

BPU Energy Master Plan Stakeholder Meeting:

Clean & Reliable Transportation

September 20, 2018

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(NJ CAR)

New Jersey's franchised new car and truck retailers are all-in when it comes to replacing older, less environmentally friendly vehicles with greater numbers of electric vehicles (EVs). These vehicles save consumers thousands of dollars per year in gasoline costs and, of course, EV's provide tremendous benefits to the environment.

But there are two primary obstacles to greater EV adoption: price and infrastructure. If we make smart moves to knock down these obstacles, consumers will buy these vehicles in greater and greater numbers.

But, first, let me give you a little history to provide some perspective on how far we've come and how much farther we still must go.

In 2008, New Jersey new car buyers purchased just 10 zero emission vehicles (ZEVs). In 2017, ZEV sales reached 1,900 units. That's progress. But ZEVs still currently account for just three tenths of one percent (0.3%) of the new car market in New Jersey. This year EV sales are expected to climb, but still, year-to-date sales account for just .4% of total volume.

This, despite the fact that New Jersey's Clean Car law requires that 4.5% of all vehicles delivered by manufacturers for sale in the Garden State must be ZEVs in 2018. **That's 24,000 vehicles: more than 12 TIMES the number sold last year.** And that's just the start.....the ZEV sales mandates ramp up exponentially from there. We estimate that the existing clean car mandates will require that dealers sell more than 550,000 ZEVs in New Jersey between 2018 and the end of 2025.

As I've said, New Jersey new car dealers want to sell every single one of those 550,000 EVs. Manufacturers have stepped up in recent years to provide consumers with options. There are currently about 40 plug-in electric vehicles available on the market right now and there are more than 60 new models scheduled to be introduced between 2018 and 2021 by various manufacturers.

One of the primary obstacles to overcome is the higher price of EVs (*compared to regular gas engine vehicles*). And there are, really, two components to the price problem. First, electric vehicles are not priced by manufacturers to sell, simply because New Jersey's Clean Car law gives automakers no real incentive to do so. The law doesn't require automakers to place ZEVs in service; it simply requires manufacturers to "deliver" clean cars for sale to dealers.

This "delivered for sale" mandate allows automakers to earn their clean car credits by simply dumping ZEVs on dealer lots in New Jersey. The automakers have no skin in the game. In the meantime, unsold clean car inventory does nothing to clear the air in New Jersey and imposes a heavy financial burden on New Jersey new car dealers.

Now, if the law stipulated that manufacturers don't receive clean car credits until the vehicle is sold, that would provide tremendous incentive to price them more appropriately and would greatly benefit consumers and the environment.

The second component that could alleviate the price-crunch on EVs is cash-on-the-hood incentives and tax breaks that encourage consumers to move from the familiar internal combustion engine vehicle they have driven forever to something new.

Change is never easy, especially when it involves a major purchase, such as a new vehicle. Sometimes change requires a gentle nudge in the right direction. Cash-on-the-hood incentives will go a long way toward accomplishing the goal of dramatically increasing the number of “clean” vehicles on the road.

These financial and legal issues have impeded EV sales. But, so has the lack of existing infrastructure. Right now, New Jersey only has about 500-600 charging stations spread throughout the State. That’s compared to an estimated 3,500 gas stations offering more than 20,000 pumps.

Before consumers will adopt EVs in greater numbers, they will need ready access to an infrastructure that lets them charge their cars WHEN they want and WHERE they want. But we are faced with the classic “chicken and egg” problem. Investors are reluctant to spend millions on charging stations until they are confident consumer demand is there for EVs. But consumer demand for EVs is being thwarted by an inadequate number of charging stations.

There are many ways to dramatically expand the charging infrastructure necessary to handle a growing number of EVs on New Jersey roads.

Park and rides, municipal parking lots, shopping malls, commercial office complexes, big box stores, grocery stores, convenience stores, restaurants, and virtually any place where individuals park vehicles for an extended period, are prime locations for charging stations.

Building and facility owners need to know: (1) there is current demand for charging stations; (2) demand is growing; (3) electric charging stations are an amenity that consumers will come to expect, just like a public restroom, complimentary wi-fi, free coffee or a water cooler; and (4) offering charging facilities is and will be increasingly good for business.

New Jersey needs an aggressive game plan to offer consumer incentives and build a robust charging infrastructure. And we need all-hands-on-deck to accomplish these aggressive goals.

NJ CAR is pleased to be working with other EV stakeholders as part of a group called ChargeVC to help develop that game plan. ChargeVC is a coalition made up of a diverse group of organizations including technology companies, utilities, environmental groups, community advocates and others. Our mission is to design and promote policies that boost EV sales that will lead to greater environmental and economic benefits.

I can tell you this: if State and federal regulators, elected officials, automakers and public utilities pull together to address the most pressing infrastructure and affordability challenges, franchised new car dealers in New Jersey and across the country will be relentless in promoting, selling, and delivering electric vehicles to more and more consumers.

There's a lot going on and dealers and automakers are busy preparing to meet growing EV demand. But we have a lot of work to do, and the Board of Public Utilities can help New Jersey consumers overcome the obstacles to greater EV acceptance by encouraging and approving rate filings that allow for EV incentives and which fund infrastructure development.

Everyone in New Jersey, whether they own an electric vehicle or not, relies on a secure electric power grid. The BPU can work with various stakeholders to identify ways to generate new revenue to help fund the buildout of a stronger, more resilient and more environmentally-friendly electrical grid.

Cash-on-the-hood incentives are not a giveaway to EV buyers. In the long run, investments made to create a more reliable and efficient electric grid benefits ALL ratepayers.

It's certainly time for government to put its money where its mouth is and offer up real financial incentives – like extending sale tax exemptions beyond pure ZEVs to include a partial exemption for hybrid and other advanced technology clean cars.

It is also critical that utilities invest in EV infrastructure and that we accelerate efforts to protect and strengthen our electric power infrastructure.

It will take dedicated teamwork between legislators, regulators, dealers, automakers, public utilities, the environmental community and others to achieve our shared goal of removing obstacles to cleaner and more reliable transportation on New Jersey's roads.

Thank you for the opportunity to share NJ CAR's perspective on the future of Clean and Reliable Transportation in New Jersey.