August 7, 2023

Via Electronic Mail (Board.Secretary@bpu.nj.gov)

Ms. Sherri Golden, RMC
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Street, 1st Floor
P.O. Box 350
Trenton, New Jersey 08625

Re: Request for Comments Concerning Eligibility for Areas of Last Resort in the Electric Distribution Companies' Electric Vehicle Programs

Dear Secretary Golden:

Electrify America, LLC ("Electrify America") appreciates the opportunity to provide written comments in response to the New Jersey Board of Public Utilities' ("Board" or "BPU") invitation for stakeholder input with respect to an update on the timelines for eligibility of Areas of Last Resort in the electric distribution companies' ("EDCs") electric vehicle ("EV") programs.[1] Electrify America also joins the comment letter submitted by other EV charging companies.

Electrify America generally supports extensions to the deadlines of designated Areas of Last Resort. However, Electrify America maintains that any allowance of utility owned and operated charging stations by the Board should be accompanied by rate reform and clear and well-defined restrictions on opening such charging stations. A strong private market of charging companies in New Jersey will allow the State to achieve its transportation electrification goals and reduce range anxiety for New Jersey residents adopting electric vehicles. Private charging companies will face difficulty competing against utility owned and operated charging stations, and ratepayers will likely pay more to subsidize these charging stations. Accordingly, Electrify America maintains that the Board should take a more measured and restrictive approach to Areas of Last Resort to protect against the risk of anticompetitive practices by the EDCs.

Electrify America is the largest open direct current fast charging ("DCFC") network in the United States and is committed to investing over $2 billion over ten years on zero emission vehicle

[1] These comments pertain to the following dockets, in which the BPU approved the EDCs' EV programs: In the Matter of the Petition of Rockland Electric Company for Approval of an Electric Vehicle Surcharge, and for Other Relief (Docket No. EO20110730); In the Matter of the Verified Petition of Jersey Central Power & Light Company for Approval of an Electric Vehicle Program and an Associated Cost Recovery Mechanism (Docket No. EO21030630); In the Matter of the Petition of Atlantic City Electric Company for Approval of a Voluntary Program for Plug-In Vehicle Charging (Docket No. EO18020190); In the Matter of the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future – Electric Vehicle and Energy Storage ("CEF-EVES") Program on a Regulated Basis (Docket No. EO18101111). Each filing by the EDCs was made in furtherance of the Minimum Filing Requirements established by the Board, In the Matter of Minimum Filing Requirements for Light-Duty Publicly-Accessible Electric Vehicle Charging (Docket No. QO20050357).

infrastructure. This investment will enable millions of Americans to discover the benefits of electric driving and support the build-out of a nationwide network of ultra-fast community and highway chargers that are convenient and reliable. To date, Electrify America has built a coast-to-coast network of DCFC stations across over 825 locations and with over 3,600 individual DC fast chargers in total, including 23 locations with 106 individual DC fast chargers in New Jersey. The chargers range from 150 kW to 350 kW of power based on anticipated needs and use cases, as well as available real estate and power. The ultra-fast 350 kW chargers are the most powerful public chargers on the market today, capable of recharging speeds close to gasoline fueling.

Electrify America has built a record of advocacy in New Jersey and particularly before the BPU over the past few years to advance a supportive utility environment for public charging stations. Electrify America's investment in New Jersey depends in part on sustainable economics for the private market of EV infrastructure. Utility rates and incentives should be structured to support infrastructure development in order to align with State public policy and ensure the financial sustainability of continued EV infrastructure operation. Specifically, Electrify America intervened in the proceedings initiated by PSE&G and ACE pursuant to the Board's light-duty Minimum Filing Requirements, and Electrify America has submitted comments in the Basic Generation Service ("BGS") proceedings for the past two years.[2] While Electrify America appreciates the efforts made by the BPU, the EDCs, and other stakeholders, Electrify America nonetheless sees a great deal of work that is needed to place New Jersey in line with other states and jurisdictions that have made more significant and permanent changes in rate reform and to reduce demand charges to improve the utility environment for charging stations. New Jersey's provision for utility owned and operated charging stations, as it currently stands, prior to the implementation of rate structures that include alternatives to demand charges, represents a step in the wrong direction from Electrify America's perspective.

Under the current Minimum Filing Requirements, the EDCs are permitted to construct their own charging stations in designated Areas of Last Resort. To date, stakeholders in New Jersey have been generally unwilling to support any material subsidy for competitive charging companies. Based on information Electrify America submitted in last year's BGS proceeding (Docket No. ER22030127), the annual demand charge exposure for a typical 4-DCFC installation in New Jersey can amount to over $300,000—an amount that cannot be reasonably passed onto EV drivers that are charged by the kilowatt-hour (kWh) by charging providers. An approval of Areas of Last Resort charging stations in the near term would be a setback to private charging companies,

[2] Electrify America filed comments or intervened in the following proceedings, in addition to other opportunities for participation in New Jersey and before the Board: In the Matter of Medium and Heavy Duty Electric Vehicle Charging Ecosystem (Docket No. QO21060946); In the Matter of the Provision of Basic Generation Service ("BGS") for the Period Beginning June 1, 2023 (Docket No. ER22030127); In the Matter of the Provision of Basic Generation Service ("BGS") for the Period Beginning June 1, 2022 (Docket No. ER21030631); In the Matter of the Electric Vehicle Infrastructure Minimum Filing Requirements for Electric Distribution Companies Rulemaking (Docket No. QO20100671); In the Matter of the Petition of Atlantic City Electric Company for Approval of a Voluntary Program for Plug-In Vehicle Charging (Docket No. EO18020190); In the Matter of the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future – Electric Vehicle and Energy Storage ("CEF-EVES") Program on a Regulated Basis (Docket No. EO18101111); In the Matter of Minimum Filing Requirements for Light-Duty Publicly-Accessible Electric Vehicle Charging (Docket No. QO20050357).

especially for low load factor DCFC stations in areas where demand charges exceed $25/kW-mo, where low load factors would ensure monthly financial losses.[3] Moreover, this same $300,000 demand charge risk for a 4-charger location would be absorbed by ratepayers in utility owned and operated charging stations for Areas of Last Resort, as the EDCs themselves would be in the same situation to only charge EV drivers by the kWh delivered, thus distorting the ability of private charging operators to compete when both this demand charge risk and the capital expenses would be subsidized in an Areas of Last Resort scenario. Rate reform is critical to reduce costs to ratepayers and allow utility costs imposed on DCFC networks to be related to what they can charge end customers on a kWh basis. The competitive advantage that EDCs have in owning and operating stations could encourage EV charging companies to allocate capital investments in other states where charging volume will not be compromised by a competitor with the ability to socialize loss-making operations and earn a BPU-supported rate of return.

Electrify America has consistently advocated for the shared responsibility approach of utility investment in make-ready infrastructure and private investment in public charging stations and customer experience to meet infrastructure policy goals for the State. The difficulties and long timelines Electrify America has experienced in obtaining permanent rate reform to reduce demand charges has reduced the attractiveness of the market for capital investment in DCFC infrastructure and may result in a scenario where EDC owned and operated charging stations appear to be inevitable, along with increased costs and risks for ratepayers. Continued delays in permanent alternatives to demand rates make it difficult for the private market of charging companies to succeed, and this is counter to New Jersey's stated decarbonization goals that require the advancement of transportation electrification.

Electrify America recommends that the Areas of Last Resort designations and accompanying permission for utility owned and operated charging stations should be on hold until the State provides permanent rate reform that gives the private market of charging companies a chance to succeed. Electrify America supports opening charging stations in overburdened communities as instrumental in advancing greater EV adoption. However, without addressing rate reform or establishing clear and restrictive limits on utility owned and operated charging stations, including through designations of Areas of Last Resort, it will be difficult for private charging companies to compete in New Jersey.

Electrify America acknowledges that utility owned and operated charging stations may be appropriate in some jurisdictions and under certain circumstances in which the private market of charging companies has a sufficient opportunity to succeed or is appropriately incentivized. Further, while Electrify America is generally encouraged by recent proposals by the EDCs to address demand charges in the ongoing BGS proceeding (Docket No. ER23030124), these proposals are all limited in duration. More rate reform is needed to create sustainable economics for the private market of charging companies.

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[3] For example, the current PSE&G LPLS Tariff has summer demand charges of $3.84/kW-mo, $9.15/kw-mo, $1.74/kW-mo, and $13.28/kW-mo for annual demand, summer demand, PJM generation capacity demand, and transmission capacity demand, respectively.

Therefore, Electrify America generally supports Staff's recommendation to extend the deadlines for EDCs to establish Areas of Last Resort, especially for overburdened communities. However, Electrify America would recommend that the Board go further and hold off on allowing utility owned and operating charging stations in Areas of Last Resort until the Board has implemented a permanent rate design solution to demand charges and set clearly-defined and measured restrictions on utility owned and operated charging stations. This will ensure a robust private market for public charging stations, which will reduce ratepayer costs in the long-term, and which will ultimately allow the State to achieve its transportation electrification goals.

Electrify America appreciates the opportunity to provide these comments on Areas of Last Resort for EV charging stations in New Jersey. We remain available to provide the Board and interested stakeholders with additional information upon request.

Respectfully submitted,

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