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PSEG
Services Corporation

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VIA ELECTRONIC FILING
Carmen Diaz, Acting Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue, 9th Floor
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Trenton, NJ 08625-0350
board.secretary@bpu.nj.gov

Re: In the Matter of Medium and Heavy Duty Electric Vehicle Charging Ecosystem
BPU Docket No. QO21060946

Dear Acting Secretary Diaz:

Pursuant to the New Jersey Board of Public Utilities ("BPU" or the "Board") Notice issued December 22, 2022 and revised December 23, 2022 in the above-captioned docket, Public Service Electric and Gas Company ("PSE&G" or the "Company") provides its comments on the updated medium and heavy duty ("MHD") electric vehicle ("EV") infrastructure straw proposal (Straw Proposal). PSE&G offers the below comments in hopes of improving the effectiveness of the final MHD EV charging infrastructure deployment framework.

PSE&G is excited to embark on the next phase of supporting the states goals for deployment of the EV charging infrastructure – targeting fleets and medium and heavy duty EVs. The expansion of the Straw Proposal to include private fleets in particular is appropriate to ensure incentives are more equitably available across the state in support of the State's goals for vehicle electrification. As a commenter noted during the January 17 stakeholder meeting addressing the Straw Proposal, all combustion engine vehicles with a tail pipe pollute equally, and a large portion of MHD and fleet traffic in New Jersey is comprised of privately-owned trucks and fleets. PSE&G is also supportive of continued working groups or a generic docket to continue to address EV infrastructure solutions, because effective collaboration with EDCs and a holistic view of EV solutions in the context of other programs and aspects of the Energy Master Plan are essential. Respectfully, however, the improved framework is still too rigid to maximize its effectiveness at achieving its stated goals. PSE&G shares concerns expressed by various stakeholders during the January 17, 2023 stakeholder meeting that conditions and restrictions on private fleet investment, though well intended, are problematic and could inadvertently chill participation or delay EDC implementation of programs, which is contrary to meeting the goals and spirit of the framework. PSE&G highlights specific issues of most concern below.

In summary, a framework with preferred paths, but flexible to adapt with the oversight of the BPU, is the best way to ensure equity, cost effectiveness, and success of MHD incentive programs. PSE&G recommends one change to the Straw Proposal that could resolve the remaining issues: a blanket statement that EDCs should primarily design their program proposals to follow the framework's requirements, but that EDCs may in their program filings request and present justification for deviation from framework requirements to address specific scenarios or challenges in that EDC's service territory. With this change, the framework will provide as uniform an approach as possible across EDC programs without curtailing the EDCs' ability to recommend equitable programs and customized solutions that can cost effectively maximize customer benefits by territory. The appropriateness of deviations and evaluation of benefits and costs would be thoroughly vetted by BPU Staff, New Jersey Division of Rate Counsel, and other interested stakeholders during BPU approval proceedings for each EDC program. An adaptable approach also supports the concept of coinciding with working groups/generic dockets without introducing delay.

Alternatively, the following aspects of the framework should be reconsidered and amended for the reasons set forth in more detail, below:

- Overburdened municipalities ("OBM") definition and limitation to municipal boundaries
- Exclusion of storage incentives
- 12-month limit for EDC make ready with risk to return on investments
- $200/kwh cap on make-ready incentives for private fleets
- Conditions on private fleet participation including managed charging

Finally, there are certain aspects of the Straw Proposal that should be clarified. These are:

- Expectations for EV hosting maps
- "Redeployment" of make-ready infrastructure

**<u>Overburdened Municipalities</u>**

PSE&G is the largest electric utility in New Jersey, serving approximately 2.3 million electric customers in hundreds of municipalities across 13 counties. There are only 19 OBMs as defined by the Straw Proposal within our electric service territory, even with the provision that the fleet may either be located in, or primarily operate in the OBM. As currently proposed, PSE&G-provided incentives for private MHD fleets would be limited to the municipalities listed below:

Camden County
Camden City
Hi-nella Boro
Woodlynne Boro

Essex County
City of Orange Township
East Orange City
Irvington Township
Newark City

Hudson County
East Newark Boro
Harrison Town
Union City
West New York Town

Middlesex County
New Brunswick City
Perth Amboy City

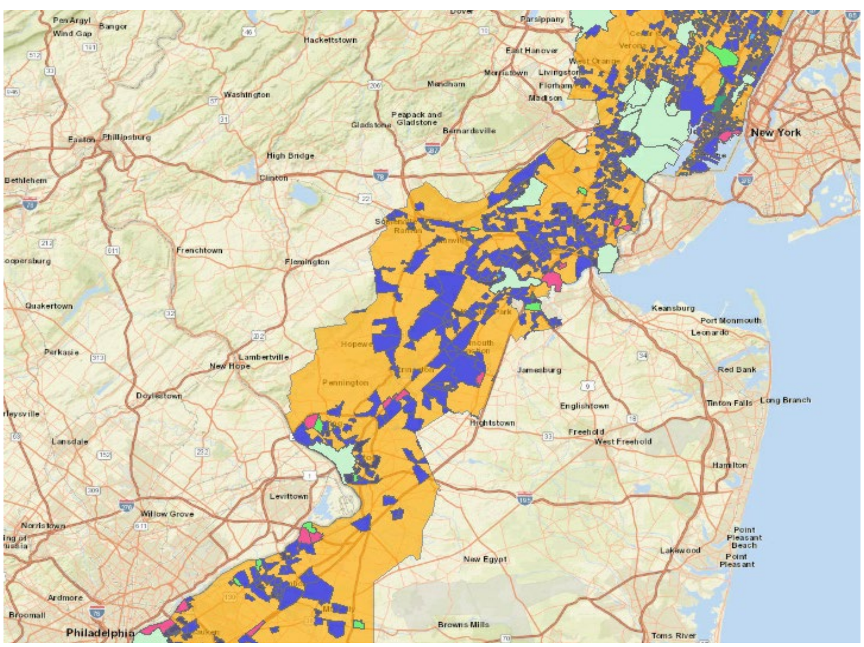
Mercer County
Trenton City

Passaic County
Passaic City
Paterson City
Prospect Park Borough

Union County
Elizabeth City
Plainfield City

With only limited exception for fleets with greater than 50% mileage in those areas, PSE&G could not provide incentives for MHD or fleet make ready infrastructure in other areas, even those meeting the criteria as Overburdened Communities ("OBCs") under the State's Environmental Justice Law.[1]

In PSE&G's service territory, there are 1700 OBCs within 177 municipalities. PSE&G appreciates that it may not be feasible or cost effective to provide incentives to every private fleet in every OBC; however, the use of OBM is far too small a fraction of OBCs, and is thus far too limiting to promote equitable deployment of private fleet incentives, as is depicted below:




| | |
|---|---|
| | PSE&G Territory |
| | OBM |
| | OBC: Adjacent |
| | OBC: Limited English |
| | OBC: Low Income |
| | OBC: Low Income and Limited English |
| | OBC: Low Income and Minority |
| | OBC: All 3 |
| | OBC: Minority |
| | OBC: Minority and Limited English |

[1] Even this exception could be complicated to implement, as it is unclear how tracking and verification of such data would occur.

Notably, there are known OBC areas that are hubs for MHD and fleets that would be totally excluded if no changes are made. These include Raritan Center in Edison, exit 8A of the NJ Turnpike in Cranbury, and expanding warehouse development in Franklin Township of Somerset County. Many of these areas have MHD vehicles that frequently travel to and from the Port of Newark but are not likely to meet requirement to have greater than 50% of mileage within an OBM. A better approach would be some middle ground to ensure equitable distribution of private fleet incentives across PSE&G's service area. Flexibility for PSE&G to identify where incentives could have the most benefit, perhaps prioritizing OBMs *but not strictly limited to OBMs*, is recommended.[2]

**Incentives for Storage**

The Straw Proposal acknowledges the importance of energy storage solutions collocated with EV charging infrastructure in reducing grid impacts, ensuring resilience, and potentially lowering EV infrastructure charging deployment costs, yet the proposal prohibits the inclusion of incentives for storage solutions. Storage can also be used to levelize peaks and reduce the need for off-peak charging (and associated restrictive or punitive enforcement of managed charging). While PSE&G supports encouraging managed charging, it may not be practical for businesses to force trucks to wait for off-peak times in order to charge, and storage can allow for operational flexibility by the fleet operator without triggering peaking costs. But storage solutions could raise the up-front costs to potential EVSE developers and may not be pursued absent incentives, which is why incentives may be vital for encouraging storage to support EV charging.[3] EDCs should have the option to include both incentives for customer-side storage and for deployment of utility-scale storage in their MHD program proposals. The costs and benefits of any proposed incentives or EDC investments in storage can then be evaluated as part of an overall EDC MHD program.

**12-Month Make-Ready Installation Requirement**

Twelve months is an unrealistic deadline for EDC completion of make ready work. Installation requires analysis, design, siting, permitting, construction, and inspections. Given the complexity and uniqueness of each site, the need to safely design and engineer these projects, as well as the known timeframes of materials required for these installations, it is not feasible to set a specific time limitation or even more burdensome extension process. The time required for each phase of each individual project varies considerably. For example, due to the density of much of PSE&G's service area, siting and engineering can add to the complexity. Furthermore, utility make-ready work can sometimes require property or easement acquisition. Complications also can often arise from matters outside the control of the EDC, like permitting approval delays or supply chain delays. PSE&G is very concerned that any punitive penalty, such as the suggested reduction in return on EDC investment for failing to meet a strict timeline limitation, creates

[2] PSE&G also notes that OBC is the eligibility criteria for the BPU's own RGGI Funded Medium- and Heavy-Duty Electric Vehicle Charging Incentive Program which was released on January 13, 2023. This mirrors the criteria used by the EDA in the NJ ZIP vehicle incentive program. Changing the criteria for private fleets under the Medium / Heavy Duty straw proposal to Overburdened Municipalities not only limits participation in New Jersey's most polluted areas, but creates confusion and a lack of continuity in the eligibility for the various electric vehicle programs.

[3] The Straw Proposal notes that there are already "extensive programs" supporting employment of such technologies, but it is not clear what this is referencing. Moreover, allowing for EDC proposals for storage incentives can be an additional tool to encourage storage in the specific context of EV charging.

uncertainty that can chill the EDCs willingness to substantially invest in make-ready infrastructure work. PSE&G suggests this condition be removed.

**$200/kW Cap**

A $200/kW cap for make ready incentives will not provide sufficient funding to make EV conversion economic for many MHD and fleet operators, particularly smaller operators. Several commenters during the January 17 stakeholder meeting noted that a high percentage of fleets in New Jersey are small (ten trucks and under). Commenters also noted that a $200 incentive cap in New York proved to be ineffective and is being reconsidered. PSE&G understands that incentive programs should be implemented in a way that promotes broad distribution of incentives and guards against one or two projects consuming large portions of program budgets. It is likely that complex developments may require additional funding above $200/kW depending on factors such as the criticality of the location. EDCs should be permitted to propose an approach in their program fillings for promoting equity in disbursement of incentives, and EDC program budgets can ensure overall costs to utility customers are reasonable considering the benefits of these programs. EDC proposals will be further reviewed and approved by the BPU, and should not be held to a specific dollar cap in the framework.

**Conditions for Eligibility**

PSE&G submits that generally the more stringent conditions that are placed on participation, the more complex and risky participation becomes for potential fleet customers. Complexity can bring costly administrative burdens, reducing the value of incentives to potential participants and possibly discouraging participation in incentive programs or EV conversion altogether. For example, the need to track data such as miles traveled in a certain area or displacement of existing vehicles could require additional measurement or validation tools and equipment that may be cost-prohibitive or simply not possible for certain customers.[4] Moreover, the threat posed by a disconnect switch would discourage fleet customers to convert to EVs as they would effectively be investing in vehicles that they may lose the ability to refuel. Disconnect or isolation mechanisms would come at additional project cost, and there are added concerns regarding designing utility systems reliably based on a need to disconnect or isolate individual customers required to comply with managed charging. Similarly, suggested loss of incentives based on outlined conditions creates uncertainty that also discourages participation in MHD programs. PSE&G suggests conditions should be goals and not strict requirements. EDCs should be permitted to innovate with program and rate design to encourage desired behaviors.

PSE&G agrees that managed charging should be encouraged, but it should not be required in such a prescriptive manner. PSE&G believes that appropriate rate design, and in particular the availability of time-of-use rates and the retention of demand charges, provide sufficient incentives for businesses to charge off peak. Business entities that manage fleets are sophisticated and typically seek ways to lower energy and fuel costs. However, not all businesses operate on the same schedule, and managed charging which encourages night-time charging may not be possible for certain business that operate their vehicles during two or three shifts that might need to charge mid-day to have sufficient fuel for an overnight trip. This prescriptive measure could discourage

[4] To the extent the Straw Proposal intends that EDCs would need to track, store, or maintain such data, PSE&G does not believe this is appropriate, as it could require additional legal/regulatory analysis on the nature of data and need to protect confidentiality of data under statutory law as well as potentially complicated or costly IT system changes.

customers from seeking MHD incentives or converting to EVs. PSE&G believes it would be administratively burdensome to require EDCs to police managed charging behavior, through disconnection, financial penalties, or other measures. This is unrealistic for many fleet, and is overly punitive to customers.

PSE&G also notes that to the extent some form of percentage-based managed charging goals are retained in the framework, this structure and its calculation needs clarification and would be better suited to be addressed through working groups rather than included in the framework at this time. Without clarification, PSE&G had difficulty trying to preliminarily model such a structure.[5]

PSE&G also disagrees that requiring a certain percentage of managed charging for private fleets relates directly to downward pressure on EDC electricity rates in the manner suggested by the Straw Proposal. The comparison to California is not valid because California's utility rate structures are not comparable to New Jersey's, as they are (not primarily based on cost causation principals). PSE&G recommends that managed charging can be tracked via collection of EV charging data and further studied via the proposed working groups, but should not be required for all private fleet participants.

**EV Hosting Maps**

PSE&G recommends that expectations for EV hosting maps be addressed and clarified in working groups. There are several aspects that require clarification, including: what capacity levels are intended to be shown, the complexity/challenges with development of such mapping based on facility design (i.e. network vs. radial), the specifics of data to be shown, and how relevant and accurate it is. For example, station capacity and circuit capacity frequently change and published data may quickly become stale. Lastly, and most importantly, depending on granularity, mapping requirements should consider infrastructure security concerns.

**"Redeployment" of Make Ready Infrastructure**

The Straw Proposal would require that make ready incentive recipients, "[c]ommit to returning Make-Ready infrastructure back to the EDC for redeployment in the event the EVSE Infrastructure no longer wishes to maintain EVSE at that location, fails to meet the performance criteria, [or] ceases its commercial operations."

This statement is confusing and problematic and should be clarified or omitted in the final framework. EDCs own infrastructure they build on the utility side of the meter. This equipment, to the extent it is part of EV "make ready" work, never becomes the property of a customer. Similarly, equipment on the customer side of the meter, even if installed by a utility as part of EV "make ready" work, is the property of the customer and is never the property of the EDC. Thus, there is no possibility of reversion to the EDC under any scenario. To the extent the Straw Proposal is suggesting that the EDC at any point assume ownership of customer property, this is highly problematic from a legal and regulatory standpoint and could raise eminent domain issues.

[5] For example, the 10% restriction on increase in on-peak instantaneous demand requirement should be clarified. It is not clear what the baseline for measurement of this percentage would be – vehicle charging load or total metered load for that customer. Also, it is not clear what is meant by "measured on an annual basis" and whether one would begin at a new threshold each year. Does this refer to capacity/transmission obligations?

**Conclusion**

PSE&G appreciates the opportunity to comment on the updated version of the Straw Proposal, which is much improved from the original version. PSE&G submits that with a few final adjustments, the framework can launch the next important phase in transportation electrification in New Jersey. The Company looks forward to continuing and improving collaboration between PSE&G, BPU Staff, and other stakeholders. PSE&G also looks forward to the issuance of a final framework and submission of a PSE&G MHD program proposal for the BPU's consideration.

Very truly yours,

Katherine E. Smith

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