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VIA ELECTRONIC MAIL ONLY

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Ave.
Trenton, New Jersey 08625
Board.secretary@bpu.nj.gov

Re: Jersey Central Power & Light Company's Comments on the Medium and Heavy-Duty Vehicle ("MHDV") Straw Proposal – MHDV Ecosystem

BPU Docket No. QO21060946

Dear Secretary Camacho-Welch:

On behalf of Jersey Central Power & Light Company ("JCP&L" or the "Company"), please accept these comments for filing in the above-referenced matter related to the Straw Proposal on the electrification of Medium and Heavy-Duty Vehicles ("MHDV") issued by the Staff of the New Jersey Board of Public Utilities ("Board" or "BPU"). The Company's comments at this time are general in nature and intended to address the items raised in the Straw Proposal and the Technical Conference panelists' comments with respect to the MHDV Ecosystem. JCP&L reserves the right to offer further comments on these issues as the MHDV stakeholder proceeding continues and in response to any actions taken by the Board with respect to MHDV electrification.

JCP&L thanks Board Staff for its efforts in developing a comprehensive proposal for the promotion of MHDV electrification in New Jersey. As the Board is demonstrating through these proceedings, electrification of New Jersey's transportation sector is vital for the State's ability to meet its clean energy goals as set forth in the Energy Master Plan. New Jersey's electric distribution companies ("EDCs"), like JCP&L, will play a crucial role in the electrification of the State's transportation sector. As the Board is well aware, large-scale electrification will require significant planning by the EDCs as well as a significant amount of make-ready work to prepare the grid for charging installations. In undertaking this effort, JCP&L believes that the EDCs can play a valuable role in many areas, including, but not limited to, as advisors to private and public entities looking to electrify their fleets, as engineers and contractors for the designing and building of the necessary EDC infrastructure to support charging, and potentially as owners of large-scale MHDV charging stations made generally available to the public.

A. The EDCs have a broad and crucial role to play in facilitating the rapid and efficient build-out of EV infrastructure and promoting MHDV electrification.

As noted by many of the participants during the August 24 stakeholder meeting on the MHDV Ecosystem, the EDCs have an important role to play in facilitating the build-out of EV infrastructure and promoting electrification in the MHDV transportation sector. Many of the projects supporting MHDV electrification will be large-scale and will require significant planning and investment. As such, it will be vital that entities seeking to electrify their commercial and public fleets engage with the EDCs early on in the process. The EDCs will be an essential advisor to these entities early in the process in determining when and where to electrify in order to minimize costs while optimizing the use of the grid. For this reason, JCP&L supports the fleet planning and related advisory services role that the Straw Proposal contemplates the EDCs playing for both public and private customers.

JCP&L appreciates the Straw Proposal's recognition that the EDCs should have an opportunity to own EVSE charging infrastructure in areas where it is necessary to support public charging of MHDV in areas where private funding does not.[1] However, the Company agrees with several panelists' comments and encourages the Board to minimize delay in the EDCs' ability to provide for these investments in low and moderate income communities where it is less likely that private investment will drive the transition to EVs and where transportation electrification will yield immediate health benefits to those communities. This approach will help foster the deployment of MHDV electrification in an equitable manner and ensure the benefits of transportation electrification are shared by all.

B. The Board can remove impediments to the rapid and efficient build-out of MHDV EV infrastructure by permitting the EDCs to recover their make-ready costs on a full and current basis through a surcharge.

New Jersey's energy master plan set forth ambitious goals and an aggressive path for the State's electrification of the transportation industry. In furtherance of these goals, the New Jersey Legislature passed P.L. 2019, c. 262 (codified as N.J.S.A. 48:25-1, *et seq.*) (the "Act"), which established goals for the number of light-duty electric vehicles and public charging stations in the State over the next twenty (20) years. The Act further directed the Department of Environmental Protection, in consultation with the Board, to develop goals for vehicle electrification and infrastructure development for MHDV. *See* N.J.S.A. 48:25-3. Finally, the Act granted the Board and the Department of Environmental Protection the authority to adopt policies and programs to accomplish the goals established pursuant to the Act. The Board's light duty vehicle stakeholder proceeding, and associated EDC program filings, as well as this MHDV proceeding flow from this authority.

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[1] The Straw Proposal further contemplates that make-ready work completed for customers who no longer wish to maintain EVSE at the location should be returned to the EDC. To the extent that this would cause EVSE Infrastructure Companies to return behind-the-meter infrastructure to the EDCs, JCP&L believes that the acceptance of such infrastructure should be at the discretion of the EDC.

The Board has broad authority to establish appropriate recovery mechanisms when approving an EDCs' offering of programs in support of energy efficiency and conservation. *See* N.J.S.A. 48:3-98.1. In this case, the circumstances are such that the Board's approval of the EDCs' full and current recovery of system make-ready costs through a surcharge is particularly appropriate. Under the Board's line extension rules, the EDCs would normally fund the make-ready work necessary to accommodate the MHDV charging infrastructure through a contribution in aid of construction ("CIAC") from the specific customer making the request. Here, however, the Straw Proposal contemplates that the EDCs will propose programs that will socialize the cost of make-ready work for charging stations available to the public and to public entities.[2] The Straw Proposal reasons that such charging stations, through the conservation benefits they provide, will "have a significant impact on the health of New Jersey residents"[3] and, thus, socialization of these costs is appropriate.

JCP&L agrees with the reasoning in the Straw Proposal and generally supports the recovery of these costs through rates. However, it must be recognized that this non-traditional approach to funding line extensions will have an impact on the EDCs and the EDCs' customers. By funding these projects initially, the EDCs will incur an immediate cost that would not have otherwise been incurred if the project was funded through a CIAC, as would otherwise be required under the Board's regulations. The EDCs will need to be compensated for these costs and the additional risk borne by the utility as a result of this funding. To reduce the overall financial impact of this additional cost on customers, it is particularly appropriate in this circumstance to permit the EDCs to contemporaneously recovery these costs on a full and current basis through an annually reconcilable surcharge. This will prevent the accumulation of the EDCs' return on the deferred amounts and reduce the overall cost to the EDCs' customers.

C. The presumption of unreasonableness in the Straw Proposal will create disincentives for EDCs which will harm the overall deployment of MHDV electrification.

In an effort to promote the EDCs' timely completion of the make-ready work necessary for MHDV charging, Board Staff has proposed that EDCs will have twelve (12) months to install make-ready infrastructure after receiving a request for same from a customer participating in the MHDV program. The Straw Proposal anticipates that any delay greater than twelve months would result in reduced earnings for the EDC on that portion of the make-ready infrastructure, unless an appeal is granted by the Board.[4] As an initial matter, this "presumption of unreasonableness" based on an arbitrary twelve-month deadline does not adequately account for the variety and intricacy of projects that will participate in the EDCs' programs. Many of these projects will likely require large amounts of make-ready work that will put them in jeopardy of meeting this deadline, causing a significantly increased administrative burden on the EDCs and the Board to litigate and review the contemplated "appeals." While JCP&L recognizes the need for customer fleets to make this transition in a timely manner, it is important that the EDCs have sufficient time to plan for and complete all work in a thorough and safe manner in order to ensure the continued reliable operation

[2] *See* Straw Proposal at p. 10.
[3] *Id.*
[4] *See* Straw Proposal at p. 14.

of their systems. At most, the twelve-month deadline contemplated by the Straw Proposal should be a target which may trigger discussions with Board Staff or additional reporting to keep the Board apprised of the project's progress.

This "presumption of unreasonableness" further creates disincentives for the EDCs when it comes to accepting projects into their MHDV programs and prioritizing work supporting MHDV electrification across the State. Based on this twelve-month deadline, the EDCs will be hesitant to accept large-scale projects into their programs that will jeopardize their ability to earn a full return on their investment. Additionally, this deadline may necessitate the EDCs' de-prioritization of other MHDV make-ready projects[5] that are not participating in their programs, resulting in an overall decrease in the amount of MHDV electrification across the State. JCP&L strongly recommends that the Board reject this component of the Straw Proposal and, as is done with other investments, review the EDCs' make-ready work without any "presumption of unreasonableness" based on an arbitrary deadline.

D. The Board need not define the vehicles or chargers that are categorized as MHDV.

As the Board is undoubtedly aware, there are many inconsistent definitions in use throughout the United States for what constitutes light, medium, and heavy-duty vehicles.[6] These inconsistent definitions create market confusion and "gaps" in programs. To avoid this risk of market confusion and inconsistency, and also because there will be no practical way to enforce which particular type of vehicle will charge at a particular charger, JCP&L recommends that the Board instead view the current proceeding through the lens of supporting commercial and fleet vehicles broadly by providing incentives to whichever vehicle use-case the market adopts, utilizing a broad and highly-inclusive definition of MHDV that includes all types of charging as well as all types of public and commercial fleet vehicles.

The Company anticipates that vehicle classifications 2 and 3, along with other light-duty fleet vehicles, will be the first commercial and public vehicles to electrify. By utilizing a definition of MHDV that includes all fleet vehicles, the EDCs will be able to design programs that can meet

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[5] It may also result in the need to de-prioritize other projects that support the State's clean energy goals, such as those needed to accommodate distributed energy resources and storage.

[6] As both illustrated and explained on the U.S. Department of Energy's Alternative Fuels Data Center website, the Federal Highway Administration ("FHWA"), the U.S. Census Bureau, and the U.S. Environmental Protection Agency ("EPA") each use different vehicle weight classes and categories. The vehicle weight classes defined by FHWA and are used consistently throughout the industry. These classes, 1-8, are based on gross vehicle weight rating ("GVWR"), the maximum weight of the vehicle, as specified by the manufacturer. GVWR includes total vehicle weight plus fluids, passengers, and cargo. FHWA categorizes vehicles as Light Duty (Class 1-2), Medium Duty (Class 3-6), and Heavy Duty (Class 7-8). EPA defines vehicle categories, also by GVWR, for the purposes of emissions and fuel economy certification. EPA classifies vehicles as Light Duty (GVWR < 8,500 lb) or Heavy Duty (GVWR > 8,501 lb). Within the Heavy-Duty class, there is a Medium Heavy Duty Diesel Engine class for engine-only certification, but no Medium-Duty Vehicle class. The September 2011 U.S. Department of Transportation ("DOT")/EPA rulemaking on Greenhouse Gas Emissions Standards and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles uses categories and weights for Heavy-Duty Vehicle Classes 2b through 8, similar to the FHWA weight classes. *See* United States Department of Energy, Alternative Fuels Data Center, *Maps and Data – Vehicle Weight Classes & Categories*, *available at* https://afdc.energy.gov/data/10380.

the needs of all commercial and public entity customers while also maximizing reduced emissions in the overall MHDV segment. This definition will also ensure that there are no "gaps" between the EDCs' respective light duty EV offerings and their programs promoting MHDV electrification. To illustrate the dilemma, consider a commercial HVAC technician or an auto parts distributor that utilizes vans or cars that do not meet certain weight requirements and that may be capable of using a Level 2 charger only. In the Straw Proposal, such commercial vehicles are excluded from receiving any charging incentive at all because the charger would be rated at less than 150 kW. To further promote the electrification of the transportation sector across the entire commercial segment, JCP&L encourages the Board to reconsider the inclusion of such distinctions in the Straw Proposal.

E. The Straw Proposal's timeline for filing and implementation is aggressive.

The Straw Proposal contemplates that the EDCs will submit proposals for MHDV programs by February 28, 2022, and that such programs will be implemented by September 1, 2022. This provides the EDCs with only a limited amount of time to develop comprehensive MHDV programs for filing and will require that their programs be litigated before the Board simultaneously with the EDCs' efforts to ramp-up their implementation. This increases the risk that the EDCs will need to "water down" their filings in order to ensure a quick approval and a smooth initial implementation of programs in a short period. JCP&L believes that this electrification transition would be better served by allowing the EDCs not only sufficient time to develop comprehensive proposals but also to implement those proposals after program approval.

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JCP&L thanks the Board for the opportunity to provide these comments. Please do not hesitate to contact me should you have any questions.

Very truly yours,

Joshua R. Eckert
Counsel for Jersey Central Power & Light Company