

**Comments Regarding NJCEP FY22 Second Budget Revision and  
Charge Up New Jersey EV Incentive Program Revised FY22 Compliance Filing  
Docket #: QO21040720**

*Submitted By:*

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Thank you for the opportunity to speak at the September 30, 2021, Board of Public Utilities (BPU) stakeholder meeting and submit these written comments on the proposed NJCEP FY22 second budget revision and Charge Up New Jersey electric vehicle incentive program's revised FY22 compliance filing.

The New Jersey Coalition of Automotive Retailers (NJ CAR) represents the 500+ franchised new car and truck retailers that make up the \$34.6 billion auto retail industry in New Jersey. Our members support the Charge Up New Jersey electric vehicle incentive program and, ordinarily, they would welcome additional funding and the continuation of incentives at any level. But, given the chip shortage and its impact on vehicle inventories, as well as the likelihood of major new federal incentives on the horizon, dealers are asking if this is really the right time for New Jersey to be pumping more money into the EV market.

These concerns are compounded by the fact that no one seems to know how the first \$60M was spent. The publicly available data currently found on the BPU website (*as of October 7, 2021*), is up-to-date only through the end of July 2021. Taxpayers and EV stakeholders want to see the data and must have the opportunity to independently review spending data to know whether another \$20M is a good investment, at this time, or if the recommended changes in incentive levels make sense.

For months, now, NJ CAR has been asking the BPU and its program administrator CSE to provide stakeholders with up-to-date data about how many vehicles were sold, the make, model and transaction price of those vehicles, registrations by zip code, and date of sale. Presumably, this is precisely the kind of data the BPU and CSE analyzed BEFORE recommending the State spend another \$20M on EV incentives or make radical changes to incentive levels. Either the BPU and CSE have this data and they are refusing to share it with the public, or they don't have this data and they are recommending a 33% increase in program funding without any analysis, whatsoever.

NJ CAR dealer members and the automakers our dealers represent have 100 years of experience in marketing automobiles. They know how incentives work and when, where, and how to apply them. It's just common sense to know incentives are utilized to move the market when demand lags and supply is plentiful. We are in a market where demand outstrips supply. Current automobile inventory, particularly EV inventory, is strained at the majority of dealerships, some of whom have seen an 80% to 90% reduction in vehicle inventory. Where they once had hundreds of vehicles on hand, they are now looking at a few dozen or less.

NJ CAR conducted a survey just before the September 30 BPU stakeholder meeting and the results were eye-opening. With nearly 15% of all franchised dealerships in the State responding, we found that:

- ◆ 41% of respondents have zero (0) EVs currently in inventory; and
- ◆ 50% of respondents have 1-5 EVs currently in inventory.

And the inventory issues don't look to be getting much better in the near-term for many dealers:

- ◆ 17% of respondents are expecting zero (0) EVs from their manufacturer in the next 2 months; and
- ◆ 38% of respondents are expecting 1-5 EVs.

Supply is unusually low because of a chip shortage and other component parts shortages caused by rolling COVID-induced manufacturing shutdowns affecting ALL vehicle manufacturers. It's a sellers' market and any rational businessperson knows that, in a sellers' market, there is no need to push product with incentives. Incentives work best—helping consumers make the decision to choose the incentivized product—when supply and competition for sales is high. We are encouraged to note that New Jersey consumers are getting more interested in EVs, but right now the market does not favor consumers because of lack of inventory and throwing State money at the problem isn't wise.

Moreover, whatever EV incentives may or may not make sense at the State level, they must be coordinated with the EV incentives expected soon on the federal level. We are waiting on details of what is shaping up to be a generous federal incentive for EVs. How can the BPU design a State incentive intended to move markets when we don't, yet know how much or how the federal incentives will be structured and when they will come on line?

Given all of this, we think it makes sense to pause and take a close look at exactly where the \$60 million already spent has gone. This kind of honest assessment of the program's performance through its first two years could provide valuable information to assist with decisions on how to structure the program in a way that truly *incentivizes* people to buy an electric vehicle, rather than just *reward* those who've already made the decision to go electric. With most of this money going to one brand of EV, Tesla, and so much of it being spent immediately after the incentive program came back online in July of this year, it's clear that consumers who already decided to buy EVs were simply waiting for the incentive. There is no evidence that public dollars were causing people to buy an EV instead of an internal combustion engine vehicle. Lastly, there is a great deal of confusion about incentive eligibility going forward. The proposal indicates that vehicles ordered after the point-of-sale program was paused on September 15, 2021, and before any potential restart of the program will NOT be eligible for an incentive. The proposal also suggests that the program will restart with a significantly reduced incentive amount on eligible vehicles. But for how long? There are also new rules for dealers and consumers and these rules are anything but clear. This is a problem for the consumers who want to buy an EV and dealers who want to help their customers take advantage of New Jersey's EV incentives.

NJ CAR encourages the BPU to aim for greater transparency, certainty, and reliability to build the best EV incentive program possible. The abrupt on-again/off-again nature of the program, and the uncertainty it creates, damages the program's credibility among consumers and dealers. NJ CAR asks: wouldn't it make more sense to allow the program to remain on hiatus until a thorough analysis of the sales data is complete? Then take this \$20M and marry it up with the \$30M coming for year 3 of the program (*and, perhaps, more if the Legislature agrees*) so the State could relaunch late in Q2 2020 or July of 2022, when inventory levels should return and a reliable, well thought out incentive program could be sustained for a full year.

