

June 17, 2020

**New Jersey Board of Public Utilities
New Jersey Electric Vehicles Infrastructure Ecosystem 2020 Straw Proposal
Comments from the Port Authority of New York and New Jersey**

The Port Authority of New York & New Jersey (Port Authority) builds, operates and maintains infrastructure critical to the New York/New Jersey region's trade and transportation network. These facilities include the country's busiest airport system, marine terminals and ports, the PATH rail transit system, six tunnels and bridges between New York and New Jersey, the Port Authority Bus Terminal in Manhattan, and the World Trade Center site. For more than nine decades, the Port Authority has worked to improve the quality of life for the more than 18 million people who live and work in the New York and New Jersey Metropolitan Region - a region that supports 9.2 million jobs.

In October 2018, the Port Authority embraced the Paris Climate Agreement, making it the first US transportation agency to do so. The Port Authority is committed to reducing emissions associated with our facilities and improving air quality for neighboring communities. This includes a variety of innovative programs and initiatives to conserve energy, increase our use of renewable energy, and transition vehicles and equipment from fossil-fuel to zero-emissions models. Included in the Agency's roadmap to meeting its Paris-aligned interim greenhouse gas (GHG) reduction target of 35 percent by 2025 and 80 percent by 2050 are commitments to electrify 100 percent of its airport shuttle buses and 50 percent of its light duty fleet vehicles. In fact, the first electric buses in the state of New Jersey were deployed at Newark Liberty International Airport. By the third quarter of 2020, all of our regular route airport shuttle buses will be electric.

The Port Authority wishes to express its appreciation for the leadership New Jersey is demonstrating to accelerate electric vehicle (EV) adoption on the East Coast. The commitment the State has made to have 330,000 EVs on the road by 2025, and the legislation intended to support this goal, S-2252 (P.L.2019, c.362), recognizes the need for an incentive program for light-duty electric vehicles and at-home electric charging infrastructure. As a bi-state transportation agency that enables the movement of people and goods throughout the region, we believe there is a strong need for cross-sectoral collaborative solutions to address transportation-related emissions. This collaboration should include public agencies such as the Port Authority, private sector companies, and regulated utilities, and should include not just LDVs and residential charging, but other classes of vehicles and charging infrastructure deployments.

The Port Authority respectfully submits the following comments on the various elements of the New Jersey Electric Vehicles Infrastructure Ecosystem 2020 Straw Proposal.

- 1. BPU Framework: A "shared responsibility" model for EV infrastructure that promotes appropriate roles for both the Electric Distribution Companies (EDC) and private investors. Under this model:**

- EDCs would be responsible for the wiring and backbone infrastructure necessary to enable a robust number of Charger Ready locations, along with the ability to own and operate Electric Vehicle Service Equipment (EVSE) in specified circumstances, as further described in Section V. Program Elements or as otherwise determined by the Board; and
- Non-utility entities, which we refer to as EVSE Infrastructure Companies, would be primarily responsible for installing, owning and/or operating, and marketing EVSE using private capital.

Port Authority Response:

The Port Authority strongly supports the concept of shared responsibility. We believe that, at a minimum, EDCs should provide make-ready infrastructure as an extension of the utility's infrastructure and service and should therefore be eligible for rate recovery. Furthermore, EDCs have all necessary information related to available electrical capacity and potential strains on grid infrastructure and possible required upgrades to facilitate and accelerate infrastructure deployment. While make-ready is a natural fit for EDCs, the Port Authority also believes that, especially in a capital-constrained post-COVID environment, it also makes sense for EDCs to be providers-of-last resort for EV infrastructure to ensure NJ stays on track to meet its EV objectives, and to catalyze the market – bringing costs down for users and other providers. Aside from EDCs acting as providers-of-last-resort, the BPU framework should seek to leverage the private sector for the installation, and assuming associated technology risk, of the charger installation and management. The Port Authority looks forward to evaluating our permitting requirements where we are the Authority of Jurisdiction to align with New Jersey's revised requirements to reduce the significant delay in approval noted by the industry.

2. BPU Framework: Funding of the EV Ecosystem, which builds on the shared responsibility model:

- EDCs will invest in, and earn on, the wiring and backbone infrastructure necessary to make locations Charger Ready as well as on any Board-approved EVSE owned by the EDCs; and
- EVSE Infrastructure Companies would expect to see returns from their sales of electric charging equipment and services to the public.

Port Authority Response:

As mentioned in our response to #1, the Port Authority supports the utility's role as provider-of-last resort, especially with respect to charging deserts where the infrastructure deployment will serve to drive down vehicle conversion costs. Many of the communities around our facilities are charging deserts with high population density and feature multi-unit dwellings

(MUDs) where residents may not have access to EVSE. Furthermore, this infrastructure will support the business model for ride hailing companies or other service providers to go electric. Individual vehicle ownership or access to a personal vehicle is low in these areas, making the infrastructure more essential, but the economics more difficult. The utility's role here cannot be understated. However, the Port Authority views the utility as a provider-of-last resort in the near-term to encourage the development of a market in these locations, not as a long-term opportunity for utilities to provide EV charging services.

In late July 2019, the Port Authority released a Request for Information (RFI) for Electric Vehicle Charging Infrastructure and Supportive Services. The purpose of the RFI was to solicit information from the marketplace on industry best practices, innovative service offerings, and new technologies in preparation for the purchase and installation of new EVSE and services to support the Agency's various commitments towards vehicle electrification. The RFI requested feedback on several electric vehicle charging infrastructure concepts and service models, including private financing of charging infrastructure through Charging-As-A-Service model. After receiving nearly 20 responses from different private companies and conducting interviews of a subset, it was clear that the private industry has developed business models around the private financing of charging infrastructure. However, they will only do so where charger utilization is high and user dwell time is low. This poses a challenge for fleet owners, especially those that require EVSE to be deployed behind their own meter and/or in a campus setting, as is the case with many Port Authority deployments at our airports and other facilities. In many cases, fleet owners cannot guarantee a level of utilization necessary to mobilize private capital.

- 3. BPU Framework: A commitment that all communities within the State of New Jersey have equitable access to the EV Ecosystem, which may include allowing EDCs to own EVSE where the private sector is unwilling to provide services.**

PA Response: Answer included in response above.

- 4. BPU Framework: Reform utility rate structures that are acting as barriers to mass deployment of EV infrastructure, including:**

- A strong preference that EVSE serving residential customers operate on a retail rate structure, whether single-family or multi-family dwellings with rate parity between single-family and multi-family customers; and**
- Reform to commercial and industrial demand charge structures so that the effective cost of electricity for public charging facilities does not exceed an agreed to amount on a per-KW-hour basis."**

Port Authority Response:

The Port Authority believes that rate reform is critical to enabling EV deployment. Demand charges are cost prohibitive and represent a significant barrier to higher-powered EVSE or larger battery deployments. Supporting fleet EV deployment is critical to catalyzing the market for both EVs and EVSE, and can achieve high levels of GHG reduction and improved air quality. Many Port Authority facilities are located in environmental justice (EJ) communities, where improving air quality is a priority. For reasons stated in comment #2, however, there are challenges to fleet owners, such as the Port Authority, in deploying EVSE which include both the up-front and ongoing costs of EVSE installation and operation. Therefore, eliminating or minimizing demand charges and focusing instead on volumetric time-of-use (TOU) rates for EVSE deployed by Commercial & Industrial customers could accelerate adoption and, therefore, scaling of EV fleets, which would have a large societal benefit. Rates designed in this manner should not create a cost shift if TOU rates are cost-based and represent incremental revenues from electricity sales. At a minimum, calibrating demand charges based on charger utilization to ensure efficient allocation of funds is an approach that could help fleet deployments and rationalize high-powered EVSE (DC fast chargers) siting in locations where utilization can be high, such as to serve for-hire vehicles at airports. EV-specific rates should be available to all EV commercial use cases, including fleet charging, workplace charging, and public charging, and should apply to existing and new EVSE. Focus on transparent rate design for all use cases, rather than relying upon short-term EV-related incentives will support development of robust markets and the EV ecosystem.

It should also be noted that while the focus of straw proposal is on Light Duty Vehicles (LDVs) and residential EVSE, Medium and Heavy Duty Vehicles (MHDV) and the need for associated EVSE that meets the operational characteristics and duty cycles of these must be considered in any EV-related policy. Taking this broader view of the market will support development of a comprehensive EV charging ecosystem, and ensure impacts on EJ communities are addressed, for example, buy providing a pathway for electrification of trucks taking cargo from marine port facilities. The Port Authority's 35 percent by 2025 GHG reduction goal relates to direct Port Authority emissions. Our airport bus and LDV electrification goals advance that goal, and also provide a sound platform for engagement with our tenants and customers to address the Port Authority's indirect GHG emissions, which represent 96 percent of the Agency's emissions across all scopes. Ensuring EV policy addresses MHDVs is critical to reducing the Agency's indirect emissions.

- 5. BPU Framework: This Straw proposes that the EDCs will include in (or update, as applicable) their EV filings and long term EV plans the additional information discussed below, and further directs all EDCs to file EV plans and proposed EV programs by December 31, 2020, with implementation dates commencing no later than April 1, 2021.**

Such filings shall include the following information (which does not comprise all relevant information necessary to review and approve such filings):

- EDC proposals for EV programs should also include the following information, at minimum:
 - A list of all airports, seaports, bus and rail terminals owned and/or administered by entities like the Port Authority or New Jersey Transit, or other public carrier;
 - A description of the facilities currently serving such locations and a planning-level estimate of the costs to electrify such facilities. If planning level estimates for electrification of such facilities have not been prepared, the EDCs may file a proposed schedule by which they will prepare and file such estimates prior to the approval of any EV program;

PA Response:

The Port Authority looks forward to growing our relationship with PSE&G as it relates to vehicle electrification, and to supporting their development of a planning-level estimate of the costs to electrify our air, sea, and bus operations. We hope the Board of Public Utilities will work swiftly to approve the related filings utilities have provided to begin implementation and piloting of their proposals. The Port Authority has made significant commitments to decarbonize its operations and vehicle electrification represents a keystone of that approach. While PSE&G is a critical partner, they currently lack the expeditious approval and flexibility to assist in the rapid decarbonization of transportation that we hope will result from this straw proposal.

The Port Authority again commends New Jersey for its leadership in transportation electrification. We look forward to continued collaboration with the NJBPU and various stakeholders to inform policy, rate, and program development to catalyze the transition to a low-carbon economy.

Sincerely,



Christine Weydig
Director
Office of Environmental and Energy Programs