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NOTICE¹

IN THE MATTER OF THE FISCAL YEAR 2022 CHARGE UP NEW JERSEY PROGRAM

Docket No. QO21040745

Stakeholder Meeting and Opportunity to Comment

May 27, 2021 at 10:00 a.m.

Virtual format via Zoom:

https://zoom.us/webinar/register/WN_edYW4WV6SLa2bLWAKhvMTw

Pursuant to the Open Public Meetings Act, N.J.S.A. 10:4-6 et seq., the New Jersey Board of Public Utilities (NJBP or Board) hereby gives notice of a Public Meeting to discuss the below Charge Up New Jersey Program - Fiscal Year 2022 Straw Proposal ("Straw Proposal" or "Straw"). Board Staff has set up a stakeholder meeting for feedback on this topic with stakeholders.

I. Introduction

In order to encourage adoption of electric vehicles, consistent with the Electric Vehicle Act of 2020 ("EV Act"), N.J.S.A. 48:25-1 et seq., the Board created the Charge Up New Jersey electric vehicle ("EV") incentive program ("Program"). The intent of the Program is to encourage the purchase or lease of new light-duty plug-in EVs in the State and assist New Jersey residents with making the switch to driving electric.

On April 6, 2020, the Board approved the program guidelines for the Charge Up New Jersey Program ("Program"). On September 23, 2020, the Board approved the Fiscal Year 2021 ("FY21") budget for New Jersey's Clean Energy Program ("NJCEP").

Eligibility for the Program began on the date of the EV Act signing on January 17, 2020. The first phase of the Program ("post-purchase incentive") opened on May 27, 2020, and allowed applicants to apply for post-purchase or post-lease incentives directly to the program administrator, the Center for Sustainable Energy ("CSE"), on the official program website.

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Incentives were processed on a first-come, first-served basis by the program administrator, and eligible applicants were issued their incentive in a single payment via check. Due to the success of the post-purchase incentive, funds were depleted by the end of 2020 and the eligibility window was closed on December 15, 2020; the online post-purchase application portal was closed on March 15, 2021. As of the release of this Straw Proposal, over 7,000 vehicles totaling over \$36 million in incentives have been awarded to New Jersey residents. Additional eligible applicants who adhered to the FY21 program guidelines, but submitted paperwork after FY21 funds were depleted, may be funded in the FY22 program. Eligible Phase One incentives to be disbursed in FY22 are still being finalized, but are likely to be in the range of \$6 million. Many stakeholders have indicated a desire to increase the longevity of the Program to provide consistent incentives throughout the year.

Phase Two of the Program seeks to simplify the process for applicants by applying the incentive at the time of the vehicle sale or lease in a New Jersey car dealership or showroom. This incentive will be applied in full, directly at the point-of-sale and all paperwork will be facilitated by the salesperson or representative.

As stated in a December 14, 2020 Secretary's Letter, Board Staff is actively engaging in a public process to evaluate the Program, with the goal of maximizing the funding for FY22 and beyond. CSE performed a summary of the Program's year one statistics ("Year One Report") for the BPU, which analyzed the breakdown for the Program's incentive disbursements. This information, along with best practices from other states, has been combined to form the basis for the Straw Proposal. The Straw proposes modifications to the existing Program in order to increase efficiency and accessibility, and seeks stakeholder feedback on these modifications for FY22.

II. Statutory and Regulatory Authority

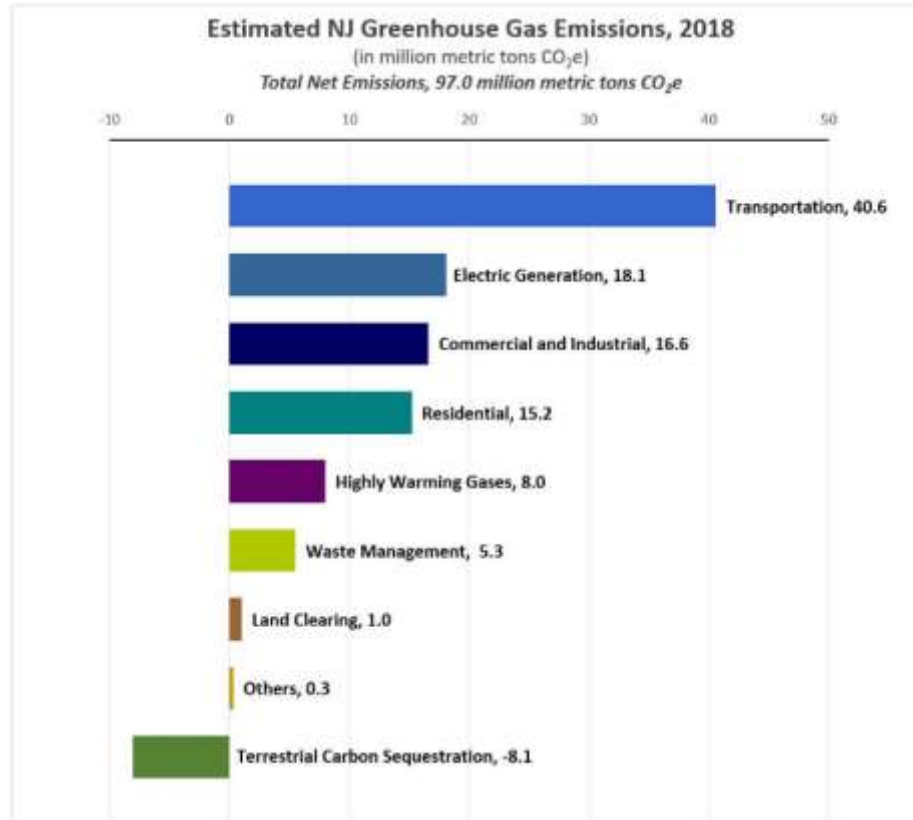
On January 17, 2020, Governor Murphy signed S-2252 into law (N.J.S.A. 48:25-1 et seq.), which established a 10-year EV incentive program and related fund, the Plug-In Electric Vehicle Incentive Fund. Among other things, N.J.S.A. 48:25-1 et seq. called for at least 330,000 EVs on New Jersey roads by December 31, 2025 and at least 2 million EVs by December 31, 2035. This would mean that at least 85% of all new light duty vehicles sold or leased in the State would be EVs by December 31, 2040. The legislation gave the Board the authority to "adopt policies and programs to accomplish the goals established pursuant to this section."

Further, Charge Up New Jersey must also take into account the Clean Car Program, under N.J.S.A. 26:2C-8.15 et seq. and the stated goals from the EV Act (N.J.S.A. 48:25-1 et seq.). The Clean Car Program required the New Jersey Department of Environmental Protection to implement rules adopting California's Low Emission Vehicle ("LEV") regulation, including reducing criteria pollutant emissions and greenhouse gases emitted by motor vehicles in New Jersey. As a result, manufacturers must generate credits equal to a certain percentage of their production volume, which they can do by selling zero emission vehicles ("ZEVs") in New Jersey. In 2020, each regulated manufacturer was required to generate credits equal to 9.5% of their production volume. Only 6% of those credits are required to be from Battery Electric Vehicles ("BEVs"), which are also referred to as Plug-In Electric Vehicles. The remainder of the credits are permitted to be from an assortment of other types of clean vehicles. Credits do not directly correspond to a specific number of vehicles since BEVs, Fuel Cell Vehicles, and Transitional Zero Emission Vehicles, such as plug-in hybrids, are eligible to earn multiple credits.

III. Objectives Underlying this Straw Proposal

The Program is intended, in part, to help advance the rapid transition of New Jersey's transportation sector.

- As stated in the 2019 Energy Master Plan, transportation fuels account for approximately 40% of CO₂ emissions in the state today, the largest single sector of carbon emissions.
- New Jersey cannot meet its ambitious clean energy goals or its goal of reducing CO₂ emissions by 80% below 2006 levels by 2050 unless it can electrify its transportation sector.
- The below chart illustrates the impact transportation emissions have on New Jersey:



- Vehicle electrification reduces the cost of meeting New Jersey's 2050 targets. Failing to electrify the vehicle fleet increases the cost of decarbonization from 2035 to 2050 by an average of \$1.6 billion per year, according to the research underlying the 2019 Energy Master Plan.

In developing the recommendations in this Straw Proposal, Staff conducted an extensive review of best practices across the country, including reviews of programs in other states, as well as a review of Year One Program metrics for the Charge Up New Jersey Program.

IV. Program Elements

A. Charge Up New Jersey Program Performance Metrics

The Year One Report included an analysis for FY20 and FY21, which showed that approximately 93% of the applicants received the maximum incentive amount of \$5,000. The other 7% of applicants received a mix of lower incentive amounts. The eligibility window for purchases and leases was approximately one year (January 17, 2020 to December 15, 2020), and the online portal for applications was open until March 15, 2021.

For Year One of the Program, over \$36M in incentives were approved, resulting in over 7000 new EV purchases and leases through the Program, and Staff anticipates that approximately \$6M in additional incentives will be disbursed in FY22, pending additional funds. The number of EVs purchased has grown steadily despite the COVID-19 pandemic. New Jersey's registered electric vehicles has increased from 29,960 in December 2019 to 34,038 in June 2020 to 41,096 in December 2020. This places EVs at 0.6% of New Jersey's 6.7 million registered vehicles.

An analysis of the breakdown of the makes and models that participated in the Charge Up New Jersey Program reveals that approximately 83% of the incentive applications were attributed to Tesla vehicles. All other makes and models made up 17% of the Program's incentive disbursements. It is important to note that lack of available stock contributed to the lack of diversity in the incentive disbursement. Many car buyers indicated that their vehicle of choice was not present or offered in New Jersey. Stock was regularly found in neighboring states, but due to the nature of the Program, out-of-state vehicle purchases and leases were not eligible for an incentive. Availability of EV product should be noted as a barrier to adopt a wide variety of EVs, and New Jersey will need ample available EV product in order to successfully expand its market and meet customers' desires for more EV options.

Further, plug-in hybrid electric vehicle ("PHEV") sales nationally make up about 25% of the plug-in vehicle market. However, based on Charge Up New Jersey's incentive disbursements, only approximately 4% of the incentives were disbursed for PHEVs, which are often the entry vehicle into EV adoption. This indicates that BEVs were more successfully incentivized for EV buyers in New Jersey and raises the question of whether PHEVs may require an adjusted incentive amount.

B. Potential Modifications to the Existing Charge Up New Jersey Incentive Structure

The goal of the Charge Up New Jersey Program is to increase EV adoption by reducing the impact of the cost differential between an EV and a traditional internal combustion engine ("ICE") vehicle. In the first year of the program, the design was determined by the EV Act and provided \$25 per electric mile, up to a maximum of \$5,000. As discussed in Section A, nearly all the incentives achieved the maximum incentive of \$5,000.

In Phase Two, Staff aims to maximize EV adoption through the following objectives:

1. To enable greater EV adoption by bringing EVs into cost parity with ICE vehicles;
2. To increase the number of incentives available within the allotted funding; and
3. To increase the diversity of vehicles benefiting from the incentive program.

Staff is primarily focused on structuring the Program's incentive amount to encourage buyers or lessors who might otherwise not have considered an EV due to cost concerns. The proposed

structure below therefore focuses on “incentive-essential” buyers, seeking to target the incentive to those who would not otherwise purchase an EV.

Proposed Incentive with \$25/all-electric mile and a soft manufacturer’s suggested retail price (“MSRP”) cap

The proposed structure offered for public comment within this Straw utilizes the existing \$25 per all-electric mile of range for the vehicle, while also implementing a soft cap for the incentive for vehicles above a certain MSRP.

Staff also proposes a flat incentive for all PHEVs, further discussed below.

This structure retains the spirit of the EV Act and allows the \$25 per all-electric mile calculation to remain for most incentives. Staff recognizes that the Program should prioritize “incentive-essential” customers, and as such proposes this option, which would cap incentives available to higher end cars, while still offering higher incentives to cars with more battery range. In order to keep the funding available longer and prevent vehicles with a higher MSRP from garnering a larger than necessary incentive, the value of the incentive will be capped at \$2,000 for all vehicles above \$45,000. The vehicle must still adhere to all other Program terms and conditions, including the overall MSRP cap of \$55,000. Staff seeks comments on the use of the \$25/all-electric mile and the soft MSRP cap.

Flat PHEV Incentive Proposal

Due to the “per mile” calculations, offerings for PHEVs were much lower than the incentive levels of their BEV counterparts. PHEVs are often the entry point into EV ownership and may help ease the transition from gas to electric for those most concerned about the range of an EV. The incentives for PHEVs in Year One were generally less than \$1,000 (averaging \$625) and proved insufficient to bridge the gap in price parity between the hybrid electric model and the ICE models available. Staff therefore proposes that PHEVs receive a flat incentive in Phase Two. The vehicle must still adhere to all other Program terms and conditions, including the overall MSRP cap of \$55,000.

The proposed flat PHEV incentive recognizes that PHEVs make up a fair subset of the EV market and are often a transition vehicle as people make the switch from an ICE vehicle. PHEVs are often an attractive option for residents of Multi-Unit Dwellings, where charging may not be currently available. Additionally, this structure provides an easy framework for dealerships and showrooms to communicate and market to customers when it comes to PHEVs.

Staff seeks comments on the creation of a flat PHEV incentive, as well as on the appropriate level for this incentive.

Proposed Incentive Levels

The table below summarizes the proposed incentive structure, which utilizes the existing calculation of \$25 per all-electric mile established by the EV Act, while adding a soft MSRP cap for vehicles above \$45,000 and providing a flat incentive for PHEVs.

Staff is requesting comment on the proposed incentive structure’s design, its potential impact on EV adoption in FY22, and this overall structure, which seeks to provide greater benefit to New Jersey residents, while also balancing the longevity of the funds in order to keep the Program active for a longer period of time.

Proposed Vehicle Incentive	Determining Factor
\$TBD	All PHEVs
\$25 per all-electric mile, maximum of \$5,000	All BEVs with an MSRP under \$45,000
\$25 per all-electric mile, maximum of \$2,000	All BEVs with an MSRP between \$45,000 and \$55,000

C. Addition of Local and State Government Fleets to the Charge Up New Jersey Program

In FY20 and FY21, the BPU utilized U.S. Department of Energy (“USDOE”) funds to start a pilot program to incentivize EV adoption in local and state government fleets, referred to as the Clean Fleet Electric Vehicle Incentive Program (“Clean Fleet Program”). The Clean Fleet Program funds will be depleted by the end of FY21. Staff recommends continuing the Clean Fleet Program to further the goals set forth in the EV Act, which seeks to increase and encourage EV adoption by the State’s government light-duty fleets. Funds for this purpose could be obtained by utilizing additional societal benefits charge funds (“SBC”), as authorized by the EV Act, and creating a subset of the Charge Up New Jersey Program specifically for fleets with additional funds.

The Clean Fleet Program is available to the following local and state government entities: municipalities, local schools, municipal commissions, state agencies or boards, state commissions, state universities, community colleges, and county authorities.

Staff seeks comment from stakeholders on the inclusion of the Clean Fleet Program – to be utilized by local and state government fleets – as a subset of the Charge Up New Jersey Program, as well as the eligible entities listed herein.

D. Phase Three – The EV Charger Program

Phase Three is the roll out of the residential EV charger program (NJSA 48:25-6). The EV Act stated the following: “The Board of Public Utilities may establish and implement a program to provide incentives for the purchase and installation of in-home electric vehicle service equipment. The amount of the incentive offered ... shall be determined by the board, but shall not exceed \$500 per person. The board may establish other requirements and parameters for the program as it deems necessary and reasonable to further the goals of P.L.2019, c.362 (C.48:25-1 et al.)”

I. Proposed Criteria for the EV Charger Program

Staff recommends that incentives for Phase Three be made available only for smart chargers – those with the ability to provide data. This will allow for the collection of data to better understand charging behavior from the perspective of the EV owner, BPU, and the utility. The incentive will utilize the same platform as Phase One of the Charge Up New Jersey vehicle incentive and operate as a post-purchase incentive. The incentive amount would cover 50% of the cost of the charger, up to \$250; the incentive would not cover the associated installation costs, permitting fees, etc., though utilities may offer incentives to install the “make ready” infrastructure for residential chargers. To be eligible for the incentive, applicants would need to upload scanned copies of all required documents.

II. Recommended Documents required for Phase Three Application Process by Applicants:

- Proof of purchase of a Level-Two smart charger for residential use, either a digital or scanned hard copy;
- Scanned photo of the serial number on the charging equipment;
- New Jersey Driver's License as proof of residence and a unique identifier;
- Valid NJ EV Registration, Registered to a Residential Address in New Jersey;
 - Validation: One Charger Incentive per NJ Address (including one per apartment in a Multi-Unit Dwelling); and
 - Validation: Each applicant (tracked by their New Jersey Driver's License) may receive up to two charger incentives throughout the duration of the 10-year Charge Up New Jersey Program, but no more than one per address.
 - Validation: One Charger Incentive per EV Registration (tracked by VIN number)

Staff is seeking feedback on the proposed criteria of the EV Charger Incentive as detailed above.

V. Stakeholder Process and Schedule for Comments

Staff is committed to an open and transparent process in which to further develop the ideas laid out in this Straw Proposal. To that end, Staff is hosting an online stakeholder meeting on May 27 where interested stakeholders can provide comments on the topics discussed in this Straw Proposal.

The stakeholder meeting will have a PowerPoint overview of the proposed programs before the meeting host opens the floor to stakeholders to provide comments on specific topics.

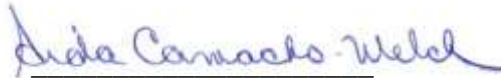
Interested parties who wish to provide spoken comments on a particular topic are requested to sign up by [clicking here](#) and must provide the below information. If you have additional questions, please email them to EV.Programs@bpu.nj.gov by 5:00 pm on **May 26, 2021**.

- Name, title, and affiliation;
- Desired topic(s); and
- Whether or not your organizations/entity will be submitting written comments.

An agenda will be published in advance of the stakeholder meeting. Time permitting, those who do not sign up in advance may speak at the end of each topic session.

Written comments on each topic are due by **5:00 p.m. on Wednesday, June 2, 2021**. Staff encourages commenters to file electronically through the Board's e-Filing Portal upon obtaining a MyNewJersey Portal ID. After establishing a MyNewJersey account, you will need to request an authorization code from NJBPU's IT Helpdesk by emailing BPUIHELPDESK@bpu.nj.gov. Detailed instructions on this process are included in the [e-Filing FAQs](#) on the NJBPU website. Comments may also be submitted electronically to board.secretary@bpu.nj.gov in PDF or Word format and should include the subject "In The Matter of the Fiscal Year 2022 Charge Up New Jersey Program Docket No. QO21040745" along with the last name of the author and the name of their company or organization.

Please note that these comments may be considered “public documents” for purposes of the State’s Open Public Records Act. Stakeholders may identify information that they wish to keep confidential by submitting them in accordance with the confidentiality procedures set forth in N.J.A.C. 14:1-12.3.



Aida Camacho-Welch
Aida Camacho-Welch
Secretary of the Board

Dated: May 18, 2021