

Matthew M. Weissman
Managing Counsel - State Regulatory

Law Department
PSEG Services Corporation
80 Park Plaza – T5, Newark, New Jersey 07102-4194
tel : 973-430-7052 fax: 973-430-5983
email: matthew.weissman@pseg.com



June 17, 2020

Via Email

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue, 9th Floor
Trenton, NJ 08625-0350
Board.secretary@bpu.nj.gov

RE: Docket Number QO20050357: In the Matter Of Straw Proposal On Electric Vehicle Infrastructure Build Out

Dear Ms. Camacho-Welch:

Pursuant to the New Jersey Board of Public Utilities (“BPU” or the “Board”) Notice issued May 18, 2020 in the above-captioned docket, Public Service Electric and Gas Company (“PSE&G” or the “Company”) provides its comments on the Straw Proposal On Electric Vehicle Infrastructure Build Out (“Straw Proposal” or the “Proposal”) presented by the Board’s Staff (“Staff”).

I. Introduction

In its Straw Proposal, the Board has taken steps to address the State’s important transportation electrification goals set forth in the 2019 New Jersey Energy Master Plan, Pathway to 2050 (“EMP”). The state’s ambitious targets for rapid deployment of electric vehicles (“EVs”), electric vehicle charging infrastructure (referred to in the Proposal as “Charger Ready” infrastructure), and Electric Vehicle Service Equipment (“EVSE”) in the next five years are also set forth in the recently-enacted Plug In Vehicle Act (“PIV Act”)¹ and are codified in the public utility law.² Achieving these mandates and delivering the vitally important environmental, health, and economic benefits proven to flow from electrification of transportation will be challenging, and will require an extraordinarily rapid implementation pace, collaboration, and participation across public and private sectors, including the active participation of public utilities.

¹ [L.2019, c. 362.](#)

² *N.J.S.A.* § 48:25-1-11.

PSE&G welcomes the opportunity to engage with Staff in the Board’s consideration of issues related to the EV ecosystem. PSE&G submits in its comments below that: (1) parallel consideration of PSE&G’s pending Clean Energy Future – Electric Vehicles/Energy Storage (“CEF-EVES”) case, (Docket No. EO18101111), will support, and should be supported by, this policy proceeding; (2) to meet the goals of the PIV Act, the State’s utilities must play a critical, proactive role and must receive cost recovery and a fair return on their EV investments; (3) the Straw Proposal as drafted unduly limits the utilities’ roles to Make Ready investments and providers of last resort, and ignores other approaches that have proven more effective; and (4) the Straw Proposal, while properly recognizing the importance of EV infrastructure for light-duty vehicles, ignores infrastructure and assets needed to ensure that the benefits of electrification are brought to all segments of the transportation sector, including buses and public transportation, and that the environmental and health benefits of electrification are shared equitably by all public utility customers. The Company also provides additional recommendations related to other aspects of the Straw Proposal including rate design and proposed minimum filing requirements.

II. Consideration Of PSE&G’s Pending CEF-EVES Proposal Should Complement This Proceeding

PSE&G has long recognized the customer and community benefits of EV and EVSE deployment, and accordingly, in 2018 filed for Board approval of the CEF-EVES Program. That filing includes four EV sub-programs: Residential Smart Charging, Level 2 Mixed Use Charging, Public DC Fast Charging, and a Vehicle Innovation Program that addresses bussing and public transportation. These investments would remove barriers to rapid deployment of EV charging infrastructure throughout the Company’s service territory, including sectors that otherwise would be underserved by the private development market.

The Straw Proposal states that this stakeholder proceeding will proceed in parallel with the CEF-EVES case in an attempt to more quickly develop an EV ecosystem. PSE&G agrees that both matters should proceed without delay. In the CEF-EVES matter, in addition to BPU Staff, Rate Counsel, and PSE&G, there is a diverse group of intervenors and participants who will provide input on PSE&G’s proposal.³ With regard to any “minimum filing requirements” under consideration here, to the extent Board Staff requires additional information related to the CEF-EVES petition, such as a list of charger-ready investments made to date, the avenue to make these requests at this time is through proper discovery in that docket. In this way, PSE&G’s filing can provide facts and evidence to support consideration of the issues raised in the Straw Proposal. The procedural schedule in PSE&G’s docket aligns reasonably well with the Straw Proposal’s goal of implementing new EDC proposals around April of 2021. Resolution of PSE&G’s petition will develop the structure

³ This group includes: environmental advocacy groups; developers, manufacturers, and operators of EV charging and EV network infrastructure and software; a design and construction firm with extensive experience in electric vehicle charging infrastructure; a major school bus manufacturer; a large electric user customer advocacy group; third party energy suppliers; suppliers of energy solutions; an EV charger manufacturer; an EV industry trade association/advocacy group; and other New Jersey Electric Distribution Companies (“EDCs”).

to support EV ecosystem deployment over large areas of New Jersey, and will accelerate approval and implementation of other EV proposals.

III. Utilities Should Have A Critical Role In The Development Of The EV Ecosystem, And Their Investment Is Required If The State Is To Meet Its Vehicle Electrification Goals

New Jersey's EDCs are uniquely positioned to help deliver the benefits of the electrification of transportation to their customers. As properly recognized in the Straw Proposal, EVSE and the EV ecosystem are an extension of the electric distribution grid.⁴ As Phil Jones of the Alliance for Transportation pointed out at the June 3 discussion convened by Board Staff to consider these precise issues (the "June 3 Webinar"), EVSE is an electric distribution asset that is part of the "grid of the future," comparable to utility poles, street lights, or transformers.⁵ PSE&G in particular has extensive experience supporting the state's move toward an alternative vehicle future. In 2014, PSE&G implemented an EV employee incentive program, which features over 45 chargers at company locations. Similarly, in 2015, PSE&G launched a pilot program that provided 145 chargers to 23 New Jersey hospitals, colleges and businesses. While the Straw Proposal assumes that EDCs "have no particular expertise in siting, maintaining, marketing or operating EVSE,"⁶ the fact is that EDC core competencies include siting, design, and build-out of electric infrastructure, and that PSE&G in particular has developed expertise in the management of large, customer facing programs, including demand response, energy efficiency and solar loan programs. The CEF-EVES proposal is entirely consistent with these other PSE&G efforts to implement New Jersey's energy policy initiatives.

To meet the PIV Act goals for EV adoption, the charging infrastructure in New Jersey needs to be increased substantially versus the current level, and while development of other funding mechanisms is laudable and absolutely required, it is not a viable substitute for the utility investment needed to actually reach the PIV Act goals.⁷ Other public funding sources such as the Societal Benefits Charge ("SBC") may be subject to appropriation for other purposes such as state budget balancing, whereas utility programs can reliably fund EV programs in years where there might be other pressing state budgetary needs. Moreover, utility customers pay annually the actual costs of programs funded through the SBC whereas utility programs more equitably spread costs paid by utility customers over time through amortization, mitigating the customer bill impacts of these

⁴ Straw Proposal at 7 ("In many ways, making a particular location Charger Ready looks like an extension of the distribution system and mimics the utility's ownership of meters on customer-owned land.").

⁵ See comments of panelist Phil Jones of Alliance for Transportation.

⁶ Straw Proposal at 8.

⁷ See the comments of Adam Benshoff of the Edison Electric Institute (who stated that New Jersey's charging infrastructure must be increased 30- to 40-fold to meet the PIV goals) and Scott Fisher of EV charging solutions provider Greenlots.

programs. Utility programs should be available *in concert with* programs funded through SBC and any available other sources, to ensure that a sufficient suite of programs are quickly put into place to change customer behaviors toward adoption of EVs. Otherwise, there is significant risk that electrification of transportation goals will not be achieved.

As Mr. Fisher noted at the June 3 Webinar, “[e]very state with a meaningful [vehicle] electrification strategy has a meaningful role for utilities,” citing California, Ohio, Florida, Georgia, and Iowa. In California, for example, after five years of implementation with robust participation by its EDCs, the state today has the largest percentage of EVs per light duty vehicle (“LDV”) in the country (1.9%) and over 18,000 chargers available, and Southern California Edison is currently acting as owner/operator of charging in multi-unit dwellings.⁸ To put New Jersey’s EV goals into perspective, the state is requiring approximately 5% of EVs per LDV by 2035 and 35% by 2040.⁹ It is unclear how New Jersey could hope to meet these goals using a model that sidelines EDC programs and/or limits cost recovery.

EDCs can help jump-start New Jersey’s nascent EV market while consumer protections are ensured through the Board’s regulation of utility activity and the utilities’ ability to implement clearly stated public policy.¹⁰ PSE&G urges Staff and the Board to recognize utilities’ other unique advantages, including their established customer relationships and trusted brand; their ability to provide on-bill repayment to customers; utilities’ access to and understanding of customer usage data, which can be used to support better rate design that will further incent the transition to EVs; and utilities’ expertise and experience in running customer-facing programs, such as PSE&G’s successful energy efficiency programs.

There has been no significant progress to date in the development of EV charging infrastructure in New Jersey, which continues to rank lowest in the density of public chargers relative to population among states participating in California’s Zero Emissions Vehicle partnership. The NJDEP’s AFV Report demonstrates that EV registration growth rate in New Jersey declined from 2018 to 2019, and is not likely to increase in 2020 in light of current circumstances. In the face of this stagnation, it is unquestionable that utility investments, not limited to Make Ready work, are essential to the equitable deployment and development of the EV ecosystem in New Jersey.

⁸ Data obtained April 22, 2020 from United States Department of Energy, Alternative Fuels Data Center, available at https://www.afdc.energy.gov/data_download.

⁹ See the PIV Act goals, NJDEP database of registration information, and The Alternative Fuel Vehicle (AFV) report, which can be downloaded from <https://www.drivegreen.nj.gov/dg-electric-vehicles-basics.htm>

¹⁰ See Comments of Phil Jones of the Alliance for Transportation Electrification at the June 3 Webinar. See also the comments of Mr. Krauthamer of EV Advisors, who noted that reliability is in the utility’s DNA.

IV. The Shared Responsibility Model Set Forth In The Straw Proposal Unduly Restricts Utility Activity and Inappropriately Limits Cost Recovery

PSE&G supports the general concept of a “shared responsibility model” where there is participation by private investors and utilities; however, the model in the Straw Proposal is too narrowly drawn and prescriptive. Under the Straw Proposal, EDCs would be responsible for and would own the wiring and backbone infrastructure necessary to enable charger-ready locations, and would also have “the ability to own and operate Electric Vehicle Service Equipment (“EVSE”) in specified circumstances.”¹¹ But this would unduly limit the utility’s role. The Straw Proposal essentially relegates EDCs to performing upgrades on the utility-side of the meter, wiring potential charging sites only in response to third party requests, or providing last resort development of EVSE until a sunset date of 2025.¹² This approach does not take into account the actual state of the market in New Jersey, where private investment has failed to emerge.

PSE&G’s CEF-EVES proposal sets forth a broader role for the EDC. In addition to enabling numerous charger-ready locations and owning/operating EVSE as a provider of last resort, PSE&G’s CEF-EVES would provide a broad suite of incentives to encourage, but not compete with, private development of EVSE infrastructure across all sectors – residential smart charging, multi-family, public charging, as well as school bussing and public transportation. PSE&G encourages Staff to broaden its view of the role utility investment should play to include various types of incentives that EDCs could provide. Staff’s questions around utilities owning chargers as a provider of last resort are important, but concern only one aspect of PSE&G’s proposal, and only one limited way that utilities can help the state reach its EV charging infrastructure goals.¹³ PSE&G’s belief is that there is not a one-size-fits-all approach for utility EV programming, or specifically-defined roles EDCs should play.

¹¹ Straw Proposal, at 2.

¹² Straw Proposal at 8, 12. The EDC’s role under the Straw Proposal would be limited to: performing upgrades on utility side of the meter to accommodate EV infrastructure; wiring locations “upon request” by an EVSE Infrastructure Company or a state, local, or municipal entity; developing hosting maps in conjunction with the DEP’s EV Mapping Efforts; or “Last Resort” functions to ensure equitable distribution of EVSE. Straw Proposal at 7. Additionally, even in the last resort function “EDC ownership of new EVSE would sunset December 31, 2025, unless extended by the Board after a market analysis.” Straw Proposal at 12.

¹³ With regard to the “trigger point” at which utilities would be permitted to enter, or be required to step away from their provider of last resort, or “POLR” roles, PSE&G agrees with those participants at the June 3 Webinar, including Mr. Jones and Mr. Krauthamer, who noted that it is far too early to focus on this issue, and that with PIVs representing less than 1% of LDVs in New Jersey and with only 31,000 PIVs in the State at this time, focus on this issue would distract from the state’s EV goals. There should be no designated “sunset” of the utility role at this stage. PSE&G is not aware of any other states that have included a sunset for utility involvement.

In addition, the Straw Proposal states that cost recovery should not be available for EDC work for EVSE unless it is publicly available or is available to serve a multi-unit dwelling.¹⁴ The Proposal also expressly requires any usage of contributions from all customers for Make Ready infrastructure to be subject to a number of criteria, including assurances that any private EVSE Infrastructure Company keeps its chargers operating and open to the public. This is far too narrow an approach to this broad policy question, would not allow utilities to provide EV charging incentives for residential and many multi-family applications, and excludes consideration of economic benefits of transportation electrification to non-EV owning customers.¹⁵ In addition to the emissions benefits of electrification for all New Jersey citizens, investments in public charging infrastructure can help the state's economy recover from the suffering inflicted by the COVID-19 pandemic. PSE&G's CEF-EVES program will create over 650 direct clean tech jobs in New Jersey and advance Governor Murphy's JobsNJ program.

The Straw Proposal also suggests that EDC cost recovery be limited with respect to providing EVSE services, stating that only "administrative costs" of providing last resort services should be recovered. While it is unclear precisely what is meant by "administrative costs," utilities must be allowed to recover and earn a fair return on all EV investment, as they would for all other prudent infrastructure investment, in order to be incented to provide these services. Placing limitations on cost recovery will send a signal to EDCs to limit their participation in development of the EV ecosystem at this critical stage when utilities are needed the most.¹⁶ Moreover, cost recovery for EDC EV programs is more properly considered in approval petition proceedings, based on the specific programs proposed, the supporting information presented in support of those programs, and other facts established through discovery and formal due process.

Rather than attempting to define specific roles for the EDC and set cost limitations that create reverse incentives to reduce EDC participation in the development of EV ecosystem, the Straw Proposal instead should set forth a broad framework under which the Board could consider additional programs to support the development of the EV ecosystem. The PIV Act expressly enables the Board to do so.¹⁷ Under the PIV Act there is a very short time period in which the Board must act to accomplish mandated goals. Fortunately, two of the four EDCs in New Jersey already have fully-developed EDC proposals before the Board. Rather than placing specific demarcations between the

¹⁴ Straw Proposal at 7.

¹⁵ Straw Proposal at 11.

¹⁶ As Scott Fisher of Greenlots pointed out at the June 3 Webinar, by focusing only on a "charger ready strategy" for utilities focused only on light duty vehicles ("LDVs"), the Straw Proposal appears to be "solving for the wrong problem," and ignores the "need for a broad set of regulatory solutions," rather than following the best practices being followed in other states. As panelist Phil Jones of Alliance for Transportation Electrification noted, the utility should have "optionality to design programs" subject to Board review and supervision.

¹⁷ *N.J.S.A. 48:25-3(b)* ("the [B]oard may, pursuant to [the PIV Act] and any other existing statutory authority, adopt policies and programs to accomplish the goals established pursuant to this section").

roles of different stakeholders, PSE&G encourages the Board to establish a broad set of guidelines and avoid an overly prescriptive framework that would hamstring the EDCs' inclination and ability to offer a broad range of supporting programs, and ultimately would jeopardize the Board's ability to achieve statutorily-mandated EV goals.

V. The Straw Proposal's Focus On Light Duty Vehicles Inappropriately Ignores Other Important Segments Of The Transportation Sector That Are Particularly Significant To Low- and Middle-Income and Other Traditionally Disadvantaged Utility Customers

The Straw Proposal, while properly recognizing the importance of EV infrastructure for light-duty vehicles, ignores infrastructure and assets needed to ensure that the benefits of electrification are brought to all segments of the transportation sector, including buses and public transportation, and that the environmental and health benefits of electrification are shared equitably by all public utility customers. There was significant support at the June 3 Webinar for expanded attention on public transportation and bussing. Most of the panelists supported deliberate actions to serve traditionally disadvantaged communities, and multiple panelists believe this must involve significant focus on electrification of public transportation, fleet, and bussing sectors, as well as other modalities, with community outreach as the key.¹⁸ PSE&G agrees with these commenters.

PSE&G submits that to achieve equity in delivering the wide-ranging environmental, health, and economic benefits to all customers within their service territories, utilities should be encouraged to collaborate with the public transportation sector and invest in utility-run programs and incentives to address these sectors. PSE&G's CEF-EVES proposal includes a "Vehicle Innovation" sub-program aimed at doing just that. The program provides specific incentives for electric school busses and associated charging infrastructure. It also includes a more open-ended proposal to devote funds to solicitations for high-impact, customized electrification projects for customers with non-standard medium and heavy-duty vehicle electrification needs. This program is intended to target and fund collaborations with the public transportation sector, including electric busing, ports, airports and transit authorities. The program is intentionally designed to allow flexibility in determining specific projects, and PSE&G looks forward to working with the State's public transportation sector to determine how best to deploy these funds. PSE&G recommends that the Straw Proposal include high-level guidance that encourages these types of creative, public sector offerings by EDCs.

¹⁸ For example, Jennifer Bosco, staff attorney at the National Consumer Law Center, stated that EDC programs should support public transit, school buses, and multi-family housing in low income areas, in order to ensure that the benefits of EV flow more equitably to a younger demographic and people of color. Doug O'Malley of Environment NJ touted the health and equity benefits of electric buses, citing a Columbia University study of the New York City MTA's rollout of electric buses in New York that showed a 98% reduction in PM2.5 as well as O&M cost savings. Mr. O'Malley recommends establishing strong collaboration with utilities early on, and encourages EDC proposals for charging infrastructure for school bus fleets and bus transit fleets. Elizabeth Stein of the Environmental Defense Fund cited the significant barriers to electrification of buses and fleet vehicles, including initial purchase price, cost to install charging infrastructure, and product unavailability.

Standing alone among the panelists on June 3, Rate Counsel claimed that electrification of school buses is a transportation issue, and should not be under consideration by the Board. Rate Counsel asserted that State efforts to incent the transition to electric vehicles will only benefit the owners of those vehicles, rather than the communities in which charging infrastructure is located. Rate Counsel also asserted (Panel 3) that socializing the cost of EV chargers among all utility customers should not be an option, as only EV drivers should bear these costs.

Rate Counsel is incorrect. In fact, all utility customers benefit from the electrification of transportation. The PIV Act, which includes specific goals for the electrification of public transportation, is placed under the authority of the BPU, and codified in the *public utility*, not transportation, statutes. The PIV Act declares that “vehicle electrification offers a wide range of benefits,” citing improved air quality and reduced greenhouse gas emissions, and the law states generally that “it is in the public interest to establish goals for the increased use of [EVs] in the State[.]”¹⁹ Regarding the broad benefits to customers and communities in which utilities operate, PSE&G’s CEF-EVES proposal seeks to place Level 2 and DC Fast chargers in a manner that will benefit all drivers, including those in multi-family buildings who have historically been precluded from taking part in this transition. The Straw Proposal should be modified to encourage similar programming.

In contrast to Rate Counsel’s position that utility customers should not be asked to participate in electrification of transportation at this time in light of Covid-19’s general economic impacts, multiple panelists stressed the importance of factoring environmental and health costs and benefits into the economics of EV infrastructure build out. Their comments emphasized disproportionate Covid-19 impacts in communities that experience environmental injustice – largely due to transportation emissions.²⁰ Multiple panelists view electrification of transportation as a means to protect against significant, chronic, and sometimes fatal health conditions in these

¹⁹ *N.J.S.A.* 48:25-1, *et. seq.* Mandated goals include that by December 31, 2021, at least 10 percent of the new bus purchases made by the New Jersey Transit Corporation shall be zero emission busses, and the percentage shall increase to 50 percent by December of 2026 and 100 percent by December of 2032, and low-income, urban, or environmental justice communities are to be prioritized; and that by December 31, 2020 the Board is to establish goals for vehicle electrification and infrastructure development that address medium duty and heavy duty on-road diesel vehicles and associated charging infrastructure.

²⁰ Jennifer Bosco of the National Consumer Law Center noted that COVID-19 presents a new stressor for low income households, but notes that if done right, the EV ecosystem presents potential benefits for low income households including downward pressure on rates, lower transportation costs, environmental benefits (cleaner air), and more reliable public transportation. Doug O’Malley of Environmental New Jersey emphasized the monetary benefits of electrification of transportation such as the costs of air pollution, health costs and the inequitable results in COVID-19 outcomes. Mr. O’Malley stressed that these economic factors should be part of the equation when evaluating the costs of EV ecosystem deployment. Terry Travis of EV Noire noted that air pollution is a systemic, holistic problem, that there is extensive data on pollutions’ impacts to the body and that people of color live with approximately 60% more air pollution. Mr. Travis pointed out that while early adopters of EV tend to be in higher income brackets, equity means removing barriers to adoption and addressing the issue through a multi-modal approach (not just light duty, but more comprehensively).

communities, and PSE&G agrees Covid-19 impacts should be considered through this lens.²¹ The PIV Act already made the determination that the benefits of transportation electrification warrant socialization of EV infrastructure costs among the State’s utility customers by codifying all of the EV goals into the public utility law. State policy and law regarding air emissions and electrification generally, the PIV Act’s ambitious timeline, and now Covid-19 dictate that the Board should take any and all steps it can, and use any and all resources at its disposal – including public utility initiative, resources, and expertise – to meet these goals.

VI. Additional Recommendations On The Straw Proposal

A. General Principles

While reserving our right to supplement these comments in the future, PSE&G offers the following comments on general principles.

Any guidelines the Board puts forth on the EV ecosystem should be high-level, and should not prescribe specific cost recovery mechanisms or program features. EDCs should instead be encouraged to propose a broad array of programs and challenged to demonstrate the benefits of those proposals during the Board’s approval processes. Additionally, any guidelines the Board puts forth regarding EV ecosystem development should include development of programs that address all sectors, including bussing and public transportation sectors.

B. Specific Minimum Filing Requirements

As is stated above, PSE&G does not believe that minimum filing requirements in the Straw Proposal should apply retroactively to its pending CEF-EVES petition. Regarding the specific items proposed as potential “minimum filing requirements,” since some of these issues are already being considered in existing EDC EV filings, and their outcomes will guide the other two EDCs in developing their own EV programs, the value of establishing minimum filing requirements at this time is limited. Moreover, exceedingly prescriptive filing requirements would, in effect, pre-judge issues that are best decided during proceedings to review either existing or yet-to-be filed individual EDC proposals.

For example, the Straw Proposal states that EDC proposals should cite specific statutory authority for rate recovery proposals. Statutory authority for EDC EV programs is an issue currently being considered in PSE&G’s CEF-EVES petition proceeding, and is an issue that has been

²¹ Mr. Travis (see above) noted that this is a “literal matter of life and death” to communities experiencing environmental injustice, and Kate Miguel of Isles opined that we should not delay work on EV ecosystem because of COVID-19, but rather we should prioritize this work *because* of COVID-19, noting the average cost of healthcare treatments to families disproportionately impacted by asthma is \$3600 annually. Ms. Miguel stated her belief that relegating utilities to provider of last resort status at this time would be “irresponsible.”

extensively briefed by multiple parties in that proceeding. The disposition of the statutory authority issue in the CEF-EVES case will determine how other EDCs may move forward with EV programming.

The proposed minimum filing requirement that EDC filings not be “duplicative” of other state-run EV programming could stifle creativity and ingenuity in design for EDC programming. For example, the PIV Act allows the Board to establish an incentive program for in-home chargers with an incentive cap of \$500 per person.²² As EDCs and stakeholders evaluate the progress of in-home charger adoption, if price is a significant barrier and the maximum in-home charger incentive the Board may offer of \$500 seems insufficient to change customer behaviors, EDCs could propose an additional monetary incentive to further close the cost gap, or could propose an incentive geared toward charger installation rather than charger purchase. A “non-duplicative” filing requirement, however, might discourage an EDC from even recommending these types of offerings at the outset. There is no requirement in the PIV Act for non-duplicative programs. Rather, the PIV Act grants the Board broad discretion to approve “other programs” to help achieve the mandated goals therein.²³ The Board should avoid minimum filing requirements that might discourage a broad range of proposals that can subsequently be evaluated. As an alternative to this “minimum filing requirement,” the guideline could direct EDCs to design their programs to complement and operate in conjunction with state-run programming, and to the extent that some EDC-proposed elements are similar to state offerings, the EDC should include information with the petition demonstrating the benefit of the additional offerings toward meeting the PIV Act goals.

The Straw Proposal also seeks comment on whether there should be a minimum filing requirement with respect to integration of Advanced Metering Infrastructure (“AMI”) and EVSE. PSE&G does not recommend such a minimum filing requirement. The key to managed charging capabilities is smart charging, not AMI. The core benefit from the deployment of a smart charger versus a non-communicating charger is the ability to undertake managed charging, whereby the customer is incented to charge their EV during certain times to remove unnecessary stress on the grid. To implement the off-peak rebates and monitor vehicle charging behavior a smart charger is required. AMI meters are not a replacement for smart chargers.

AMI when paired with smart chargers can enable Vehicle-to-Grid (“V2G”) charging and other innovative load management programs in the future. At this time, full AMI deployment in New Jersey is several years away. PSE&G is currently the only EDC that has filed a proposal for AMI deployment that is still pending approval. While the Board has directed the other EDCs to file AMI proposals by the end of this summer, there are not sufficient benefits to coordinated AMI/EVSE deployment that warrant any further delay in EVSE deployment.

²² N.J.S.A. 48:25-6.

²³ N.J.S.A. 48:25-3(b).

C. Beneficiary Pays and the Main Extension Rules

The Straw Proposal requests comment on whether EVSE installations should be treated under a more traditional “beneficiary-pays” model where the entity creating the need for the upgrades, such as an EVSE infrastructure developer, pays for the upgrade costs, consistent with the Board’s regulations on extensions of utility service, or whether, “given the need for rapid deployment of the EV Ecosystem, coupled with the human health and environmental benefits of moving toward an electrified transportation sector, other measures should be implemented.”²⁴

Board Staff is correct to question the traditional model as it relates to EVSE installations. The enactment of the PIV Act and the goals set forth in the EMP make clear that the need for rapid deployment of the EV ecosystem require an alternative approach, and the PIV Act grants the Board broad discretion to determine the correct approach to meet the goals set forth therein. While it is not clear what is meant in the Straw Proposal by its reference to “the earnings test” in this context, the Board’s main extension regulations can result in a significant cost burden on the entity creating the need for upgrades, depending on the type of installation and location on the system. The benefits of EVSE as part of the EV ecosystem are not recognized under this model, because all utility customers benefit from electrification of transportation, and individual EVSE installations are necessary to deliver these system-wide benefits.²⁵ Application of a beneficiary pays model would only perpetuate the chicken-and-egg problem that the PIV Act attempts to solve – that customers will not purchase EVs unless there is sufficient charging available, but because of high costs to install EVSE, the private market will not develop EVSE due to low penetration of EV ownership currently. Thus, PSE&G supports the Straw Proposal’s recommendation that EDCs recover *all* costs associated with distribution system upgrades and Make Ready work through rate recovery mechanisms proposed by the EDCs, subject to Board review and approval.

D. Rate Design

PSE&G agrees that certain utility rate structures are acting as barriers to mass deployment of EV infrastructure, but there is not a single solution to address these issues. EDCs have different rate structures embedded in their tariffs and different financial and operating structures that may result in different types of barriers impacting EV deployment. Thus, the Board should be flexible in allowing EDCs to propose rate provisions specific to each EDC’s proposals.

For example, PSE&G has proposed an effective strategy in the CEF-EVES program to offer rate provisions to remove barriers and encourage EV adoption. The program:

²⁴ Straw Proposal at 9.

²⁵ Consideration of how to manage traditional concerns over “free rider” issues will increasingly become relevant for new and different types of assets that may be part of the utility of the future, such as off-shore wind.

- offers residential and small commercial customers an off-peak rebate to encourage off-peak charging. PSE&G’s program would also allow residential customers flexibility to opt for PSE&G’s existing time of use (“TOU”) rate, the Residential Load Management (“RLM”) rate, that has low off-peak rates to encourage off-peak charging.
- offers a demand charge rebate to the direct current fast charging (“DCFC”) market to combat the high cost of electricity when station utilization is low.

PSE&G’s CEF-EVES filing sets forth a “set point” approach that offers a rebate above a set point for the average billed rate (\$/kWh), which can be based upon parity to petroleum fuel costs or a rate deemed acceptable to encourage EVSE investment, particularly in DCFC stations. This approach effectively mitigates the impact of demand charges that would otherwise create a disincentive during the early, low-usage stage of EV ecosystem deployment. This rebate will moderate itself because it declines as the station utilization increases and, therefore, is the most appropriate way for PSE&G to encourage investment by the private market in the short term. The same mechanism will serve to maintain the appropriate rate for cost causation in the long term because demand charges, once utilization increases, send the correct cost signals to align peak demands with cost causation for distribution system delivery, transmission, and generation capacity costs of DCFC stations.

As for Rate Counsel’s suggestion that all EV-related costs go into an EV-specific rate, this would only serve to perpetuate the existing and substantial barriers to EV adoption. As stated above, the approach Rate Counsel suggests ignores the very real benefits that all utility customers derive from electrification of infrastructure, regardless of who is driving the EVs.

Rate design to remove barriers to EV adoption should vary depending on the programs proposed and the rate and financial structure of each EDC. The Board should encourage EDCs to develop proposals to address financial barriers, but should not adopt rigid or formulaic approaches.

E. Make Ready Process and Timing

At the outset, the Straw Proposal attempts to coin a new term, “Charger Ready” for work that it acknowledges is synonymous with the term “Make Ready.” Make Ready is a broadly accepted and widely used industry term. Use of “Charger Ready” could be confusing. PSE&G encourages the Board to revert to “Make Ready” in future discussions and documents to avoid confusion. The Straw Proposal also seems to define too narrowly this work, indicating that the utility role should be limited to utility side of the meter upgrades or “wiring” only upon request of third parties. PSE&G recommends that the Straw Proposal should clarify that Make Ready investment by utilities extends beyond the meter to the “charger stub.” Utility investment of this type is not unusual, as this same model applies to other applications such as net-metered solar facilities.

Additionally, PSE&G urges reconsideration of the Make Ready process outlined in the Straw Proposal.²⁶ First, as stated above, utilities should not be relegated to a reactive role in Make Ready

²⁶ Straw Proposal at 10-11.

development, or limited to Make Ready work in general. Second, the timing of the process for the Company to complete Make Ready work may vary considerably based on the circumstances of each proposed location. For instance, some locations may have circuits that are overloaded and will require different types of utility-side upgrades. Additionally, some of the required equipment typical for EVSE installations, such as pad-mounted transformers, require purchase lead times of six to eight months on average. Local, county, state, and federal permitting processes can be lengthy, particularly in locations with railroad or highway crossings or wetlands. PSE&G does not recommend that the Straw Proposal require a twelve-month deadline for this work.

F. Mapping

PSE&G supports the concept that EDCs should work with the DEP to identify where to prioritize EVSE and on ensuring compliance with the PIV Act's directives regarding public charging. It is unclear what the Straw Proposal means in stating that EDCs should be tasked with "develop[ing] hosting maps" and that EDCs should be permitted to recover costs for "mapping exercises." Considering the short time for reaching the PIV Act goals, formal mapping projects are not necessarily the best use of time and resources. Formal mapping could pose challenges, as EDCs have different engineering and planning processes and systems. PSE&G's current capabilities for real-time data are limited to the station breaker, which will not have site-specific accuracy. For example, an area may have adequate capacity but may require a lengthy circuit extension for charger interconnection. A more efficient allocation of resources is to perform localized distribution system analysis as charging sites are refined to yield accurate identification of system capacity or limitations. PSE&G recommends that collaboration on location of infrastructure should be an iterative process related to individual EDC's EV program proposals.

VII. Conclusion

PSE&G thanks the Board and Staff for its actions to advance EV ecosystem development. PSE&G encourages the Board to take full advantage of the robust support in these endeavors that PSE&G and other EDCs are willing and able to offer, and looks forward to continued collaboration with Board Staff and other public and private stakeholders toward reaching a cleaner energy future for New Jersey's utility customers.

Very truly yours,



Matthew M. Weissman