



October 5, 2021

Via Email/Electronic Filing

Aida Camacho-Welch, Secretary
New Jersey Board of public Utilities
44 S. Clinton Avenue
Trenton, NJ 08625-0350

**RE: In the Matter of Medium and Heavy Duty Electric Vehicle Charging
Ecosystem
BPU Docket Number QO21060946:**

Dear Ms. Camacho-Welch:

Pursuant to the New Jersey Board of Public Utilities ("BPU" or the "Board") Notice issued June 30, 2021 in the above-captioned docket,¹ Public Service Electric and Gas Company ("PSE&G" or the "Company") provides its comments on the New Jersey Electric Vehicles Infrastructure Ecosystem 2021 – Medium and Heavy Duty Straw Proposal ("Straw Proposal" or the "Proposal") presented by the Board's Staff ("Staff"). These comments supplement the Company's previous comments filed on September 24, 2021 in this proceeding ("September 24 Comments").

1. PSE&G Supports A Public/Private Partnership With a Broader Role for EDCs to Enable Achievement of the State's Goals for Medium- and Heavy-Duty Electric Vehicles

PSE&G welcomes the continued opportunity to engage with Staff in the Board's consideration of issues related to the electric vehicle ("EV") Ecosystem and to promote and accelerate the electrification light-duty ("LD") fleets and medium- and heavy-duty ("MHD") EVs in the State. PSE&G supports the public-private partnership envisioned by the Straw Proposal, but emphasizes that a framework for electric distribution company ("EDC") proposals should be flexible enough to encourage a broad array of EDC programs that will leverage the expertise of EDCs, ensure long-term reliability of the electric grid, and appropriately support and encourage private investment.

The Straw Proposal continues the Board's work to establish an equitable, reliable EV Ecosystem infrastructure in New Jersey and extends the EV Ecosystem to include charging for LD fleets and MHD EVs. The Straw Proposal builds on work begun in Docket No. QO20050357, which establish minimum filing requirements ("MFRs") for EDCs' LD EV programs, and sets

¹ The June 30 Notice was subsequently updated on August 12, 2021 and September 15, 2021 to provide updates to the schedule for stakeholder meetings.

New Jersey on a path to achieve numerous statewide clean energy and electrification goals, including those established in the 2019 Energy Master Plan (“EMP”), the California Low Emission Vehicle Program adopted by New Jersey,² and the Plug-In Vehicle Act.³ Achieving these mandates and delivering the vitally important environmental, health, and economic benefits proven to flow from electrification of transportation will be challenging, and will require an extraordinarily rapid implementation pace, collaboration, and participation across public and private sectors, including the active participation of public utilities.

In furtherance of these goals, pursuant to a notice issued on August 5, 2021, the Board held a series of virtual technical conferences discussing the following topics:

- Medium and Heavy Duty Ecosystem – August 24, 2021 (“August 24 Meeting”)
- Medium and Heavy Duty Impact on Overburdened Communities – August 26, 2021 (“August 26 Meeting”)
- Understanding What MHD Vehicle Use Looks Like and How Charging Will Occur – September 13, 2021 (“September 13 Meeting”)
- How to Determine Rates – September 15, 2021 (“September 15 Meeting”)
- Renewables, Storage, and Charging – September 21, 2021 (“September 21 Meeting”)
- Open Meeting for Public Comments – September 24, 2021 (“September 24 Meeting”)

In addition to PSE&G’s September 24, comments, PSE&G submits in these comments that: (1) EDCs should have a broad role in supporting both private and public fleets and in support of “Make Ready” work for all types of MHD EVs, including LD EVs where appropriate, and (2) the Board should allow EDCs flexibility to develop rates that incentivize EV adoption, properly allocate costs, and allow EDCs to earn a timely return on rate base. In short, in the early stages of the EV Ecosystem, flexibility is critical to enable EV charging infrastructure to be built with a holistic, long-term view to manage grid impacts, mitigate costs, and enable future innovation. Several panelists stated that the Board should not attempt to predict the future in establishing a fixed framework for the EV Ecosystem.⁴ PSE&G agrees that the Board should avoid being prescriptive in assigning roles for EDCs and other stakeholders; rather, the minimum filing requirements should set general guidelines to encourage a range of EDC proposals for the Board’s consideration and approval.

² See L. 2003, c. 266 (codified at *N.J.S.A.* 26:2C-8.15 *et seq.*)

³ See L. 2019, c. 362 (codified at *N.J.S.A.* 48:25-1 *et seq.*)

⁴ For example, Kathy Harris of the Natural Resources Defense Council stated at the August 24 Meeting that flexibility in program design is needed to set the stage for the future and to allow the integration of new technologies and best practices.

II. The Board Should Broaden EDCs' Ability to Support Public and Private Fleets and Make Ready Infrastructure For All Types of MHD EVs

The Straw Proposal unnecessarily restricts EDCs' role in the EV Ecosystem; this could delay EV adoption, discourage private capital, and prolong the harmful effects of vehicle emissions. The Board should: (a) allow EDCs to support private fleet in the same manner as public fleet and publicly accessible chargers; and (b) to perform "Make Ready" work inclusively to allow EDCs to consider all solutions to support EV infrastructure. If given the flexibility to do so, EDCs can use their experience, expertise, and resources to allow the EV Ecosystem to overcome significant financial and operational hurdles in the early stages of the Ecosystem.

A. EDCs should be allowed to incentivize private and public fleets and infrastructure

To meet its ambitious vehicle electrification and clean energy goals, it is imperative that the State incentivize electrification for both public and private fleets. The Straw Proposal, however, limits the incentives available to private fleets. Under the Straw Proposal, EDCs may provide only technical assistance to private fleets and may not incentivize Make Ready work to private entities.⁵ The Board can evaluate EDC proposals case-by-case to ensure equity and need for each investment, rather than prohibiting such investments at the outset.

Incentivizing electrification of private fleets is critical to the State achieving its mandated EV and clean energy goals. As Benjamin Mandel of CALSTART stated at the September 13 Meeting, diesel vehicle emissions cause the same harm regardless of whether they come from public or private vehicles. The EV Ecosystem should target the reduction of all vehicle emissions, regardless of their source. Further, several panelists at the stakeholder meetings stated that private fleet depots present a major opportunity for early progress in EV adoption in the State.⁶ EDCs should be permitted to propose incentives for the electrification of these private fleets, which would be subject to Board review, to keep the State on the path and timeline needed to meet its mandates.

EDC incentives are also needed to attract private capital to support private fleet electrification the State. Panelists at the Board's stakeholder meetings repeatedly stressed that private entities seeking to deploy capital in EV markets want to invest in an environment where they can best leverage their funds while reducing their risk. Many panelists identified financial incentives as the key to enabling vehicle owners to electrify and to bringing private investment to the State.⁷ At the September 13 Meeting, Michael Krauthammer from the Alliance for Transportation Electrification explained that the EV Ecosystem represents an enormous market

⁵ Straw Proposal at 13.

⁶ For example, at the September 13 Meeting, Benjamin Mandel of CALSTART noted that private depot charging is an EV "beachhead" that will serve to promote early EV adoption.

⁷ At the August 26 Meeting, Moises Luque of the Supreme Green Teams stressed that incentives were crucial in allowing small business owners to electrify. Similarly, at the August 24 Meeting, James Sherman of Climate Change Mitigation Technologies LLC incentives stated that incentives are needed to support early adopters and make electrification economical. Phil Jones of the Alliance for Transportation Electrification also stated that "transitional relief" (i.e., incentives) are needed to get past the "valley of death" in the early, low-utilization period and allow the EV Ecosystem to survive and grow.

with room for both private investment and public and EDC funding. Mr. Krauthammer further noted that the EV industry is focused in California because the joint efforts of public entities, utilities, and private investors came together to make electrification successful. A similar joint effort is needed to overcome initial burdens to EV adoption in New Jersey and make the EV Ecosystem economical.

EDC incentives for private fleets also promote equity in the EV Ecosystem. Many of the State's Overburdened Communities are located on or near major transportation corridors in the State. Emissions on these high traffic corridors come from both public and private vehicle. Incentivizing electrification of all vehicles travelling on these roads will provide the greatest public health and environmental benefits to nearby communities. Additionally, EDC incentives promote equity by aligning the benefits of EV with the costs. The Straw Proposal acknowledges that the "overwhelming human health and environmental benefits" created by EVs accrue to the entire State.⁸ At the September 21 Meeting, Mark Warner of Gabel Associates also noted that there are tremendous potential grid and load management benefits from vehicle electrification that reduce costs and provide benefits for all EDC customers.⁹ These include not only public health and environmental benefits, but also reductions in transmission and capacity allocations from PJM that reduce rates to all EDC customers. Incentivizing vehicle electrification of both public and private fleets encourages the investment needed to realize these benefits while properly allocating the costs to match the benefits achieved.

B. Eligibility for programs and Make Ready Work should be nimble and inclusive

PSE&G generally supports the definitions included in the Straw Proposal, including the definitions of medium and heavy-duty vehicles. The Company encourages the Board, however, to avoid setting statewide thresholds that establish fixed eligibility for MHD EV charging programs. Rather, the Board should allow EDCs to propose program eligibility on a program-by-program basis, and "Make Ready" work performed by EDCs should encompass new and innovative technologies.

Allowing EDCs to propose eligibility requirements for their programs would encourage EDCs to develop programs tailored to meet the needs of MHD EV and LD fleet operators in their service territory, while avoiding the risk that certain vehicles or owners fall into unforeseen gaps in pre-determined program definitions. Program eligibility thresholds based on charging capacity, electric load, or vehicle type should be set at the EDC level, not on a statewide basis. Moreover, EDCs should be permitted to include charging infrastructure for LD vehicles in the plans and programs developed in the MHD EV Ecosystem. The Straw Proposal recognizes that "many large light-duty fleets have similar energy requirements as smaller MHD charging needs."¹⁰ Many entities manage fleets that include a mixture of light-, medium-, and heavy-duty vehicles. Allowing these fleet owners to electrify their entire fleet under a single program would ease the administrative burden of fleet electrification for both the fleet owner and the EDCs. Drawing

⁸ Straw Proposal at 12.

⁹ For example, Mr. Warner stated that EV charging presents an opportunity to soak up excess solar and wind generation to avoid generation ramping.

¹⁰ Straw Proposal at 17.

distinctions in MFRs based on vehicle type for EV programs creates a risk that certain vehicles or owners would be excluded and would not be eligible under any program.¹¹

Similarly, expanding the definition of “Make Ready” work would provide EDCs latitude to consider all available options to manage EV infrastructure and related load effectively and efficiently.¹² EV charging goes beyond merely enabling the installation of chargers to include work and infrastructure that will minimize grid impacts and mitigate costs to all customers.¹³ Managed charging programs similarly present an opportunity to manage grid impacts from EV interconnections for the benefit of both EV operators and other EDC customers. Thus, a broader definition of “Make Ready” will not only overcome operational and financial hurdles to EV adoption, but also manage the impacts on the grid and on EDC customers now and in the future.

Avoiding limitations in MFRs for eligibility and implementing a broader definition of Make Ready work will allow EDCs to develop programs that meet the specific types of fleets, fleet owners, and MHD types, both public and private use, in their service territory to provide the greatest benefit to customers and the grid.

III The Board Should Allow EDCs to Develop Rates for EV Customers that Incentivize EV Adoption, Properly Allocate Costs, and Allow Utilities to Earn a Timely Return on Rate Base

PSE&G agrees that transitional rate relief can encourage adoption of MHD EVs but encourages the Board to avoid mandating specific solutions at this time. While demand charges may be considered a hurdle to MHD EV adoption in the short term, over the longer term they are aligned with the cost of providing service to EVs. Because there could be multiple mechanisms to addressing this type of issue that can vary depending on circumstances for each EDC, EDCs should be able to develop tailored solutions in their program proposals.

For example, PSE&G supports the “set point” approach to mitigate demand charges as discussed in the Straw as a method to promote MHD EV adoption; however, the Board should not define a statewide “set point” formula in this proceeding. Rather, the Board should permit the EDCs to develop and propose “set point” methodologies and other transitional relief that mitigates the impacts demand charges for early MHD EV adopters, while ensuring cost recovery needed to

¹¹ As discussed during the stakeholder meetings, many fleet owners may find it difficult to understand the new electric service needs and complex rate structures applicable to fleet charging infrastructure. Removing the burden of managing separate EV programs for different vehicles in their fleet would encourage fleet owners to electrify.

¹² The Straw Proposal defines “Make Ready” as “pre-wiring of electrical infrastructure at a parking space, or set of parking spaces, to facilitate easy and cost-efficient future installation of Electric Vehicle Service Equipment.” Straw Proposal at 7.

¹³ For example, including storage solutions with Make Ready work has the potential to provide tremendous benefits to EV customers and the grid as a whole. For the EV customer, storage can be used to mitigate peak load at large MHD EV charging locations, which will help to reduce the demand charges incurred by the EV customer. At the same time, storage can benefit all EDC customers by smoothing out the energy draw on the grid, reducing transmission and capacity allocations by PJM to EDC customers.

support a safe and reliable electric system. While “set point” implementation methods may vary, guidelines for set point proposals could include the following fundamental elements:

- Limited time horizon
- Generally correlated to the equivalent energy cost of gasoline/diesel
- Based upon the total bill (Delivery & Supply)
- Transitional relief should be supported by all customers
- Educate customers on actual costs/rates and methods to minimize costs during mitigation period and to foster correct behavior post mitigation
- Should not impact the current Basic Generation / Competitive Supply construct
- Ensure full cost recovery for EDCs

Additionally, regarding Time of Use (“TOU”) rates, EDCs can further enable customers to take advantage of off-peak TOU charging by implementing or incentivizing energy storage assets and managed charging programs as part of EDC Make Ready work, as discussed above. PSE&G’s existing rate structures for MHD charging already have a TOU rate structure to encourage off-peak charging which minimizes impact on the system. The Company’s current metering technology for this group of customers also enables them to minimize capacity and transmission costs by assigning costs based upon their actual use during the specific system peak hours. The fact that PSE&G already has TOU rates demonstrates that rate solutions to encourage MHD EV adoption are not one-size-fits all; thus the minimum filing guidelines for EDC MHD EV proposals should avoid mandated rate and rate design requirements.

IV. Conclusion

PSE&G thanks the Board and Staff for its work to develop the MHD EV Ecosystem and appreciates the opportunity to participate in the stakeholder process. PSE&G encourages the Board to allow EDCs leeway to design proposals, for the Board’s consideration, to support vehicle electrification that take full advantage of the resources PSE&G and other EDCs are willing and able to offer and avoid overly-prescriptive requirements. PSE&G looks forward to continued collaboration with Board Staff and other public and private stakeholders toward reaching a cleaner energy future for New Jersey’s utility customers.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Katherine E. Smith", with a stylized flourish at the end.

Katherine Smith