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November 30, 2017

By Hand Delivery and Electronic Mail

Honorable Irene Kim Asbury, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: **New Jersey Board of Public Utilities Electric Vehicle Stakeholder Group
Task 2 Questions: Comments of the New Jersey Division of Rate Counsel
BPU Docket No. EO17070748**

Dear Secretary Asbury:

Please accept this original and ten (10) copies of Comments on the Task 2 Questions submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in connection with the above-captioned matter. Copies of the Comments are being provided to parties copied on this letter and hard copies will be provided upon request to our office.


We are enclosing one additional copy of the comments. Please stamp and date the extra copy as "filed" and return it in our self-addressed stamped envelope.

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Thank you for your consideration and assistance.

Respectfully submitted,

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FTF
Enclosure

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**New Jersey Board of Public Utilities
Electric Vehicle Stakeholder Group**

TASK 2 Questions

Comments of the New Jersey Division of Rate Counsel

November 30, 2017

The Division of Rate Counsel (“Rate Counsel”) would like to thank the Board of Public Utilities (“BPU” or “Board”) for the opportunity to present comments on the TASK 2 questions circulated by the BPU’s Office of Clean Energy (“OCE”).

TASK 2 - Question 1: What goals for EV Infrastructure should be established?

In addition to the goal of encouraging EV adoption consistent with State policy, three goals should guide electric vehicle (“EV”) policies from a regulatory perspective. The first goal is to ensure that electric distribution, transmission and generating resources are capable of serving anticipated EV load without adversely affecting the ability of electric distribution companies (“EDCs”) to provide safe, adequate and proper service to other ratepayers. In order to ensure that the rates for utility ratepayers are just and reasonable, the second goal is to ensure that to the maximum extent possible, EV infrastructure and system upgrades necessary to serve EV load are paid for by those who are using that infrastructure. Other ratepayers should not be asked to subsidize the purchase or operation of EVs. Finally, a third and essential goal is to encourage the development of EV infrastructure through a competitive market rather than potentially stifling competition by allowing regulated EDCs to enter the competitive portions of the industry. EDC involvement in EV infrastructure should be limited, and the overarching theme of any EV

infrastructure plan should be to facilitate a competitive EV charging market which is not dependent on or distorted by subsidies from captive electric ratepayers.

Separate metering that can support time-of-use (“TOU”) rates for all EV charging is an essential foundation for meeting these policy goals.¹ For example, a request by a customer to install a meter for EV charging would provide an opportunity for the EDC to anticipate the impact of the EV charging location on that portion of its distribution grid and enable the EDC to plan accordingly, thereby helping to ensure that EDCs provide safe, adequate and proper service to other ratepayers. Price signals made possible through real-time TOU rate design would provide economic incentives for EV charging at low-load times to encourage efficient use of grid and supply resources. Moreover, usage data from metering would be available to inform cost allocation for utility ratemaking purposes to minimize cross-subsidization between EV charging and other captive electric ratepayers.

In sum, separate interval metering for EV charging would support the goals of improved planning, protecting the grid and captive ratepayers, providing proper incentives for efficient use of grid resources, and simultaneously providing usage data to ensure that the costs of serving EV load can be properly allocated for ratemaking purposes.

The presence of entities poised to provide EV charging services and investor interest in the EV sector warrant limiting the involvement of regulated EDCs in the EV charging marketplace. There are no indications that potential EV charging providers are unable to respond to the needs of the EV market, nor are there any indications that EDCs are uniquely able to serve the EV charging market in a way that other competitive businesses are not. The EDCs’ role in EV charging should be limited to providing necessary extensions, ensuring that the electric grid is

¹ The escalating range of EV charging levels corresponds to increases in charging voltages, with attendant grid effects. Higher voltage commercial “super chargers” would exacerbate this effect.

capable of efficiently serving EV load and making sure that the full costs of serving EV load are properly allocated.

TASK 2 - Question 2: What role should the Board, other government agencies; electric utilities, non-governmental organizations and the private market have in addressing EV/infrastructure adoption?

Role of the BPU:

- Require EDCs to establish separate EV charging tariffs for residential and commercial EV charging equipment. Separate EV charging tariffs, including rate design with a TOU element, would help ensure that grid and generation supply resources are used efficiently, reduce the costs of infrastructure needed to meet EV load, and ensure that associated costs are allocated appropriately. A separate EV tariff would also afford more flexibility in adapting tariff terms and conditions to address the unique characteristics of EV charging as compared to general residential and commercial service tariffs.
- The BPU should monitor the anticipated growth of EV load and review EDC plans to ensure the reliability of grid and generation supply resources.
- The BPU should ensure in the ratemaking process that the rates charged to the Electric Vehicle Service Entities (“EVSEs”), who would be the EV customers of record, reflect the costs associated with serving EV load. In other words, for ratemaking purposes, rate base additions and other costs should be examined to assess whether such cost were incurred because of EV use.
- To the extent permitted by law, the Board should facilitate the emergence of a commercial competitive EV charging market by eliminating EDC tariff prohibitions

against reselling electricity,² and should facilitate the introduction of third party billing and other third party services related to EV charging. For example, advancements in metering technology may permit software-based time-of-use metering of EV charging without the installation of a separate physical meter in the home.

- The BPU should consider equitable ways of supporting and funding the construction of charging stations in uneconomic and underserved locations. This could include use of money from the VW settlement or some form of USF-type funding. The Board should also establish a definition of “uneconomic and underserved” to ensure the funds are allocated appropriately, and provide a transparent process for determining the uneconomic and underserved locations that should be targeted and a competitive process for how the developers and operators of those locations will be selected. The addition of charging stations in these locations would help alleviate “range anxiety” and charging concerns which will make the transition to EVs from internal combustion engine vehicles as seamless as possible for EV owners. However, development and funding of these sites should not burden other captive ratepayers.

Role of the EDCs:

- Identify distribution, transmission and generation resources needed to serve projected EV load and to ensure the EDCs’ability to provide safe, adequate and proper service at just and reasonable rates.

² Any such measures should be made keeping in mind the Board’s long-standing rules regarding submetering.

- Based on projected and actual data from EV metering, construct prudent and reasonable grid additions/upgrades necessary to support EV load, and implement cost recovery through a separate EV charging tariff.
- To the extent permitted by law, remove tariff barriers to EV charging services provided by third party competitive service providers. Any tariff changes would have to be made consistent with long-standing BPU rules and policies regarding submetering. While it appears that many public charging station operators are not currently charging for the electricity dispensed at their facilities, at some point they likely will (and should, given the clear benefits to those customers.) When that happens, the rules governing those transactions will need to be established consistent with the Board's rules on submetering.
- To the extent the Board determines that EDCs should construct the necessary infrastructure at public charging stations beyond the meter to the chargers, *i.e.* "make ready infrastructure," the Board would have to ensure that such work is consistent with existing law. For example, the utility would have to retain ownership of such infrastructure in order to include it in rate base as "used and useful utility property." I/M/O Public Serv. Coordinated Transport, 5 N.J. 196, 217 (1950); In re New Jersey Power & Light Co., 9 N.J. 498, 509 (1952). See also, *N.J.A.C. 14:3-8.5(b)*. The work would also have to be consistent with the Board's Main Extension Rules, *N.J.A.C. 14:3-8 et seq.*, and would likely require an amendment of the definition of "Extension" in *N.J.A.C. 14:3-8.2* to include, for EV charging stations only, plant beyond the meter to the charger. To the extent anticipated revenues from the sale of electricity by the EDC to the EVSE do not support the cost of the extension or a Contribution in Aid of Construction,

the Board could consider addressing the costs of such uneconomic charging stations through the VW settlement money or a USF-type mechanism as discussed above.

Role of the NJ Department of Environmental Protection (“DEP”):

- Inform the BPU, EDCs, and Rate Counsel of the DEP’s goals for EV adoption as well as other transportation goals which would affect electric utilities and their regulation.
- Allocate a portion of the VW settlement funds to support the installation and operation of EVSEs in uneconomic and underserved areas. As noted above, what constitutes an “uneconomic and underserved area” and how these funds are allocated to competitive providers would need to be defined by the BPU and/or DEP to ensure that the funds are used appropriately.

Role of the NJ Department of Community Affairs (“DCA”):

- If a separate EV tariff is established, amend the State’s building/electrical Code to require separate metering for EV charging. As EV technology develops, this action might be obviated by alternative software-based metering.

Role of Local Governments:

- Assist in identifying needed EV infrastructure and EVSE locations, including “uneconomic and underserved” locations where charging infrastructure would provide maximum benefit.

Role of the Private Sector:

- It is anticipated that the private sector will respond to the demand for EV charging services by providing EV charging services.
- If a process is established to provide EVSE services in uneconomic and underserved areas, it is anticipated that the private sector will respond to the bidding process to identify, construct, and operate EVSEs in uneconomic locations.
- Inform the BPU and EDCs of developments in EV and EVSE technology and operation which could affect the electric grid and generation resources.

Role of the Non-Governmental Organizations (“NGO”):

- Provide public education services regarding EVs.
- Inform the BPU and stakeholders of new ideas and developments in EV and transportation which could affect electric utility service.

Role of the VW Settlement Trust funds:

- The VW funds allocated to EV charging should be utilized as “seed money” to provide funding for EVSE locations in uneconomic and underserved areas.