



Agenda Date: 10/26/22
Agenda Item: 8B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE ESTABLISHMENT OF)	
PROGRAMMING FOR THE 2020-2022 RGGI)	DOCKET NO. QO22080479
STRATEGIC FUNDING PLAN)	
)	
IN THE MATTER OF THE ESTABLISHMENT OF THE)	
RGGI MEDIUM AND HEAVY DUTY ELECTRIC VEHICLE)	DOCKET NO. QO22080480
CHARGING PROGRAM)	

Parties of Record:

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BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board” or “BPU”) considers the recommendation of Board Staff (“Staff”) to create a new Medium- and Heavy-Duty (“MHD”) Charging Program using funds from the Regional Greenhouse Gas Initiative (“RGGI”).

BACKGROUND

New Jersey is a member of RGGI, a market-based program consisting of several states that establishes a regional cap on carbon dioxide (“CO₂”) emissions. The program requires fossil fuel power plants with a capacity greater than 25 megawatts (“MW”) to obtain an allowance for each ton of CO₂ emitted annually.¹ The power plants in each participating RGGI state participate in auctions to buy allowances for their annual carbon dioxide emissions, where one (1) allowance is equal to one (1) ton of carbon dioxide. States then use the revenue from the CO₂ allowance auctions to invest in programs to help further reduce CO₂ and other greenhouse gas pollution,

¹ New Jersey Department of Environmental Protection, Air Quality, Energy & Sustainability, “Regional Greenhouse Gas Initiative (RGGI),” <https://www.nj.gov/dep/ages/rggi.html>.

spur the development of clean and renewable energy, and provide rate relief on energy bills.² In 2008, the New Jersey Legislature passed L. 2008, c. 340, commonly referred to as the Global Warming Solutions Fund Act (“GWSFA”), which enabled New Jersey to participate in a CO₂ emissions trading program and established specific state agency funding allocations and programmatic areas of focus. New Jersey exited RGGI in 2012, but Governor Phil Murphy signed Executive Order 7 in 2018 and directed New Jersey to re-enter RGGI and participate in the CO₂ allowance auctions.³

To plan for these programs, New Jersey created a Strategic Funding Plan (“SFP”) that coordinates the use of funds by the three (3) agencies that participate in RGGI: the New Jersey Department of Environmental Protection (“DEP”), the New Jersey Economic Development Authority (“EDA”), and the BPU. The SFP identifies how New Jersey will invest its share of the RGGI auction proceeds.⁴ According to the GWSFA, BPU receives 20% of New Jersey’s auction proceeds to invest in RGGI programming. For the program described herein, BPU will be using proceeds from Quarters 3 and 4 of 2021, which equal \$16,150,648. Staff recommends using the BPU RGGI proceeds from Quarters 3 and 4 of 2021 for this program, resulting in a \$16,150,648 cap on program incentives distributed by the Board.

The current SFP guides initiatives to be taken in the years 2020–2022. In the current SFP, BPU is leading the initiative entitled “Catalyze Clean, Equitable Transportation,” which focuses on reducing emissions from transportation sources in communities disproportionately impacted by the effects of environmental degradation and climate change.⁵ As part of this initiative, BPU will develop new or enhance existing programming enabling low- and moderate-income households, particularly those in environmental justice (“EJ”) communities, to participate in and benefit from the State of New Jersey’s (“State’s”) efforts to improve access to clean transportation. Such programming will also complement existing State efforts to incorporate electric vehicle (“EV”) charging infrastructure throughout New Jersey, including in urban areas. Finally, BPU’s programs would drive a concerted effort to reduce air pollutants in Overburdened Communities (“OBCs”).⁶

In addition to the SFP, New Jersey’s 2019 Energy Master Plan (“EMP”) states that the transportation sector accounts for 42% of New Jersey’s net greenhouse gas emissions, making it the largest emissions source in the state.⁷ In order to meet the EMP’s goals of 100% clean energy by 2050, the transition to a zero-emission electric transportation sector is essential. Electrifying this sector would also improve the health and quality of life for New Jersey residents, particularly those in EJ communities, which are disproportionately impacted by pollutants.⁸

With this in mind, Staff proposes a program that would work to support small, local businesses in

² Ibid.

³ N.J.S.A. 26:2C-45 to -57

⁴ RGGI Strategic Funding Plan FAQ, <https://www.nj.gov/dep/ages/docs/rggi-strategic-funding-plan-faq.pdf>.

⁵ *RGGI Strategic Funding Plan: Years 2020 Through 2022*, <https://www.nj.gov/rggi/docs/rggi-strategic-funding-plan.pdf>, at 10.

⁶ New Jersey Department of Environmental Protection, Office of Environmental Justice, “What are Overburdened Communities (OBC)?”, <https://nj.gov/dep/ej/communities.html>

⁷ *2019 New Jersey Energy Master Plan: Pathway to 2050*, at 12, https://nj.gov/emp/docs/pdf/2020_NJBPU_EMP.pdf

⁸ Id. at 59.

OBCs as they electrify their MHD fleets by providing financial support for community and/or private fleet charging infrastructure.

STAFF RECOMMENDATION

As discussed in the recent MHD Straw Proposal, a significant portion of MHD vehicles are independently owned and operated, and since investment in charging infrastructure is often cost-prohibitive, there is a need to provide publicly accessible MHD charging for those vehicles near their base of operations and along their travel routes.⁹ Staff proposes a program that would fund two (2) types of projects: community charging and private fleet charging.

The proposed program is designed to complement EDA's ongoing transportation electrification efforts by working in tandem with EDA's NJ Zero-Emission Incentive Program ("NJZIP"), which is a RGGI-funded program that works to address barriers to EV acquisition, especially for small, local businesses located within OBCs. The proposed BPU program would focus on helping to fund community charging and private fleet charging to further support EV adoption in these areas. In order to best prepare for a growing and evolving MHD sector, the funded chargers would be required to be Direct Current Fast Chargers ("DCFCs") with a capacity of 150 kW/hr or greater. Selected project locations would be allowed up to six (6) chargers per site. Applicants could apply to both the community charging track and the private fleet track, but if the applicant was selected for both tracks, the designated location would still be eligible for funding up to six (6) chargers from this program.

Through the combined BPU and EDA programs, applicants would have access to critical funding for both the purchase of MHD EVs and the charging infrastructure needed to support a successful transition to a zero-emission electric transportation sector.

Community Charging

The goal of the community charging track of this program would be to identify areas with a significant presence of, or interest in growing the operation of, electric MHD vehicles, while also accounting for low accessibility to DCFCs. The optimal locations for community chargers are those that are accessible by several local businesses that have or are interested in acquiring MHD EVs, such as warehouses or depots, with preference given to those that can demonstrate close proximity to businesses that currently own or operate MHD EVs. If selected, the grantee would ultimately own and operate the chargers. Staff may collaborate with EDA to identify and recruit appropriate businesses that would be prime candidates for this program based on the area's NJZIP participation numbers, but would not be solely responsible for recruiting all potential grantees. Entities that believe they meet the program requirements should apply.

Grantees would assume responsibility for identifying, recruiting, and subscribing local businesses interested in utilizing the charging infrastructure for their MHD vehicles. To be eligible for community charging funding, applicants would have to be located in or operating within an OBC as designated by DEP. Since NJZIP currently provides vouchers for vehicles, but not chargers,

⁹ [In re Medium and Heavy Duty Electric Vehicle Charging Ecosystem: New Jersey Electric Vehicles Infrastructure Ecosystem 2021 – Medium and Heavy Duty Straw Proposal](https://www.nj.gov/bpu/pdf/publicnotice/Notice%20Medium%20Heavy%20Duty%20EV%20Straw%20Proposal.pdf), BPU Docket No. QO21060946, Order dated June 30, 2021, revised August 12, 2021 ("MHD Straw Proposal"), at 13, <https://www.nj.gov/bpu/pdf/publicnotice/Notice%20Medium%20Heavy%20Duty%20EV%20Straw%20Proposal.pdf>

this complementary program would allow BPU to encourage greater expansion of MHD vehicle electrification in OBCs. In part modeled on DEP's program, *It Pay\$ to Plug In*, this program would fund up to 100% or up to \$225,000, whichever is reached first, per publicly accessible, dual-port DCFC community charger, with a maximum of six (6) chargers per location.¹⁰ Both the charger itself and the Make-Ready for the charger would be eligible for the incentive, with at least \$25,000 per charger suggested for use in potential distribution system upgrade funding.¹¹ Further details on distribution of funds are included below.

Private Fleet Chargers

As mentioned in the BPU MHD Straw Proposal, "the proven detrimental impacts of emissions on [OBCs] . . . makes moving towards electric vehicle adoption for private MHD fleets critical and supports requiring ratepayer investment."¹² Private MHD fleets have a significant impact on greenhouse gas emissions. By supporting their shift to electrification, this program could work to further alleviate the EJ concerns caused by pollution associated with emissions from MHD vehicles.

Considering these benefits, Staff recommends that this MHD Charging Program have a second track that would be used to incentivize private fleet charging infrastructure. Similar to the community charging track, the private fleet chargers would be required to be DCFCs in order to best support MHD vehicle charging. Since NJZIP is the only program currently operating in this space and this is a pilot intended to complement NJZIP, Staff recommends that program eligibility be limited to NJZIP participants. Considering that the NJZIP program is transitioning from NJZIP Phase 1 to Phase 2, during which program eligibility will change, applicants for private fleet charging under this Program would be eligible if:

- 1) The applicant has an active voucher from NJZIP Phase 1, during which a participant had to own or operate in one of the four NJZIP areas¹³; or
- 2) The applicant has an active voucher from NJZIP Phase 2 and received an EJ bonus.¹⁴

¹⁰ New Jersey Department of Environmental Protection, Air Quality, Energy & Sustainability, "DRIVE GREEN: *It Pay\$ to Plug In*," <https://www.nj.gov/dep/drivegreen/plugin.html>.

¹¹ "Make-Ready" is defined as the pre-wiring of electrical infrastructure at a parking space, or set of parking spaces, to facilitate easy and cost-efficient future installation of Electric Vehicle Service Equipment ("EVSE"), including, but not limited to, Level Two EVSE and DC Fast Chargers. Make-Ready includes expenses related to service panels, junction boxes, conduit, wiring, etc. necessary to make a particular location able to accommodate EVSE on a "plug and play" basis. "Make-Ready" is synonymous with the term "Charger Ready." MHD Straw Proposal at 7. For purposes of this program, Make-Ready also includes necessary distribution system upgrades needed at the designated location to complete the project, as determined by the EDC.

¹² MHD Straw Proposal at 12.

¹³ In Phase 1 of the NJZIP pilot, the Program worked to support businesses and institutions in purchasing new, MHD zero-emission vehicles that will operate in OBCs within the greater Camden, greater Newark, greater New Brunswick, and greater Shore areas. A list of the specific municipalities that are eligible for Phase 1 of the NJZIP program is available at "Frequently Asked Questions: NJ ZIP," https://1e7pr71cey5c3ol2neoaoz31-wpengine.netdna-ssl.com/wp-content/uploads/2021/11/NJ-ZIP-Frequently-Asked-Questions_Ver-3.pdf.

¹⁴ NJ ZIP, the New Jersey Zero Emission Incentive Program: Second Phase Expansion of the Voucher Pilot at 8, [July-13-2022-EDA-Board-Meeting-materials.pdf](https://www.njeda.com/files/July-13-2022-EDA-Board-Meeting-materials.pdf) ([njeda.com](https://www.njeda.com)).

To prove NJZIP participation, applicants would have to verify that they have already received an NJZIP voucher from EDA to purchase a MHD EV. In potential future iterations of this program, Staff would consider expanding eligibility criteria based on information available at that time, including a review of this pilot and relevant MHD EV usage.

Private charging would be funded at a lower level than community charging, with funding available for up to 75% of the costs associated with purchasing and installing the DCFC chargers, with a maximum of \$175,000 per charger available. Both the charger itself and the Make-Ready for the charger would be eligible for the incentive, with at least \$25,000 per charger suggested for use in potential distribution system upgrade funding. The maximum number of chargers per location would be capped at six (6), and they would not be required to be accessible to the public. Further details on distribution of funds are included below.

Application Considerations

Staff recommends that the program streamline the grant application process with the BPU and the project application process with the applicant's electric distribution company ("EDC"). Applicants would need to apply to their EDC to ensure their selected location would be able to support the requested DCFCs. To do this, applicants would need to review publicly available information regarding the grid capacity of their selected location (such as capacity maps); prepare a load request, a Utility Site Plan, and an Electrical One Line Diagram; and submit these documents to the EDC as a New Service Request. The EDC would review the request and conduct any necessary studies to confirm capacity and assess possible system upgrade costs. The EDC would communicate the results of these studies to the applicant, including whether or not the applicant may proceed with the project. The applicant would then be required to submit the results of the EDC's studies and the EDC's decision, as well as their acceptance of any additional costs and their commitment to proceed with the project, to the BPU in order to receive final consideration for this grant program.

Eligible Costs

Funds from this program would be used for the purchase and installation of DCFCs, as well as necessary Make-Ready investments. As utilities are currently not permitted to fund the Make-Ready for fleet charging, this program is designed to encourage EV fleet adoption while Staff works to address future EDC programs. In addition to the scope provided in the MHD Straw Proposal, for this program, Make-Ready could also include necessary distribution system upgrades needed at the designated location to complete the project, as determined by the EDC. The grant would be established with a set application period and include evaluation criteria such as, but not limited to, project maturity, location, opportunity for grid connection, MHD EVs in the area, and the size of business/applicant. Funds would be dispersed in three (3) intervals at a rate of 25%, 50%, and a final amount of up to 25% as a reimbursement depending on the final cost of the project. The initial 25% would be dispersed once a grantee is selected and the grantee confirmed that they received approval from their EDC, had been made aware of all associated costs by the EDC, received project approval from the BPU, and confirmed to the BPU they would like to proceed with the project. These initial funds could be used for expenses such as deposits on EDC system upgrades, reimbursement for planning costs to prepare the EDC application, and initial deposits for chargers, Make-Ready costs, and distributional system upgrade costs. Having this money up front would allow the grantee to act swiftly and avoid any unnecessary project delays, including from the current supply chain demands that require orders many months in advance.

The second payment, 50% of the total grant award, would be disbursed after the applicant provided their financing plan to the Board, which would be completed and shared within one year after the date the grant is awarded. These funds would be for chargers and Make-Ready. The final 25% of the grant would be distributed as a reimbursement once the full project was completed and verified through submission of photos of the installed chargers and all associated invoices to the BPU, with the potential for onsite audits for some projects at the discretion of the BPU. Reimbursements would not exceed the designated maximum amount for each incentive and could be less than the initially allotted grant amount if that amount exceeds the final cost of the project. Reimbursements would be assessed on a case-by-case basis.

There are currently no MHD charging utility programs in place in New Jersey. While public use and public charging were contemplated in the MHD Straw Proposal, private charging is currently not incentivized. This RGGI-funded program could help remove a key electrification obstacle for businesses in EJ areas.

DISCUSSION AND FINDINGS

The Global Warming Response Fund Rule authorizes the BPU to fund programs to help further reduce CO₂ and other greenhouse gas pollution, spur the development of clean and renewable energy, and provide rate relief on energy bills.¹⁵ The SFP and the EMP call on the BPU to create and support programming that assists in the transition to clean and equitable transportation, especially for OBCs. The MHD Straw Proposal also details that importance to electric transportation initiatives in communities that are disproportionately affected by the harmful pollutants associated with current MHD vehicles.

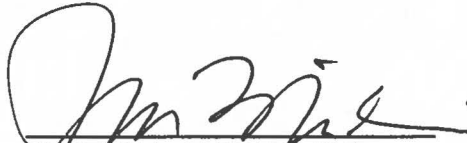
The Board **HEREBY FINDS** that the creation of the MHD EV Charging Program is reasonable and satisfies the Board's RGGI programmatic responsibilities. The creation of a community charging program and private fleet charging program further supports the Board's goal of creating and supporting programming that assists in the transition to clean and equitable transportation for OBCs. The Board agrees with the recommendations of Staff and **HEREBY APPROVES** the program as proposed by Staff. The Board **HEREBY AUTHORIZES** Staff to take all necessary steps to implement the program, including developing the program application form, opening the application period, reviewing and processing applications, disbursing funding from the program's budget in accordance with established Board procedures and program requirements, and closing the program if or when funding is fully committed.

¹⁵ N.J.A.C. 7:27D-1.1 et seq.

This Order shall be effective on November 2, 2022.

DATED: October 26, 2022


BOARD OF PUBLIC UTILITIES
BY:

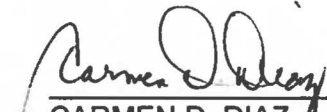

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ACTING SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE ESTABLISHMENT OF PROGRAMMING FOR THE 2020–2022 RGGI
STRATEGIC FUNDING PLAN

IN THE MATTER OF THE ESTABLISHMENT OF THE RGGI MEDIUM AND HEAVY DUTY ELECTRIC
VEHICLE CHARGING PROGRAM

DOCKET NOS. QO22080479 & QO22080480

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