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VIA ELECTRONIC MAIL

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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 for filing are electronic copies of the two sets of comments on behalf 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
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COMMENTS OF ATLANTIC CITY ELECTRIC COMPANY

In the Matter of Medium and Heavy Duty Electric Vehicle Charging Ecosystems

BPU Docket No. QO21060946

On August 12, 2021, the New Jersey Board of Public Utilities (“NJBP” or “Board”) established Docket No. QO21060946 regarding the Medium and Heavy-Duty Electric Vehicle Charging Ecosystem. In doing so, the NJBP opened a proceeding that will help inform the NJBP Staff’s (“Staff”) recommendations on New Jersey electric distribution utility companies’ (“EDCs”) proposals for Medium and Heavy-Duty (“MHD”) electric vehicle (“EV”) programs. 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 view 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 the 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 has invited interested stakeholders to provide comments on its Straw Proposal. Atlantic City Electric Company (“ACE” or the “Company”) offers these comments on the scope of this proceeding and thanks Staff for the opportunity to provide its perspective on the emerging and important issues of transportation electrification in New Jersey.

Staff’s Straw Proposal aspires to establish a comprehensive policy framework for MHD EV infrastructure development, leveraging many of the elements first introduced in its 2020 Straw Proposal for light duty vehicles. The Straw Proposal presents Staff’s recommendations on a number of policies related to MHD charging infrastructure deployment including: (1) the roles of both EDCs and private investors in the deployment of MHD charging infrastructure; (2) the preferred business models and funding mechanisms

for deployment of MHD EV infrastructure, and (3) the role of rate design in addressing barriers to mass deployment of MHD EV infrastructure.

To begin, ACE agrees with many components of Staff's Straw Proposal. For example, ACE acknowledges that Staff's recommendations around rate design to provide EDCs with sufficient flexibility to work with stakeholders to develop transitional mechanisms to address the near term impacts of demand charges in the context of the MHD ecosystem. Despite these areas of agreement, ACE believes that the Straw Proposal falls short in its attempt to address many of the specific and unique market considerations necessary to promote the deployment of charging infrastructure for this strategically important market segment in two core areas.

First, ACE finds that Staff's definition of medium duty vehicles is inconsistent with definitions applied by other federal and state agencies, including the US Department of Federal Highway Administration and the NJ Department of Environmental Protection ("New Jersey DEP"). While the New Jersey DEP's definition of medium duty vehicles includes all vehicles included in Classes 2b through 3, Staff's proposed definition for this same category includes only vehicles in Classes 4 through 6. Thus, as written, Staff's definition stands to limit the total scope of vehicles that would be eligible to participate in any NJBPU approved programs for MHD vehicles.

Second, Staff's Straw Proposal limits the ability of the utility to provide support for charging infrastructure to all sub-segments of the MHD vehicle market. Specifically, Staff's straw proposal limits the ability of the utility to provide make ready support for privately owned MHD fleets. ACE believes that the electric utility's ability to support the deployment of charging station infrastructure for all configurations of vehicle fleets (light, medium, and heavy duty/public and private) is necessary for the achievement of New Jersey's goals for widespread deployment of charging infrastructure for the MHD sector. Overall, ACE believes that enabling EDCs to leverage support for the deployment of charging infrastructure for fleets will be critical to achieving State goals. Limiting EDCs' ability to do so may stymie the NJBPU's efforts to realize the benefits of transportation electrification for New Jersey ratepayers.

I. The NJ BPU’s definition of the medium duty vehicles is inconsistent with the definition used by other federal and state agencies and effectively reduces the overall scope of vehicles that would qualify for NJBPU MHD programs.

Although the state of New Jersey seeks to advance the objectives of both the NJ Energy Master Plan (“NJ EMP”) and the recently adopted Advanced Clean Truck rule as they relate to emissions reductions in the MHD sector, Staff’s medium duty vehicle definition is inconsistent with those of other federal and state agencies, limiting the overall scope of vehicles that qualify under this classification. Staff’s definition of the medium duty vehicle class is as follows:

- **“Medium-Duty Vehicle:** medium-duty vehicles weighing between 8,501 and 14,000 pounds...these vehicles are Classes 4-6, and examples include box trucks, firetrucks, and school buses.”

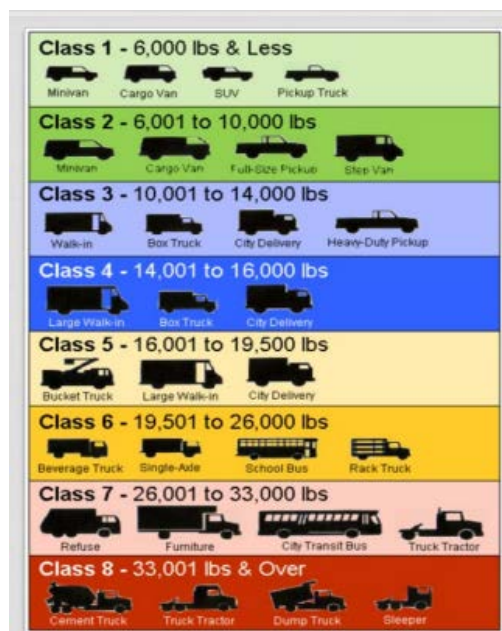


Figure A: MHD Vehicle Classification¹

Using Figure A as a reference, the New Jersey DEP defines medium-duty vehicles as vehicles in Class 2b through 3 weight classes. ACE disagrees with the Staff’s definition, as is definition is inconsistent with the definition utilized by other key federal and state agencies.

¹ New Jersey Department of Environmental Protection

ACE believes that these differences in Staff’s definitions of vehicle classes represent significant risk to the overall impact of any NJBPU approved programs targeted for deployment of charging infrastructure for the MHD market. This risk is amplified when analyzing the distribution of registrations for medium duty and heavy-duty vehicles across the state.

| All MHDVs (Personal and Fleet, All Fuel Types) - SUM OF ALL SEGMENTS | | | | | | | | |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Source Type | Class 2b | Class 3 | Class 4 | Class 5 | Class 6 | Class 7 | Class 8 | Total |
| Passenger Truck | 17,721 | 229 | 0 | 0 | 0 | 0 | 0 | 17,950 |
| Light Commercial Truck | 207,617 | 1,146 | 0 | 0 | 0 | 0 | 0 | 208,763 |
| Intercity Bus | 0 | 0 | 3 | 7 | 23 | 232 | 761 | 1,026 |
| Transit Bus | 315 | 308 | 1,489 | 217 | 435 | 644 | 3,123 | 6,531 |
| School Bus | 1,852 | 4,205 | 2,036 | 188 | 1,139 | 9,819 | 39 | 19,278 |
| Refuse Truck | 0 | 0 | 30 | 34 | 33 | 127 | 2,999 | 3,223 |
| Single Unit Short-Haul Truck | 12,039 | 65,354 | 23,013 | 28,277 | 28,544 | 1,800 | 160 | 159,187 |
| Single Unit Long-Haul Truck | 0 | 82 | 22 | 131 | 729 | 552 | 4 | 1,520 |
| Motor Home | 22 | 934 | 1,735 | 746 | 1,510 | 804 | 303 | 6,054 |
| Combination Short-haul Truck | 0 | 0 | 0 | 12 | 53 | 11,813 | 24,159 | 36,037 |
| Combination Long-haul Truck | 0 | 0 | 1 | 13 | 13 | 5,578 | 44,299 | 49,904 |
| Total | 239,566 | 72,258 | 28,329 | 29,625 | 32,479 | 31,369 | 75,847 | 509,473 |

Figure B: MHDV Registrations In New Jersey, December 31, 2020²

As indicated in Figure B above, Class 2b and Class 3 vehicles represent approximately 61% of the total number of vehicles that fall under the DEP’s definition of medium and heavy duty. As Staff’s proposed definition of medium duty vehicles would exclude all Class 2b and 3 vehicles, this definition stands to severely reduce the overall pool of MHD fleet vehicles that would be eligible for NJBPU approved MHD vehicle programs. This dissonance between Staff and DEP’s definition of medium duty vehicles is particularly concerning as under Staff’s definition, it is expected that many of the light commercial and city delivery truck fleets utilized by retailers and delivery services (e.g. Amazon, FedEx, and UPS) – the very fleets most likely to electrify over the next 5 to 10 years - would not qualify for any NJBPU approved MHD vehicle programs. Failing to include these fleets would be inconsistent with the objectives of the NJ EMP and the Advanced Clean Trucks rule. On this basis, ACE recommends that Staff amend its definition of

² “New Jersey Electric Vehicle Market: Current Conditions and Projections.” Charge EVC; June 2021.

medium duty vehicles to align with the DEP definition and ensure that a larger scope of vehicles are eligible to participate in the program.

II. The modified “Shared Responsibility Model” unnecessarily limits the utility’s role in the deployment of charging infrastructure for the MHD segment at a time at which the market’s needs are diverse and expansive.

During nascent stages of market development, ACE believes that the role of the utility must be both broad-based and nuanced to meet the needs of each different segment of the overall EV ecosystem. The needs of fleet charging are different from the needs of residential charging and of public charging. While ACE agrees that the make ready model will be a critical part of MHD deployment, ACE believes that the Straw Proposal unnecessarily applies a one-size-fits-all approach to the utility role in charging infrastructure deployment based around the make ready investment model, when the needs in the MHD could be much wider and considerably more diverse. Not all MHD customers will be evenly suited for the traditional make ready model. As such, a more diverse set of utility investment models and engagement capabilities should be considered in the development of EDC sponsored MHD programs. Overall, ACE believes that it can and should have the ability and flexibility to provide a broader set of fleet services, solutions, and incentive models to meet different customer needs.

Throughout many places in the Straw Proposal, Staff cites its preference for EDCs to only be permitted to incentivize make ready infrastructure for what it classifies as publicly available MHD fleets, while limiting the incentivization of charging infrastructure for privately owned fleets to private EVSE companies. First, ACE agrees with Staff on the importance of a role for private investment in the deployment of charging infrastructure. Many of the offerings in ACE’s Light Duty Plug-in Vehicle Program have key elements of private investment, primarily in meeting the match of an incentive, with varying levels of incentives depending on market segment (e.g. market rate vs. overburdened communities). Additionally, ACE also agrees with Staff’s position that the EDCs should be permitted to provide up front technical assistance to private fleets interested in EV adoption. Through proactive engagement with customers with

MHD fleet electrification plans, ACE believes that it can work to educate MHD fleet managers on available options related to MHD electrification (e.g. up front vehicle costs, available fleet management technologies, rate structures, etc.) and support a comprehensive understanding of the ongoing savings associated with reduced operations and maintenance costs of electrification of MHD fleets. As stated in other comments in this proceeding, ACE believes that increased engagement with MHD fleet customers will be beneficial for grid planning, as it will contribute to earlier insights into fleet electrification plans across its service territory, and proactively bolster a more holistic view of the near-term and long-term impacts on the grid as a result of MHD fleet electrification.

Despite several points of agreement, ACE must disagree with Staff's position that EDCs should be precluded from incentivizing make ready infrastructure for private fleets. Privately owned fleets represent a significant portion of the current MHD market, as well as the sub segment of the MHD market most likely to electrify in the near term. Furthermore, the electrification of private fleets – whether light, medium, or heavy duty - can impose significant impacts on the system. These impacts could affect all rate payers if not properly considered. These impacts are much like the impacts caused by public fleets. Thus, ACE urges Staff to consider revising the directives of its Straw Proposal to allow EDCs to provide make ready infrastructure for both public and private fleets.

III. The utility should be afforded flexibility to work with stakeholders to develop and effective, targeted, and appropriately structured rate design measures that encourage private investment contributing to the accelerated growth of the MHD market.

ACE agrees with Staff's views around the role of effective rate design in encouraging the rapid deployment of EV Infrastructure for MHD vehicles across the state. Effective rate design can not only achieve the objective of recovery of the necessary revenue requirement associated with providing electric service to customers, but also can be used as a tool to support policy initiatives that aim to encourage to customers to make economic and efficient decisions regarding their energy usage. The multi-faceted objectives of rate design is particularly relevant in the context of MHD vehicles. Furthermore, ACE agrees

with Staff's view that EDCs should offer time-of-use ("TOU") rates for MHD fleet EV charging. The development of rate structures that reward customers who elect to charge during off-peak hours will be critical to unlocking any potential benefits of managed charging of MHD applications.

ACE acknowledges Staff's recommendation to reform commercial and industrial rate structures to ensure that demand charges are not an obstacle to investment in MHD EV sector. While the existence of demand charges is often characterized as a market factor that results in the hindrance of widespread deployment of EV charging infrastructure and subsequent EV adoption, it is ACE's view that the more pressing market characteristic is one of low utilization. To this end, ACE appreciates Staff's willingness to allow each EDC the flexibility work with EV ecosystem stakeholders to develop a transitional mechanism to mitigate the near-term impacts of demand charges associated with EV charging in the early stages of market transformation.

IV. Conclusion

ACE thanks Staff for the opportunity to provide comments on the Straw Proposal, as it 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 environment for EVs and associated charging infrastructure.

RENEWABLES, STORAGE AND CHARGING 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 (“Staff”) recommendations on New Jersey electric distribution utility companies’ (“EDCs”) proposals for Medium and Heavy-Duty (“MHD”) electric vehicle (“EV”) programs. 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 conferences 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 21, 2021, the BPU hosted a technical conference entitled “Renewables, Storage and Charging.” The intent of that technical conference was to explore 1) the ways that integrated renewables and storage capacity concerns can be addressed in grid planning 2) the ways that renewables and storage should be incentivized, as well as 3) the appropriateness of Vehicle to

Grid technology for for rate-payer investment. The following are Atlantic City Electric Company's ("ACE" or the "Company") comments on the scope of this technical conference.

II. The role of the utility is expanding to support the facilitation of the achievement of broader policy objectives related to clean energy and emissions reductions.

Released in 2020, the New Jersey Energy Master Plan ("EMP"), outlines a comprehensive plan to address New Jersey's energy system, establishing greenhouse gas ("GHG") emissions reduction targets for the electricity generation, transportation, and building sectors. The EMP outlines the following seven key strategies critical to the achievement to New Jersey's climate objectives:

- **Strategy 1:** Reducing Energy Consumption and Emissions from the Transportation Sector
- **Strategy 2:** Accelerating Deployment of Renewable Energy and Distributed Energy Resources
- **Strategy 3:** Maximizing Energy Efficiency and Conservation, and Reducing Peak Demand
- **Strategy 4:** Reducing Energy Consumption and Emissions from the Building Sector
- **Strategy 5:** Decarbonizing and Modernizing New Jersey's Energy System
- **Strategy 6:** Supporting Community Energy Planning and Action in Underserved Communities
- **Strategy 7:** Expand the Clean Energy Innovation Economy

As demonstrated by the transportation electrification ("TE") programs that ACE and other New Jersey EDCs have developed in support of many of these strategies – including make ready rebates for EV charging infrastructure¹ - the role of the EDC continues to expand. The role of the utility now includes its core function of reliability maintenance, as well as an additional focus on the enablement of broader clean energy and GHG reduction focused policy objectives.

As ACE has put forward in other comments submitted before the NJBPU as part of this proceeding, the electrification of the medium and heavy-duty ("MHD") sector warrants unique

¹ Atlantic City Electric Light Duty NJ EV Program.

consideration of differences in both the expected size and concentration of charging infrastructure, as well as the expected charging behaviors of MHD vehicles compared to their light duty counterparts. ACE believes these are material differences. Given these differences, ACE believes that its role in enabling the achievement of broader clean energy objectives through its TE programs is particularly relevant in the context of the MHD charging ecosystem.

One way the connection between EDC TE programs and broader clean energy policy objectives could be realized is in the relationship between battery storage (via EVs) and renewable energy supply targets. With considerably larger expected battery sizes, MHD charging applications could represent greater amounts of flexible demand that could be leveraged to smooth the integration of larger volumes renewable energy generation. Pursuant the aforementioned EMP Strategy 2, this in turn could contribute to the acceleration of the deployment of renewable energy across the state.

III. Increased upfront engagement between EDCs and MHD customers will be critical to grid reliability strategy as more customers seek to electrify their MHD fleets.

The relationship between EDC sponsored transportation electrification programs and broader statewide clean energy goals will become increasingly important as stakeholders assess the impacts of customer pursuits of clean energy objectives on the EDC's approach to grid reliability. Due to higher capacity and load requirements, and differences in expected charging behavior, ACE believes that cognizance of this relationship is particularly relevant in the context of the electrification of MHD vehicles.

The electrification of the MHD sector will present several unique considerations for EDCs to evaluate as part of overall grid planning processes. To this end, early coordination and increased levels of engagement between utilities and customers will be necessary as customers look to electrify their MHD fleets. Through proactive engagement with customers with MHD fleet electrification plans, ACE believes that it can work to not only educate MHD fleet managers on available options related to MHD electrification (i.e. up front vehicle costs, available fleet management technologies, rate structures, etc.), but also support

comprehensive understanding of the ongoing savings associated with reduced operations and maintenance costs of electrification of MHD fleets. Furthermore, ACE believes that increased engagement with MHD fleet customers will be beneficial for grid planning, as it will contribute to earlier insights into fleet electrification plans across its service territory, and proactively bolster a more holistic view of the near-term and long term impacts on the grid as a result of MHD fleet electrification.

IV. Incentive mechanisms will need to be designed to meet the specific and unique needs of the MHD segment.

As addressed previously in these comments, the approach to the electrification of the MHD sector will warrant different considerations as EDCs and MHD customers work together to support deployment of fully electrified MHD fleets. One key area of consideration will be in the size, structure and applicability of the incentives offered by EDCs in support of the deployment of MHD charging infrastructure. In its light duty vehicle program, ACE leverages the make ready business model to provide rebates and incentives to support of deployment of EV charging infrastructure across its service territory. It is expected that the make ready model will be equally valuable in the deployment of MHD infrastructure. However, as the costs of deploying MHD charging infrastructure are expected to be more expensive compared to their light duty counterparts, it is ACE's goal to work with the NJBPU, relevant transit agencies, electric vehicle supply equipment ("EVSE") companies, and other EV stakeholders in determining the appropriate levels of incentive support necessary to accelerate the electrification of the MHD sector.

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.