street signs advertising the current price for electricity, just as we currently drive by and see different prices for gasoline. Perhaps those prices may even change on the digital sign by the hour, in reaction to various strains on the grid and as ways to incentivize commuters to power up at times that are more affordable.

In order to maintain a competitive market, one idea that should be considered is to follow the example of gasoline regarding minimum pricing. It is illegal in this and many other states to sell gasoline at retail for less than the retailer paid for it. Without this law, big chains would sell their fuel at a loss until they drove the competition out of business, and then charge motorists whatever they want. These types of laws protected small business owners from big oil companies and may be needed in similar circumstances to protect small businesses from other behemoth retailers for transportation energy. Such a regulation would also help give small businesses the confidence to make the investment in a charger. Currently there is a risk that a major multinational corporation, like a Starbucks or Walmart or Costco, will decide to install a charger at their location, and use their massive market advantage to absorb the initial cost of the installation and perhaps even the cost of the charge itself, undermining the small business owner who is now totally unable to compete and to earn back their large initial investment.

Another concern we have relates to the process of mapping locations for where chargers and charger connectors will go. Any mapping should avoid getting too specific about the “ideal” locations for chargers. The locations should be set at broad geographic areas, not at specific sites or pieces of property.

The forces of the market over the last several decades have effectively chosen the best locations for motor vehicle refueling—the location of current gas stations. When looking for locations to install battery chargers, especially fast chargers, I encourage everyone to look at the businesses where motorists are already comfortable pulling in for a quick refill. Often they have a lot of open paved space where vehicles could be charged, and whoever is partnering up with the location will generally be able to work with an independent small business owner, rather than just a massive corporate chain. Furthermore, if there are to be any subsidies for the installation of charging equipment, then they should be targeted at small businesses; not only does that ensure that the money will only go to those who have a real need for them, but it also keeps down the cost to the State and/or ratepayer.

As the Board continues to work on implementing the Energy Master Plan and legislation promoting EV development, I ask that you continue to involve this association. I am happy to work constructively to ensure the best fueling infrastructure possible. Our association’s motto is that we serve the small businesses that serve the motorist, and we look forward to continuing to serve them for a long time to come.



Sincerely,

A handwritten signature in black ink, appearing to read "Sal Risalvato".

Sal Risalvato
Executive Director
NJ Gasoline, C-Store, Automotive Association