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January 24, 2023

VIA ELECTRONIC MAIL
Honorable Carmen Diaz
Acting Secretary
State of New Jersey
Board of Public Utilities
Post Office Box 350
Trenton, New Jersey 08625-0350

Re: New Jersey Electric Vehicles Infrastructure Ecosystem – Medium and Heavy Duty Straw Proposal
BPU Docket No. QO21060946

Dear Acting Secretary Diaz:

Rockland Electric Company submits these comments in response to the Board of Public Utilities Notice dated December 22, 2022, requesting comments on its draft Medium and Heavy Duty Straw Proposal issued in June 2021 and subsequently revised in December 2022 in the above -referenced Docket. Please note that Rockland Electric Company is making this filing solely in electronic form pursuant to the Board's directive in its Emergency Order dated March 19, 2020 in BPU Docket No. EO20030254.

Please contact me if you have any questions regarding this filing.

Very truly yours,

/s/ John L. Carley

John L. Carley
Associate General Counsel

enclosure

New Jersey Electric Vehicles Infrastructure Ecosystem –
Medium and Heavy Duty Straw Proposal
BPU Docket No. QO21060946
Rockland Electric Company Comments
January 24, 2023

Rockland Electric Company (RECO or the Company) submits these comments in response to the Board of Public Utilities (BPU) Notice dated December 22, 2022, requesting comments on its draft Medium and Heavy Duty Straw Proposal (Straw Proposal) issued in June 2021 and subsequently revised in December 2022.[1] RECO supports the BPU's efforts to build out an equitable, reliable electric vehicle (EV) charging infrastructure ecosystem for medium and heavy duty (MHD) EVs, as well as light duty EVs. As an initial matter, the Company notes that electric distribution companies (EDCs) are a vital partner in both the development of an EV ecosystem and in the increased adoption of EVs. The EDCs expertise and experience in managing the electric grid will prove essential to the successful deployment of EV chargers throughout the State. Moreover, RECO's comments set forth below, reflect the highly relevant experience of its corporate parent, Orange and Rockland Utilities, Inc. (O&R), as well as the experience of other New York EDCs, in the deployment, operation, and management of EV programs for both light duty and MHD EVs.

Although the four New Jersey EDCs' service territories reflect different characteristics, basic equitable considerations demand that each of the proposed programs envisioned in the Straw Proposal must be available to customers in every EDC service territory. EDC customers should not be penalized merely because of their geographic location. The availability of financial support for all customers, residents, and businesses located across the State will enable a statewide network of charging stations and encourage business owners and fleet owners / operators to transition their fleets to EVs. This network will benefit all customers by reducing range anxiety. Such a migration to EVs will further the State's ambitious goals of reducing air emissions, particularly from MHD EVs which contribute a disproportionate share of pollutants to the air quality in New Jersey.

EV programs that are easy to administer and understand will result in efficient and successful programs that are used by a variety of charger owners, fleet owners/operators, and EV owners. Flexibility is critical to this evolving industry; program review and modifications to program components such as the incentive levels should be undertaken periodically to reflect changing technologies, the market, and industry needs.

Private Fleet

The Board should authorize each EDC to propose a make ready program for Private Fleet Charging Depots, as defined in the Straw Proposal. The absence of an Overburdened

[1] *In the Matter of Medium and Heavy Duty Electric Vehicle Charging Ecosystem*, Notice, BPU Docket No. QO21060946, dated December 22, 2022.

Municipality in an EDC's service territory should not deprive fleet owners of the potential financial support that may be needed to transition their fleets to EVs and thereby support achieving the State's ambitious EV goals. Authorizing a Private Fleet Charging Depot program in every EDC service territory is consistent with Staff's intent in establishing a generic proceeding for "coordinated planning around MHD vehicle electrification" – a proceeding that "seeks to encourage uniform treatment and standard footprint solution in all EDC territories, which should greatly accelerate commercial scaling."[2] In order to achieve the benefits from transportation electrification, a statewide approach is essential. Because transportation is inherently mobile, the emissions from internal combustion engine (ICE) vehicles are generated and migrate throughout the State. Accordingly, the replacement of ICE vehicles with EVs must occur on a statewide basis. The need for electrification of fleet vehicles exists not only in overburdened areas. Rather, residents in all counties and municipalities throughout New Jersey will benefit from statewide electrification programs. The financial support needed for MHD vehicle electrification is greater than for light duty vehicles due to the much larger total cost of ownership (TCO). For a fleet owner, the total cost to purchase EVs, install chargers, and charge those vehicles is a barrier to adoption. At this early stage in the EV transition process, incentives and supportive programs are essential to encourage fleet owners to transition to EVs, particularly on a scale necessary to meet the State's ambitious goals.

RECO supports equitable programs that target overburdened or underserved areas in New Jersey. Supporting the buildout of the State's EV ecosystem in these areas, however, does not require the sort of all-or-nothing approach currently reflected in the Straw Proposal. Rather, the Board's programs should be structured with an initial focus on Overburdened Municipalities. To the extent that none exist in an EDC's service territory or no fleet takes advantage of the program incentives available for Overburdened Municipalities, then those programs and incentives should be available to fleet owners/operators located outside Overburdened Municipalities.

The Straw Proposal includes a cap on make ready incentives for Private Fleet Charging Depots of $200/kW of charger capacity and references New York as a model for this value.[3] RECO takes issue with the proposed cap, particularly in light of the experience of O&R, RECO's corporate parent, in New York State. Specifically, O&R has witnessed the lackluster uptake associated with the New York baseline incentive of $367/kW of charger capacity. The recent mid-year review captured the results of this statewide incentive value and found that almost no fleets took advantage of the incentive program at that level.[4] Accordingly, RECO recommends that no cap be implemented in the early

[2] Straw Proposal, unnumbered p. 4.

[3] The New York Public Service Commission directed the EDCs to develop, a Medium- and Heavy-Duty Fleet Make-Ready Pilot Program in Case 18-E-0138, *Proceeding on Motion of the Commission regarding Electric vehicle Supply Equipment and Infrastructure*, Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs (issued July 16, 2020).

[4] At the December 1, 2022 stakeholder meeting hosted by New York Department of Public Service Staff, the New York EDCs presented their findings on the participation levels in the medium- and heavy-duty

years of any BPU-approved MHD EV programs. The BPU can review the need to impose a cap after these programs have been in operation for a few years and the MHD EV market becomes more self-sustaining.

Fleet Assessment Services

The Straw Proposal recognizes the value in EDCs providing technical assistance and fleet planning services to publicly accessible charger owners, public-serving fleets, private fleets, and fast charging sites. RECO strongly supports the availability of such assistance and services to all fleet owners within an EDC's service territory. EDCs are well positioned to provide technical information regarding the electric grid and EV charging, based on their own and other parties' experiences, both in New Jersey and throughout the country. Such advice is in addition to the "development and hosting of customer-accessed fleet planning and modeling tools" envisioned in the Straw Proposal. The successful electrification of a fleet requires a holistic approach to the transition – from selection of the EVs, to the location of the chargers, to ways to manage charging costs that meet a fleet owner's specific business needs. RECO would note that O&R has successfully offered this type of assistance and services in New York.

Twelve Month Installation for EDCs

RECO strongly opposes the imposition of a twelve-month installation timeline, with any delays resulting in reduced EDC earnings on a portion of the make ready infrastructure. This is an unrealistic goal because the installation of direct current fast chargers (DCFCs), given their large electric load, involve a lead time of a year or more from receipt of a completed application until energization. The EDCs require time to evaluate the project, especially those with load-modifying technologies; work with the applicant to finalize details and make any changes; procure equipment (*e.g.*, transformers); and complete the construction. Due to continuing supply chain concerns and delays relating to the types of equipment involved (*e.g.*, transformers), the time to complete needed upgrades likely will be longer than in the past and indeed, may extend beyond a year. Moreover, the long queue of projects may lengthen the time for completion of EDC work. Penalizing an EDC for unrealistic timelines, especially when impacted by conditions outside of its control, will undermine the ongoing working relationship between the EDC and applicant. Subjecting an EDC to arbitrary penalties is inherently contrary to sound regulatory policy.

Energy Storage and Net Load

Storage can play an important role in the clean energy transition and the roll out of an EV ecosystem. The EDCs are critical partners in the successful deployment of energy storage. Accordingly, the Company strongly recommends that EDCs be allowed to own energy storage assets as a means to kick start the market and to take advantage of the

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fleet make ready pilot programs. *See* Joint Utilities of New York presentation filed on December 2, 2022, in Case 18-E-0138.

EDCs' expertise in operating its grid and the flexible benefits that energy storage can provide.[5] EDC ownership of energy storage co-located with third-party owned EV chargers can spur the market, support the increased adoption of EVs, and boost the roll out of a statewide EV ecosystem.

The Straw Proposal recommends that EV chargers that are co-located with energy storage should be analyzed based on their net load. RECO strongly opposes this recommendation and recommends that EV charger load paired with energy storage be analyzed based on the sum of the loads of the assets. This approach will capture the potential maximum load at the site. Using this approach for sizing the service and choosing the appropriate rate is critical to both maintain the reliability of the electric grid and the assigning the appropriate rate classification (thereby avoiding improper cross subsidization).

In addition, the Straw Proposal recommends that the EDC alter its current method for studying the impact of a new service/new load on the grid when a charger participates in a managed charging program. Specifically, the Straw Proposal recommends that "each EDC study the electrical impacts of the proposed projects in a manner that incorporates the restrictions set forth in any approved managed charging program."[6] This adjustment is inappropriate because there is no guarantee that charger usage will be limited to the beneficial hours set forth in a managed charged program.

Capacity and Locations

RECO publishes hosting capacity maps that indicate the amount of available capacity for EV charger deployment on a given circuit. The Company supports the Straw Proposal's recommendation that private investors be responsible for locating sites using EDC hosting capacity maps and the investor's own research and analysis. Once an application is submitted to the Company, the charger project should go through the same new service business review applicable to any other new service request.

In addition, applicants should not be allowed to reserve system capacity merely by submitting an application and entering the EV charger queue. Such a process will result in a veritable "gold rush" with developers racing to submit applications in order to claim all of the available capacity. Based on experience to date, many of those projects will never be energized. RECO and its affiliate O&R proactively engage with EV charger developers early in the development process, often prior to receiving an application. However, guaranteeing sufficient site capacity is impractical because RECO does not reserve capacity for a project until that project meets certain predefined milestones. Allowing an applicant to reserve capacity will eliminate all capacity early on and deter other potentially more viable projects from submitting applications. New York's

[5] *See* RECO's comments in *I/M/O the New Jersey Energy Storage Incentive Program*, BPU Docket No. QO22080540 (filed December 12, 2022).
[6] Section IV.A.3.iii of the Straw Proposal

experience has plainly demonstrated that many applicants ultimately do not deploy and energize their projects.

Rate design

Appropriate rate design that supports the efficient and expeditious build out of the EV ecosystem and encourages EV charging behavior that is beneficial to the grid is critical to meeting the State's EV goals. However, any such rate design must be balanced with the rate impacts on all EDC customers. Given the immaturity of the EV market, many rate design solutions that may be enacted specific to EV customers should be viewed as transitional and be revisited as the EV market matures and becomes less reliant on subsidies. Rates design can help support the development of the EV market; however, rate design should not be structured so as to select "winners", by over-incentivizing one clean energy technology over other technologies. Rate design also should encourage beneficial consumer usage. In addition, appropriate rate design should minimize the cost shifts to non-EV customers – another reason that supports a transitional structure that evolves along with the market. A flexible program structure would allow initial incentive levels to be refined in a targeted manner to meet market needs while supporting charging station development, encouraging grid beneficial charging behavior, and minimizing cost impacts on other customers. Such rate design should (i) seek to prevent over- and under-incentivization of charging sites so customer funds are deployed efficiently with a goal to maximize cost-effectiveness, (ii) incorporate a framework that financially incentivizes charging stations to innovate to improve their load factor through greater utilization or lower peak demand to accelerate their progress to self-sufficiency, (iii) minimize inadvertent adverse financial consequences and shifting of costs to other customers in the same and other service classes, and (iv) provide transparent subsidies, including identifying customers that will bear the costs.

Cost Recovery

Full and timely cost recovery is crucial for the EDCs, with flexibility allowed for the particular recovery mechanism. Cost recovery mechanisms must be approved as part of the approval of each EDC's MHD EV program, *i.e.,* prior to the EDC commencing the program and incurring associated incremental costs. For consistency sake, RECO recommends that costs incurred in a MHD EV program be recovered in a similar manner to the recovery mechanism authorized by the BPU for the recovery of RECO's light duty EV program costs.

RECO appreciates the opportunity to provide these comments, especially in light of its experience through O&R managing MHD EV charger programs. The Company looks forward to its role as a vital partner in the achievement of the State's EV goals.