



Rockland Electric Company
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October 6, 2023

VIA ELECTRONIC MAIL

Honorable Sherri L. Golden
Secretary
State of New Jersey
Board of Public Utilities
Post Office Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O the Provision of Basic Generation Service for the Period
Beginning June 1, 2024
BPU Docket No. ER23030124

Dear Secretary Golden:

In compliance with the procedural schedule attached to the Board of Public Utilities' ("Board") Order dated April 12, 2023, in the above-referenced docket, I enclose for filing Rockland Electric Company's ("RECO" or the "Company") Final Comments. These Final Comments supplement the Final Comments filed jointly by the New Jersey electric distribution companies. Although a number of parties submitted initial comments, RECO is only addressing a position set forth in the initial comments submitted by the Division of Rate Counsel.

By way of background, in RECO's Company Specific Addendum Compliance Filing submitted to the Board in the above-referenced docket on June 30, 2023, as directed by the Board, the Company included a Direct Current Fast Charging ("DCFC") solution. Specifically, RECO proposed to provide eligible customers with an incentive of up to 75% of the BGS-CIEP capacity charge of the customer bill, with an annual cap of \$12,600 per DCFC Plug. The Company will administer these incentives annually to eligible DCFC stations taking service under the BGS-CIEP tariff. RECO proposed to operate this program from the time of Board approval until year-end 2026. RECO also proposed to recover these incentives through the BGS-CIEP reconciliation charge. RECO noted that it can implement this program upon Board approval. Importantly, the Company will incur **no** incremental administrative expenses in doing so. RECO argued that given its size, this approach was superior to a rate design approach, as the cost of implementing any rate design related changes likely will be materially in excess of the total incentives distributed over the approximately three-year life of RECO's proposed program.

In its initial comments (p. 5), Rate Counsel did not object to an incentive type approach, as proposed by the Company. Rate Counsel did object, however, to RECO's proposal to recover the costs of implementing and administering the DCFC electric vehicle ("EV") costs from all BGS CIEP customers. In Rate Counsel's view, RECO should not "subsidize the costs of the [sic] their DCFC incentive programs from BGS CIEP customers that may not own or use an electric vehicles [sic], and therefore derive no benefit from the incentive but still may see increased BGS rates."

Rate Counsel's position on this cost recovery issue is misguided and should be rejected by the Board. As a practical matter, Rate Counsel would effectively prohibit RECO's payment of incentives to eligible customers. Given the small number of participants in RECO's DCFC Program, RECO would pay incentives to participants in one year and then collect the incentive amounts from the same customers in the following year. Such circularity is not consistent with the Board's directive to develop a DCFC rate design solution. It also is not consistent with the State's goal to expand the DCFC infrastructure in order to encourage the adoption of EVs in New Jersey.

Moreover, given that RECO is targeting participation of 31 plugs during the term of its DCFC Program, which coincides with the number of plugs targeted for RECO's DCFC Incentive Subprogram approved in the Company's Light Duty EV Order,¹ the total incentives paid will be modest. As a result, the projected impact on non-participating BGS CIEP customers also will be modest.

Rate Counsel's opposition also ignores a significant benefit associated with the Company's proposal - - it can be implemented with **no** incremental administrative costs. In contrast, if the Company is required to develop and implement a separate DCFC BGS rate, it will incur significant administrative costs. The Company will be required to update its new billing system, which is going live in October 2023, to include new rate codes for the 31 plugs. These 31 plugs equate at most to 15 customers, as chargers generally have more than one plug. In addition, tracking the incentives paid to and then recovered from those same 15 customers, will require programming adjustments, with associated information technology costs. The incurrence of such administrative costs is plainly not cost-effective given the minimal number of customers who would take service under such rate.

For all these reasons, the Board should reject Rate Counsel's objections and authorize RECO to implement its DCFC Incentive Program proposal.

¹ BPU Docket No. EO20110730, *IM/O The Petition of Rockland Electric Company for Approval of an Electric Vehicle Program, Establishment of an Electric Vehicle Surcharge, and for Other Relief*, Decision and Order Approving Stipulation (dated October 12, 2022) ("Light Duty EV Order").

Please note that RECO 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

c: Service List (via electronic mail)