



**TO:** Secretary of the Board

**FROM:** Stanislav Jaracz, PhD, President, NJEVA

**DATE:** June 12, 2023

**SUBJECT:** In The Matter of the Fiscal Year 2024 Charge Up New Jersey Program Docket No.

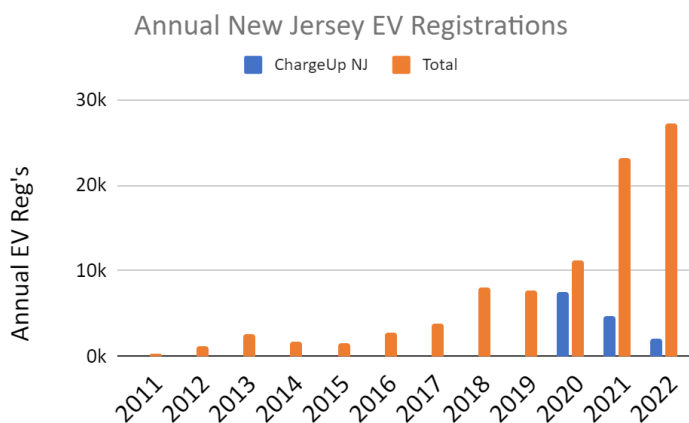
## EXECUTIVE SUMMARY

We appreciate the opportunity to provide recommendations on the proposed Charge Up New Jersey Program (CUNJ) FY 2024.

In January 2020, landmark EV legislation was signed into law, authorizing the Board of Public Utilities (BPU) to implement the CUNJ EV rebate program – a key initiative aimed to help us meet the state’s statutory goal of registering 330,000 EVs by 2025.

The CUNJ program has been somewhat successful for the third year in a row, signaling New Jerseyans have a strong interest in EVs despite the global supply chain issues. As reported by the BPU, the first three years of CUNJ put 16,375 new EVs on New Jersey’s roads, with the vast majority of those being full battery EVs. Based on data from DEP, as of Dec 2022, New Jersey had 91,515 registered EVs on the road, 27,208 of which were sold in New Jersey in 2022. These accelerated results certainly demonstrate that the New Jersey EV market is progressing in the right direction, despite unprecedented challenges. We have 3 years to add 238,485 more EVs to meet the goal of 330,000. This is **64.2%** average year on year growth.

Using the data from ChargeUp NJ portal, the analysis shows that the contribution of CUNJ rebate program to the total EV growth is declining.<sup>1</sup>



The (calendar) year 2022 was much less aggressive for EV registrations, leading to an annual increase of 17% compared to 108% growth in 2021. In comparison to FY2022, the FY2023 program functioned for

<sup>1</sup> Data from <https://chargeup.njcleanenergy.com/>, <https://nj.gov/dep/drivegreen/>,



nearly 9 months, much longer than 2 months, which provided a sense of stability to all parties. We congratulate BPU on this success. We also admit that our expectation of the program's longevity was much more pessimistic.

However, it is not clear where the \$30M annual budgeted fund is. The ChargeUp NJ portal shows \$11,177,200 total approved amount in FY2023 as of April 28.

Even more confusing is the figure in your presentation on June 5th, 2023, whooping \$37M for the same fiscal year. Where is the missing ~\$26M? Where is the transparency? In addition, even Year 2 of the program does not match the figure presented on slide #9 of the aforementioned presentation. We are not talking about delay in data entry. These millions are missing for the second year.

Fiscal Year	ChargeUp NJ Portal	BPU Presentation 6/5/2023	Difference
2020/2021	\$40,487,900	\$40M	\$0M
2022	\$13,194,425	\$21M	-\$8M
2023	\$11,177,200	\$37	-\$26M

Hopefully, this is an administrative error and will be rectified soon.

The EV growth rate over the past few years shows us that the NJ electrification goal is achievable, however, to sustain the stated growth in sales, growth in rebate funding will be needed this year and each year through 2025.

The CUNJ rebate program FY2022 was terminated in approximately ten weeks in a fear not to exceed the budget, signaling the need for additional funding and thoughtful program design to meet the consumer's demands, incentivize more sales, maintain the integrity of the program and foster an orderly market development. It is therefore crucially important to approach any program decisions and changes thoughtfully and deliberately, with stakeholder input, and based on a transparent assessment of all available data.

In the following detailed comments provided, we focus on three key issue areas regarding the proposed CUNJ program FY23: 1. Assure consistent and stable program all year long, 2. Ensuring Adequate Program Funding, and 3. Program Details, including data collection, reporting and transparency.

These comments are offered with the focus of keeping program momentum high to ensure that the state reaches the statutory EV adoption goals in these next few vital years.

## **ABOUT NJEVA**

New Jersey EVA is one of many chapters of the Electric Vehicle Association that has a long history of advocacy for EVs and works through its volunteers to accelerate the adoption of EVs. Our chapter has received the 2022 Award from the National EVA "Chapter of the Year" for our extraordinary activities, particularly EV shows. NJEVA has developed a brand recognized by Sustainable Jersey, Department of Environmental Protection, RideWise, goHunterdon and numerous Green Teams and Environmental Commissions in NJ. The NJEVA has currently 44 paying members and about 800 engaged subscribers.



This Spring of 2023, NJEVA participated in 16 in-person and one virtual event, reaching out to >10,000 people. We communicate the benefits of driving electric to ordinary people. We donate hundreds of volunteering hours including those to prepare this document.

## **DETAILED COMMENTS ON CHARGE UP NEW JERSEY (CUNJ)**

During 2022-2023 there has been exciting developments in the EV market: new products that are more affordable to more consumers; more commitments to electrification from traditional vehicle manufacturers, improved supply chain and I.R.A. with a renewed federal tax credit of up to \$7,500 and lots of incentives for car makers to onshore EV and battery production. With additional state support, it can be expected that consumer demand for EVs will continue to grow much faster in 2023 than last year. In order to accelerate the progress required to meet New Jersey's EV goals, the state needs a well-structured, well-funded, and well-timed EV incentive program that acknowledges current market conditions.

Below we summarize the most concerning issues to getting there:

### **1. Assure consistent and stable program all year long**

Responsible program design and orderly market development entail avoiding the disruptive stop-and-start nature of the program. The on-again, off-again cycle makes it impossible for consumers, dealers, and automakers to plan and execute an EV market strategy. This year was better than the prior, though. However, staff has proposed a program design and budget that will likely last very short time.

It needs to be addressed now, with thoughtful program design and clearly communicated incentive levels for consumers, dealers, and manufacturers to move the market. The draft proposal offers no remedy, despite the explicit statutory authority the BPU has been given regarding the budget, to avoid the on-again, off-again cycle. This can be solved by a calculated strategy: 1) increase in funding beyond the inadequate statutory minimum of \$30 million being proposed again; 2) Lower rebate amount per vehicle 3) Adjust eligibility tiers to retain substantial rebate for the most affordable EVs, while lowering/eliminating rebate for the premium models that sell well without the need of any further incentives. Only 1) will satisfy strong EV sales growth.

### **2. Ensuring Adequate Program Funding**

Ensuring proper funding levels for the CUNJ program is fundamental for New Jersey to meet its EV electrification goals. We estimate that the CUNJ program needs to rebate about 1 half of the required 45,000 new EVs in calendar year 2023 and even more in the first half of 2024 to be on track to meet the state's 2025 targets. The growth rate we've experienced over the past few years shows us that these numbers are achievable, however, to sustain year on year 64% growth in sales, significantly more funding for rebates will be needed this program year and through 2025.



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Other states also have strong incentives, particularly Colorado, Connecticut and Maryland.<sup>2</sup> We recommend investing \$100 million in funding for the CUNJ EV Rebate Program in FY2024 and increasing the 2-tier rebates to \$5000/\$2500. More importantly, funding levels need to increase every year in proportion to the required sales growth. This will not only maximize the impact on 2025 goal attainment but align deployment when the incentives have the most impact.

The NJBPU has the authority to accelerate funding since the provisions in the EV Law state "... no less than \$30 million a year..." funding levels, not funding limits. Moreover, the program has shown significant impact in 2020 when general car sales were low. The 2022 EV growth was weak due to supply chain issues but this is mostly over as seen on Tesla repeatedly lowering prices earlier this year, while shortening delivery times. More affordable models are expected this year, so it is expected that current funding level will be short lived. It is important to maintain the integrity of the program. Higher EV rebate budget puts New Jersey on the map as a "preferred market" by OEMs when product allocations are made. We want products sent here.

### **3. Program Details**

#### Broadening Eligibility to 3-wheel vehicles

In order to ensure equity, it is important to also include small affordable 2 and 3-wheel vehicles that have at least 2 passenger capacity (driver+passenger) and are highway capable. Please note that the current program does not exclude 2-passenger cars. Why should 3-wheelers of the same capacity be excluded? There are EV startups targeting this segment, some of them offering solar charging and super efficient powertrain, allowing use of smaller battery packs to achieve longer range. This can be used in disadvantaged communities without access to public charging. We urge you to give this a serious thought as efficiency is the new king and should receive adequate governmental support. We don't need oversized electric pick up trucks on our roads. This stresses supply chain, electrical grid, our roads and poses more vehicular hazard.

#### Set Program Rules to Account for Market Conditions

The worst supply chain constraint experienced in 2022 is over now. The renewed Federal Tax credit as set forth by the I.R.A. will continue having a substantial positive effect on EV sales. It can be expected that more EVs will be delivered to NJ dealers this year. This translates into more rebate applications.

#### Disclosure Of Existing Data

There is still a lot to learn about the EV market in New Jersey. Increased transparency of the data collected by the BPU for the rebate program will allow us to learn and further optimize this program on the go.

It would be helpful if current program data be published at the transaction level, stripped only of personal identifying information. Making all current program data publicly available is critical to inform decisions and ensure transparency.

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<sup>2</sup> <https://www.gobankingrates.com/saving-money/car/states-with-best-electric-vehicle-incentives/>



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Comments on Budget proposal other items

In our opinion, the programs for residential charger rebate and EV tourism are a distraction from the more important focus of providing rebates for EVs. The state has utility programs and incentives from the NJ Department of Environmental Protection. These include grants to build out a statewide publicly available fast-charging network. MUD chargers are on our support list as they are focused on non-privileged residents. However, we are seeing these funds to be wasted as the programs are inviting electricians to upsell. More specifically, it is now generally accepted that 16A charging at 240V (20A breaker) is a much better technical solution:

- it provides enough energy over the night to charge the average vehicle to at least 80%.
- in many instances, service upgrade can be avoided, lowering project cost and freeing electricians for other projects
- less conducting materials are needed for 16A vs. 40A, further saving \$ and is more sustainable
- lower current over longer period of time helps to stabilize the grid

We now have additional federal funding. These funds should be directed towards the CUNJ budget.

BPU should also allow utilities to sell energy directly to customers. This relates to affordable pole-mounted chargers that we mentioned last year. It will assure that public EV charging does not mandate middlemen, which makes the cost of charging unnecessary higher.

**CONCLUSION**

We appreciate the work that BPU staff put into designing and implementing the CUNJ program. With the help of this program, New Jersey continues to catch up with other states in the transformation of the transportation sector. We must keep up the momentum to hit our goals. It also is important to remember that money spent on electricity to fuel cars is money spent locally. Money saved by avoiding fossil fuel is discretionary income for EV drivers that stimulates the state economy.

We have just about two and half years to reach our goal, although it starts to feel like a dream. It is vital that we continue to accelerate our investments and commitments, as success depends not just on strong natural growth among early adopters, but the stimulated growth among mainstream consumers made possible by the CUNJ and more affordable vehicles coming into the market. It is, therefore, crucial to approach any program decisions in a transparent and evidence-based way, with a focus on ensuring the attainment of New Jersey's EV adoption goals in these next few vital years.

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Stanislaw Jaracz, PhD  
President, NJEVA

6/12/2023

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Date