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VIA EMAIL

October 5, 2021

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

**Re: New Jersey Electric Vehicle Infrastructure Ecosystem 2021 Medium and Heavy
Duty Straw Proposal, Docket No. QO21060946**

Dear Secretary Camacho-Welch,

The Edison Electric Institute (EEI) respectfully submits this letter to the New Jersey Board of Public Utilities (BPU) in response to the call for comments in Docket No. QO21060946, *New Jersey Electric Vehicle Infrastructure Ecosystem 2021 Medium and Heavy Duty Straw Proposal* (Proposal). EEI has been monitoring electric vehicle (EV) proceedings across the country and appreciates the opportunity to provide the BPU with a national perspective on the integral role electric distribution companies (EDCs) can play in advancing the deployment of EV infrastructure.

EEI is the association that represents all U.S. investor-owned electric companies. Our members operate in all 50 states and the District of Columbia and provide electricity for 220 million Americans. Collectively, the electric power industry supports more than 7 million jobs in communities across the United States. EEI's member companies, which include Public Service Electric & Gas Company, Atlantic City Electric, and Jersey Central Power & Light, deliver safe, reliable, affordable, and increasingly clean electricity that powers the economy and enhances the lives of all Americans.

Electric distribution companies are well-positioned to make targeted and strategic investments in EV charging infrastructure that benefit the broader community and accelerate EV adoption. New Jersey has set ambitious goals to ensure its citizens and the broader community can benefit from reduced greenhouse gas (GHG) and criteria pollutant emissions, including a commitment of having at least 330,000 EVs on New Jersey's roads by the end of 2025 and at least 2 million EVs by the end of 2035,¹ and sales of new medium- and heavy-duty (MHD) vehicles being at least 30 percent zero-emission vehicles by 2030.² While the Proposal recognizes the importance of engaging all interested stakeholders, the EDCs role should allow for flexibility and optionality when proposing programs.

¹ See Senate and General Assembly of the State of New Jersey, "Senate Bill 2252," approved January 17, 2020, https://www.njleg.state.nj.us/2018/Bills/PL19/362_PDF.

² See NESCAUM, Multi-State Medium- and Heavy-Duty Zero Emission Vehicle Memorandum of Understanding, July 14, 2020, <https://www.nescaum.org/documents/multistate-truck-zev-governors-mou-20200714.pdf/>

EDCs Should be Key Contributors to the Deployment of Medium- and Heavy-Duty Vehicles

The Proposal recognizes the important role EDCs will have in its modified “shared-responsibility” model by providing wiring and back-bone infrastructure, also known as make-ready infrastructure, and recovering associated costs in rate base. The Proposal also recognizes that EDCs would be able to own and operate Electric Vehicle Supply Equipment (EVSE) as providers of last resort after waiting 12 months to see if private entities will invest in Overburdened Communities or 18 months for other areas.³ If finalized as proposed, these restrictions could have unforeseen consequences and potentially prevent the state from achieving its ambitious EV goals. Instead, the BPU should consider a more flexible investment model that allows EDCs to contribute to the deployment of infrastructure through a variety of means, including both alternative methods of funding infrastructure upgrades and ownership of EVSE charging stations outside of being a provider of last resort. As other states have learned, limiting electric company participation in the deployment of EVs could unintentionally and unnecessarily delay the market’s growth.

Additionally, the role of EDCs should go beyond that of an infrastructure only provider. Electric distribution companies already have a relationship with fleet and MHD customers, and decisions about fleet operations could have large impacts on overall customer electricity costs and energy usage. Working with electric distribution companies early in the fleet electrification process will help customers understand the overall impacts on cost and energy usage. EDCs also recognize that not all fleet customers are the same. Some are based at facilities with relatively low energy use today, but these facilities could quickly become large energy users as the customer electrifies more of their vehicles. Furthermore, not all fleets may be part of large commercial organizations that have experience working with electric companies or managing their energy usage. These customers might need more support and will look to EDCs to offer services that go beyond “business-as-usual” and help overcome barriers other than just cost when deploying EVs and the required charging infrastructure.

Some electric distribution companies are offering hands-on advisory services for fleet customers. For example, National Grid in Rhode Island can assist customers with fleet electrification studies.⁴ Electric companies can help fleet and MHD operators make a holistic evaluation of their electricity supply costs and any infrastructure upgrade costs prior to embarking on a fleet electrification project. Other electric companies provide charging infrastructure programs, which is a critical piece of the total cost of ownership for EVs. These programs can take different forms, but, in general, are intended to reduce the cost to customers to deploy charging infrastructure at their facilities. An example is Southern California Edison’s Charge Ready Transport program, which offers low-to no-cost electrical system upgrades to support the installation of EV charging equipment,⁵ essentially extending the electric company’s capital investment all the way to the charging station, which significantly reduces the upfront infrastructure costs for the customer. Electric company charging infrastructure programs may take other forms as well, such as offering rebates to offset costs or allowing customers to pay for the cost of the infrastructure over time on their electric bill.

Further, electric companies may offer different rate options for fleet customers. While existing commercial rates are designed to be fair and equitable, electric companies recognize that the unique use profile of electric fleets may not be well-matched to existing rates, and are exploring new

³ See Proposal, pg. 6

⁴ See National Grid, Electric Transportation and Charging Programs, <https://www.nationalgridus.com/RI-Business/Energy-Saving-Programs/Electric-Vehicle-Charging-Station-Program>

⁵ See Southern California Edison, Charge Ready Transport Program, <https://crt.sce.com/overview>

programs and rate options to help their customers streamline the adoption of EVs into their fleets, such as:

- Rates that phase in the demand charge over time, or only apply during on-peak charging periods, giving customers time to evaluate and adjust their operations. One example: Minnesota Power's EV Commercial Charging Rate Pilot.⁶
- Pilot rates that are designed for customers that operate electric fleets. One example is Hawaiian Electric Company's pilot rate for electric bus charging.⁷

Helping customers understand rate options is an important role for EDCs, because the EV charging strategy of a customer will affect overall fuel cost and will become important at scale to reduce customers' operational costs and any impacts on the Grid. Increasing customer knowledge around offerings which incentivize customers to charge during off-peak hours can help put downward pressure on rates and provide benefits to all customers regardless of whether they own an EV.⁸

The Proposal Should Allow for More Flexibility and Optionality of Infrastructure Deployment and EDC Program Offerings

As mentioned above, electric companies across the country are not only deploying infrastructure programs to assist MHD customers with their electrification goals, but are also providing advisory services, rebates, and incentives to reduce the upfront costs of infrastructure deployment, as well as offering innovative rates. A broader EDC role should be considered when reviewing individual company proposals, as EDCs will play a critical role in ensuring the state's EV goals are met. For example, the Proposal focuses on publicly accessible charging for MHD vehicles, but many fleet operators will not rely on public infrastructure they can't control. Depot charging, at the customer's facility, will be key to the electrification of medium- and heavy-duty vehicles. Fleet electrification is a new paradigm: the fuel costs (in this case the cost of electricity) and the upfront infrastructure costs are highly dependent on the fleet's operating profile, specifically when the EVs charge, at what power level, and for how long.⁹ An EDC's expertise would greatly benefit customers looking to install charging depots on site, and they should not be precluded from the ability to try different approaches to figure out what works best for customers. Also, the environmental and health benefits cited in the Proposal do not only come from EVs that charge in publicly available stations. Privately owned fleets have those same benefits, and EDC programs that support depot charging should also be considered by the BPU.

Regulatory support for more flexible pilot programs would also provide an important and necessary step for EDCs to utilize and expand use cases. Electric distribution companies could endeavor to develop projects that are limited in scope to evaluate the benefits and capabilities of a program without unreasonable risk to system or the creation of a potentially large-scale stranded cost. The BPU could allow for more innovation and exploration of ideas in the regulated space around MHD EV charging by allowing such projects. However, any evaluation or approval of pilots, including

⁶ See Minnesota Public Utilities Commission, Docket No. E015/M-19-337.

⁷ See Hawaiian Electric Company, *Electric Bus Facility*, <https://www.hawaiianelectric.com/products-and-services/electric-vehicles/electric-vehicle-rates-and-enrollment/electric-bus-facility>

⁸ See Synapse Energy, "Electric Vehicles Are Driving Electric Rates Down: June 2019 Update," <https://www.synapse-energy.com/sites/default/files/EV-Impacts-June-2019-18-122.pdf>; See also Energy and Environmental Economics, "Cost-Benefit Analysis of Plug-in Electric Vehicle Adoption in the AEP Ohio Service Territory," https://www.ethree.com/wp-content/uploads/2017/10/E3-AEP-EV-Final-Report-4_28.pdf

⁹ See Edison Electric Institute, *Preparing to Plug-In Your Fleet*, https://www.eei.org/issuesandpolicy/electrictransportation/Documents/PreparingToPlugInYourFleet_FINAL_2019.pdf

their benefits, should not be done strictly on traditional cost-benefit analyses, as the benefits are typically neither fully known nor realized until evaluation in the future. Real world examples are needed to understand MHD EV charging's impacts on the grid — relying on hypotheticals and projections in perpetuity is not enough.

The BPU should reconsider some of its time limitations before finalizing the Proposal. Currently, the Proposal suggests that once an EDC receives a make-ready request from a customer or EVSE Company, they would have 12 months to install the infrastructure, and any delay greater than 12 months would result in reduced EDC earnings, unless an appeal is granted by the BPU.¹⁰ If left unchanged, this process could have negative impacts. When a make-ready request is made, the extent of service upgrades that may be needed will depend on a host of factors, including how many EVs will be charging concurrently and at what power level. It is the electric distribution company's role to build the energy grid to meet the needs of its customers. The time and investment needed to accommodate new electricity usage on the grid is highly dependent on the existing distribution grid in that area, as well as the future needs of the customer. The fleet's charging profile impacts the peak demand of the facility where the EVs charge and, thus, could affect the extent of the infrastructure upgrades needed.¹¹ If this provision is left unchanged, the Board can anticipate being inundated with appeals, which could tie up the BPU's time and resources. In addition, the time allotted for an EVSE Infrastructure Company to determine whether they want to install a charging station should be limited. Allowing too much time for EVSE Companies to make decisions could impact an EDC's ability to meet their 12-month deadline. It is imperative to leave enough lead time, and for make-ready requests to be made early enough to allow EDCs to evaluate the upgrades that may be required to support MHD EV charging and to determine the time and any costs associated with these upgrades.

To Remove Potential EV Deployment Barriers, Full and Timely Cost Recovery Should be Allowed

The Proposal suggests that “EDCs would request recovery of their investments and other costs through traditional rate case, the Societal Benefits Charge, or any other applicable rate recovery mechanism authorized by statute or regulation,”¹² and suggests that socialization of costs under the “beneficiary-pays” model is more appropriate, as there are overwhelming societal benefits to expanded EV development.¹³ Under traditional line extension policies, the customer making the request pays for the upgrades upfront, thus reducing the financial impact on EDCs and other customers. The use of a make-ready surcharge would allow the EDCs to avoid taking on the burden of funding immediate costs upfront and reduce potential financial risks to be borne by other customers. New York's Public Service Commission, in its Order to establish an EV infrastructure make-ready program, recognized that the timely recovery of electric company investment was necessary to meet the state's ambitious vehicle electrification goals, and allowed electric companies to collect make-ready infrastructure costs, regardless of ownership model, through a surcharge.¹⁴ The use of surcharges for the collection of energy efficiency and demand response programs in

¹⁰ See Straw Proposal, pg. 14

¹¹ See EEI *ibid*

¹² Straw Proposal, pg. 11

¹³ *ibid*, pg. 12

¹⁴ See New York Public Service Commission, Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs, Case No. 18-E-0138, <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={6238DD07-3974-4C4E-9201-3E339E311916}>

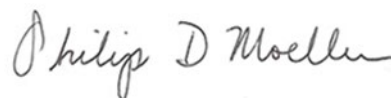
New Jersey is not new.¹⁵ The BPU could (and should) use its authority to allow make-ready costs to be collected through a similar surcharge, thus allowing EDCs cost recovery on a full and current basis.

Conclusion

There are currently a number of proposed pieces of federal legislation supporting the deployment of electric vehicles and charging infrastructure for all use cases. It should be noted, while federal funding will be helpful in addressing the electrification of medium- and heavy-duty vehicles, these funds will only compliment what is needed at the state level. Further investment from EDCs and private entities will be necessary, as well. As New Jersey works to implement policies that support greater deployment of EVs and grow the market for all participants, electric distribution companies should not only be permitted to participate in this space but also be given an important role in designing and implementing programs that best meet the needs of MHD EV customers while also helping to integrate EV charging into the grid in a cost-effective manner.

EEI thanks the BPU for the opportunity to share our thoughts on this Proposal and the overall growth of EVs in New Jersey.

Respectfully submitted,



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¹⁵ See New Jersey's Clean Energy Program, *FAQ's: NJ's Societal Benefits Charge*, https://www.njcleanenergy.com/files/file/FAQs_pdf_4.pdf