



June 12, 2024

Sherri L. Golden
Board of Public Utilities Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue
Trenton, NJ 08625

Re: Docket No. QO24020126 Energy Master Plan-2024 Update

Introduction

Electrify America appreciates the opportunity to submit comments on New Jersey's Energy Master Plan, specifically strategies 1 and 2 to increase electric vehicle (EV) adoption and lower carbon emissions from the transportation sector. Electrify America is the largest provider of hyper-fast, Direct Current Fast Chargers ("DCFC") in the U.S, meaning its network has the greatest number of chargers that can provide up to 20 miles of range per minute. Electrify America is also investing \$2 billion over 10 years in Zero Emission Vehicle infrastructure, education and access enabling millions of Americans to discover the benefits of electric driving. The Electrify America's network includes over 4,000 chargers across more than 900 stations in 47 states and the District of Columbia. And in New Jersey, Electrify America has 114 chargers across 25 stations.

Incentivizing EV adoption

Effectuating an alternative rate for Direct Current Fast Chargers that right-sizes capacity and distribution demand charges would eliminate a significant barrier to EV adoption. Per existing tariffs, a station of six chargers, each providing charging speeds between 180-350kW, risks incurring over \$350,000 a year in demand charges alone.¹ This risk disincentivizes not only the build-out of additional charging stations but also upgrading existing stations to add more chargers and provide faster charging speeds.

As indicated in the 2019 Energy Master Plan, among the greatest barriers to EV adoption is range anxiety. Lack of high-quality public charging infrastructure contributes to range anxiety; and range anxiety dissuades drivers from making the switch to an electric vehicle. So, to mitigate range anxiety, the state must find an alternative to the existing, outdated utility rates that represent a barrier to building and upgrading stations.

Lowering Carbon Emissions

Adopting a low-carbon fuel standard ("clean fuel standard") is one of the most impactful policies to reduce carbon emissions and incentivize the electrification of transportation. It is

¹ BGS-CIEP Generation Capacity: $\$10.7332/\text{kW} \times 1080 \text{ kW} = \$11,591.856/\text{month} \times 12 \text{ months} = \$139,102.272$ BGS-CIEP Transmission Capacity: $\$13.2975/\text{kW} \times 1080 \text{ kW} = \$14,361.30/\text{month} \times 12 \text{ months} = \$172,335.60$
LPL Summer Demand Charge: $\$9.1888/\text{kW} - 50\% = \$4.5944/\text{kW} \times 1080 \text{ kW} = \$4,961.952/\text{month} \times 4 \text{ months} = \$19,847.808$
LPL Annual Demand Charge: $\$3.8624/\text{kW} - 50\% = \$1.9312/\text{kW} \times 1080 \text{ kW} = \$2,085.696/\text{month} \times 12 \text{ months} = \$25,028.352$

<https://nj.pseg.com/-/media/pseg/public-site/documents/current-electric-tariff/electric-tariff-16-2022-zec-refund-effective-05012022.ashx>



effective because it creates a financial incentive to both avoid emissions and to invest in cleaner fuels. This investment in the form of monetized credits has been key to growing the clean fuels industry while in its nascency and expanding EV charging infrastructure.

A Clean Fuel Standard offers electric vehicle service providers (EVSPs) the opportunity to attract investment that is then used to improve and expand their network in the state. As providers of a clean transportation fuel, EVSPs stand to generate credits based on emissions avoided; these credits may then be sold to providers of fossil fuels who have exceeded emissions limits and incurred a deficit. So, the credit market, by design, puts a cost on excessive emissions and ensures that those responsible for it are those that help finance the transition toward cleaner fuels. This ability to generate and sell credits has provided EVSPs with the resources necessary to build additional stations with greater capacity and that provide faster charging speeds. As EV adoption increases and charger utilization grows, these larger and faster stations are demonstrating to be essential to meeting the current and future demand for fast charging infrastructure. The Clean Fuel Standard supports electrification because it provides an important funding stream to realize such a charging network.

Conclusion

Redesigning rates for DCFC utility customers and enacting a low-carbon fuel standard are two policy initiatives that will progress New Jersey toward its sustainability goals. Both would advance transportation electrification and reduce emissions by attracting investment in public fast charging infrastructure to the state.

Adopting a utility tariff that offers an alternative to capacity and distribution demand charges would create certainty around energy costs and reduce the risk associated with operating a fast-charging station in New Jersey. The current risk of \$350,000 a year in demand charges, all but precludes the economic viability of a potential station in New Jersey. So, EVSPs look elsewhere for opportunities. An alternative rate with a right-sized demand charge is key to reducing that disincentive and attracting investment to build a vast DCFC network in the state.

Clean fuel standards across the country have proven successful at reducing carbon emissions, lowering air pollution, accelerating electrification, and growing the clean-fuels sector. The market mechanism by which one complies ensures that these benefits do not come at a cost to taxpayers or state budgets but at the cost of those emitting the most CO₂. By purchasing credits generated by clean fuels, carbon-intense fuel providers support the growth of the clean fuel sector and have a financial stake in the transition to cleaner fuels.

The 2019 Energy Master Plan contains ambitious sustainability goals and having a reliable and ubiquitous network of public chargers is key to meeting them. An alternative rate structure and a clean fuel standard would remove barriers and help finance the build-out of the network necessary to meet the current and future needs of EV drivers. New Jersey has an opportunity right now to be a leader in the transition to clean energy. The state should seize this moment by adopting meaningful and effective policies to expedite and ensure that successful transition.

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