

October 12, 2021

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
ATTN: QO21040720
44 S. Clinton Ave., 9th Floor,
PO Box 350
Trenton, NJ 08625-0350

Submitted via email: board.secretary@bpu.nj.gov

Re: “Request for Comments - Proposed Electric Vehicle “Charge-Up New Jersey” Vehicle Rebate Program Changes

To Aida Camacho-Welch:

The signed-on organizations (“Commenters”) are pleased to submit these comments in response to the opportunity to comment on the Proposed Electric Vehicle “Charge-Up New Jersey” Vehicle Rebate Program Changes. The Commenters are very supportive of the Charge Up New Jersey program, getting more electric vehicles on New Jersey’s roads, and reaching the goals of the EV Law (S2252) signed by Governor Murphy in January 2020. This law codified ambitious mandates of putting 330,000 electric vehicles (EVs) on New Jersey’s roads by December 2025 and two million by December 2035, as well as established the country’s largest rebate program to incentivize the purchase of EVs to hit those goals.

The intention of an electric vehicle rebate is to help close the gap between the higher upfront cost of an EV and an internal combustion engine (ICE) vehicle, which is why it was initially set at \$5,000 -- to provide a difference maker for consumers deciding whether to take the plunge to buy an EV. The success of the rebate program in July, August and September of this year, which added to the initial success of the program in 2020 amidst the pandemic, indicates that a \$5,000 rebate is a strong stimulator of sales.

The EV rebate program clearly has the stated goal of boosting the number of EVs sold in the state and driven on our roads, and it is important to note that there are other programs designed to bring EV charging infrastructure and electric vehicles -- especially medium and heavy duty vehicles -- to overburdened communities. These programs must jointly work together to achieve the U.S. Climate Alliance goals (which NJ has endorsed) to reduce climate pollutants by 50% by 2030 and address environmental injustice. This full complement of programs is critical for both that long-term goal and for increasing electrification equity. The current EV rebate is not directly helping residents in overburdened communities and of lesser means, and a reduction of the rebate will make it even harder for those communities to directly benefit.

There is no data that indicates that the price of EVs has decreased dramatically enough to warrant the \$2,500 cut in the rebate proposed in the Compliance Filing. EVs are still more expensive to purchase, upfront, than ICE vehicles, despite their lower cost of ownership, and we are concerned a rebate of \$2,500 won't be enough to stimulate the EV market sufficiently to reach the goals of the EV Law, and reduce air and carbon pollution. Clearly, by lowering the incentive, the rebate program would presumably last for a longer period of time. But a drastic 50% cut, which would put New Jersey's rebate program more on the par with states like New York, makes it more likely to both confuse potential EV drivers by changing the program and also to be less effective. That being said, any altering of the program should be done carefully and with deliberate speed using publicly available data.

State	Rebate or Tax Credit	Value of Incentive
California	Rebate	Up to \$1,500
Colorado	Tax Credit	Up to \$2,500
Connecticut	Rebate	Up to \$5,250
Delaware	Rebate	Up to \$2,500
Louisiana	Tax Credit	Up to \$2,500
Maine	Rebate	Up to \$5,500
Massachusetts	Rebate	Up to \$2,500
New Jersey	Rebate	Up to \$5,000
New York	Rebate	Up to \$2,000
Oklahoma	Tax Credit	Up to \$5,500
Oregon	Rebate	Up to \$5,000
Pennsylvania	Rebate	Up to \$1,750
Texas	Rebate	Up to \$2,500
Vermont	Rebate	Up to \$4,000

Data from US Department of Energy Alternative Fuels Data Center

It is crucial that any decisions made through this Compliance Filing be made with sales data in mind. Without the proper funding for the rebate program and the proper value for the rebate itself, New Jersey will not be able to reach the goals laid out in the EV Law. It is unclear what data the BPU used to draft the Compliance Filing. The Charge Up New Jersey website only includes high level data for FY22 for the month of July 2021. On top of that, Phase Two of the Charge Up New Jersey program, in which rebates were given at the point of sale, was only in

operation for about 10 weeks before shutting down. Ten weeks of data is not enough to make such drastic changes to the program, or arguably any changes at all.

We'd like to remind the Board that the Charge Up New Jersey program running out of money is actually a good thing. It indicates that the rebate program is working towards its intended purpose, which is to stimulate the EV market in New Jersey. It is not the intention of the rebate program to forever sustain the EV market, or incentivize every EV purchase, but to jumpstart it. It would be preferable, however, if the rebate program did not run out of money only 10 weeks into the fiscal year.

To keep the program up and running for the rest of FY22, the program needs minimally an additional \$20 million. With the current rebate design, \$40 million is a more likely estimate, if the program is re-opened immediately. More analysis of the data is needed to determine the most effective incentive level and the proper funding level to keep the program running for 12 months. There is a strong option to return to the Legislature to ask for additional funding for the Charge Up New Jersey Program if analysis shows the need for additional funding. Certainly, the need for rebate funding in FY2022 is going to be much higher than the need in FY2027.

According to research from [UC Davis](#), removal of grants too early on in the introduction of EVs has a negative impact on the market. Purchase incentives need to support early adopters as well as the early majority of EV buyers, and only when market penetration has reached the *late majority* is it possible to start lowering incentives without negatively impacting market development. Therefore, it is crucial that the Charge Up New Jersey program should undergo a rigorous analysis of sales data and experience from other states and car dealer data to figure out the best long-term plan for the future. The ideal scenario of the full \$5K EV rebate lasting for a full 12 months clearly will not work with the current funding. But it would be best to figure out the optimal length and size of the rebate -- and make a case for more funds if needed.

Lastly, we want to emphasize that the Charge Up New Jersey program is intended to last about nine more years. No drastic changes should be made to the program without ample time to consider how to maximize the number of new EVs that are purchased under the program. The Commenters strongly urge the BPU to both analyze and disclose sales data with and without the rebate, as well as look at sales data for the reduced rebates for EVs in the \$45,000 to \$55,000 price range at the beginning of this fiscal year.

We recommend that the BPU re-open the Charge Up New Jersey program at the same incentive levels it has now, with the additional \$20-\$40 million in funding, to continue the success of the program. And depending on the time required for the analysis, it would behoove the NJBPU to be able to restart the program by citing more analytic data on sales to be able to provide a real-time trial. We clearly know that the current rebates are quite effective -- we don't know how effective lower rebate levels will be. In the meantime, the Board can assess any potential permanent changes to the program, which may be appropriate once the data is analyzed in depth, and roll out a new program at the beginning of the new fiscal year. The

lead-time can also provide additional time to ask the Legislature for increased funding, if needed, and for the NJBPU to make a strong argument using its analysis.

The Commenters are very supportive of the Charge Up New Jersey program, and we want the program to be able to maximize putting the most EVs on the roads as possible to help meet the 2025 EV mandate. We would also be strongly supportive of legislation to create additional budget line items to fund the Charge Up New Jersey program. It is critical that revisions to the program that could be in place for future years -- and create expectations for buyers -- be carefully thought through before adoption. We also note that while the program was designed for a 10-year duration, the most important years for the program are right now -- not in FY2027.

We appreciate the opportunity to provide written comments in this matter and in the public stakeholder meeting. Please feel free to reach out with any questions.

Sincerely,

Amy Goldsmith
NJ State Director, Clean Water Action

Doug O'Malley
Director, Environment New Jersey

Rev. Fletcher Harper
Executive Director, GreenFaith

Ben Haygood
Environmental Health Policy Director, Isles

Debra Coyle McFadden
Executive Director, NJ Work Environment Council