Cynthia L. M. Holland
Assistant General Counsel

150 W State Street, Suite 5
Trenton, NJ 08608-1105

Mailing Address:
92DC42
500 N. Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066

267-533-1671 – MS Teams
609-909-7033 – Trenton Office
609-393-0243 – Facsimile
cynthia.holland@exeloncorp.com

atlanticcityelectric.com

atlantic city electric®
An Exelon Company

September 29, 2021

VIA ELECTRONIC MAIL
aida.camacho@bpu.nj.gov
board.secretary@bpu.nj.gov

Aida Camacho-Welch
Secretary to the Board
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

RE: In the Matter of Medium and Heavy-Duty Electric Vehicle Charging Ecosystem
BPU Docket No. QO21060946

Dear Secretary Camacho-Welch:

Enclosed herewith for filing is an electronic copy of the Comments of Atlantic City Electric Company ("ACE" or the "Company") in the above-captioned matter. Consistent with the Order issued by the New Jersey Board of Public Utilities ("BPU" or "Board") in connection with *In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations*, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being electronically filed with the Board and the New Jersey Division of Rate Counsel. No paper copies will follow.

Thank you for your assistance with this matter.

Respectfully submitted,

Cynthia L.M. Holland
An Attorney at Law of the
State of New Jersey

Enclosure
cc: Robert Brabston, Esq.
Stacy Peterson
Kelly Mooij
Cathleen Lewis
Brian O. Lipman, Esq.
T. David Wand, Esq.

COMMENTS OF ATLANTIC CITY ELECTRIC COMPANY

In the Matter of Medium and Heavy Duty Electric Vehicle Charging Ecosystems BPU Docket No. QO21060946

I. Introduction

On August 12, 2021, the New Jersey Board of Public Utilities ("NJBPU" or "Board") established Docket No. QO21060946 regarding the Medium and Heavy-Duty Electric Vehicle Charging Ecosystem. In so doing, the NJBPU opened a proceeding that will help inform the NJBPU Staff's (herein "Staff") recommendations on New Jersey electric distribution utility companies' ("EDCs'") proposals for Medium and Heavy-Duty (herein "MHD") electric vehicle (herein "EV") progams. On the same date, Staff released the New Jersey Electric Vehicle Infrastructure Ecosystem 2021 Medium and Heavy Duty Straw Proposal ("Straw Proposal"), which presents Staff's viewpoints on the market design elements necessary "to create a comprehensive EV Ecosystem that provides both light-duty and MHD EVs with public access to charging infrastructure on travel corridors and at work places." Many of the issues that this Straw Proposal seeks to explore include questions about who should construct, own, operate, and pay for the MHD network necessary to make New Jersey a national leader in the adoption of electrified MHD fleets and the build-out of a MHD EV Ecosystem.

Recognizing that exploring these issues must be done in partnership with a diverse group of stakeholders, Staff established a schedule for a series of virtual technical confereneces through which it would solicit stakeholder input on its Straw Proposal. The meetings include a variety of topic-specific panels with panelists drawn from industry experts and others with knowledge of these topics. As part of this stakeholder engagement process, on September 15, 2021, the NJBPU hosted a technical conference entitled "How to Determine Rates." The intent of that technical conference was to explore 1) the ways that advance metering infrastructure can be leveraged to set appropriate EV rates; 2) the ways to address demand charge concerns in the early years of EV adoption; as well as 3) best practices and other models leveraged for rate design. The following are Atlantic City Electric Company's ("ACE" or the "Company") comments on the scope of this technical conference.

II. The electrificaton of MHD vehicles will require consideration of the unique characteristics of MHD charging as Staff considers program development and approaches to rate design.

The electrification of the MHD sector presents unique considerations compared to those of Light Duty Vehicles ("LDVs"). First, with considerably larger batteries and higher charging rates, MHD charging is poised to represent significantly higher capacity and load requirements due to size and concentration of vehicle fleets. Second, in contrast to LDVs, it is expected that the majority of charging of MHD EVs will be completed through dedicated depot charging, which will be situated behind a customer meter and supplemented with on-route charging in some instances.[1] ACE believes the expected nature of both the size and the charging behaviors of MHD EVs should inform the approach to designing effective rate structures to address the specific needs of this market segment, as discussed further below.

III. Demand charges ensure that electric rates capture the underlying cost of providing service while simultaneously providing appropriate and valuable cost-causitive signals to customers.

ACE recognizes that effective rate design is an important element in the development of a robust MHD EV charging ecosystem. It is ACE's view that the goal of effective rate design is to employ cost based rates that recover the revenue requirement associated with providing electric service to customers and follow the principle of cost-causation; thus encouraging customers to make rational and economically efficient decisions about their energy usage. While ACE acknowledges the concerns raised by various stakeholders during the technical conference, specifically those related to reforming commercial and industrial rate structures to eliminate the impact of distribution demand charges on monthly bills, ACE contends that distribution demand charges are necessary components of commerical and industrial rate structures. The distribution demand charges ensure that electric rates capture the underlying cost of providing service to this customer class, while simultaneously providing appropriate and valuable cost

[1] "Medium and Heavy-Duty Vehicles: Market structure, Environmental Impact, and EV Readiness." MJ Bradley and Associates, July 2021.

causitive price signals. As such, ACE opposes the creation of new commercial rate schedules that eliminate distribution demand charges from customer bills.

ACE recognizes that in the nascent stages of market development, low kilowatt-hour utilization at charging stations can result in significantly higher costs on EV charging infrastructure companies as kilowatt-hour usage is not high enough to significantly offset the impacts of the fixed costs associated with distribution demand charges. In these instances, distribution demand charges can often represent a higher percentage of the costs of the overall bill. ACE also recognizes that this reality is particularly relevant in the context of MHD charging, as the name plate capacity and associated peak demand of charging stations designed for MHD are expected to be orders of magnitude larger than their LDV counterparts. However, with higher levels of utilization – and in particular the higher levels of utilization expected to represent charging behavior at MHD charging station depots - the fixed costs associated with demand charges can be spread over greater amounts of kilowatt-hour usage, thereby reducing the overall impact of the distribution demand charge on customer bills.

To help achieve the policy goals of the State and to bridge the gap between the underdeveloped charging market with low utilization and the potential future state with higher utilization, ACE believes that rebate mechanisms such as time-limited or transitional demand charge credits and "set point" dollar per kWh caps on energy costs are the more appropriate path forward. Leveraging these rebate-based mechanisms not only leaves the underlying structure of cost based rates intact, but also provides price support that serves to achieve the policy objective of reducing barriers to EV adoption in the MHD segment. Additionally, as these rebates are well defined and visible to all stakeholders, they allow for the NJBPU to transparently review the level of rebates and the associated impact of these mechanisms on the growth of MHD charging across the state. Ultimately, it is ACE's goal to work with the Board and relevant transit agencies, electric vehicle supply equipment ("EVSE") companies, and other EV stakeholders in developing rates and rate solutions that reflect costs; that are fair and equitable to users of EVSE and all rate payers; and that contribute to the reduction of structural barriers to widespread adoption of MHD EVs across the State.

IV. Conclusion

ACE appreciates the opportunity to provide comments on the subject of this technical conference for the Board's consideration. The technical conference poses several critical policy positions that have implications for the growth of the EV market in New Jersey. ACE looks forward to playing an active role in facilitating the growth of a long-term scalable and sustainable market for EVs and associated charging infrastructure.