



On behalf of the 100 member companies of the Chemistry Council of New Jersey (CCNJ), representing a \$25.5 billion state industry that provides more than 44,000 high-paying jobs, we would like to submit the following comments on the Board of Public Utilities New Jersey Electric Vehicles Infrastructure Ecosystem 2020 Straw Proposal.

I think it imperative to begin by saying that CCNJ is not opposed to Electric Vehicles, or a reasonable program that creates a framework to allow the free market to incentivize infrastructure for these vehicles.

We are, however, concerned of the impact that this program could have on the already exorbitant energy prices our member companies pay. Furthermore, the proposal has not established a fully transparent program and does not properly address the means necessary to protect New Jersey ratepayers from unnecessary rate increases.

Energy is a crucial component of our industry's cost structure, and higher energy prices have a detrimental impact on both jobs and the bottom line of our member companies. New Jersey's industrial energy rates are some of the highest in the nation, 45% above the national average and they continue to rise. The state's energy policies are of critical importance to our members, as is evident by our membership having unanimously ranked energy costs as one of the top issues of concern facing their companies in New Jersey for eleven consecutive years.

There is little doubt that the financial impact caused by the COVID-19 pandemic has yet to be fully realized. This pandemic has and will continue to impact New Jersey, our country, and the world in ways we can still only imagine. In these uncertain times, it is important we consider how these endeavors, while noble, may impact the State's residents and greater business community. Now more than ever we must be cautious as we proceed and try to consider the actual impact on our state and not be driven solely by the desire to "charge" ahead.

CCNJ is on record having expressed concern regarding the legislation that provided the BPU the statutory authority to establish a comprehensive Electric Vehicle Ecosystem. We can appreciate the BPU's effort to try and meet the aggressive goals that have been established in the legislation by the endeavors outlined in the Straw Proposal. While we appreciate the proposal's consideration of ways to mitigate the potential impact on New Jersey's ratepayers; there is serious concern that the final determination will exclude the safeguards necessary to ensure ratepayer protection and representation.

We have outlined some of our concerns below and provided some additional thoughts regarding the BPU's Straw Proposal.

Minimizing the Ratepayer Impact

According to the Straw Proposal, a "shared responsibility" model is designed to promote appropriate roles for both utility companies (EDC) and private investors. The intent obviously is to ensure that EDC's play an important role but as we understand it, the goal is to promote private investment and ownership as the primary means to establish this new infrastructure.

The final BPU decision must be clear on the intent to prioritize private investment and reduce the ratepayer impact and responsibility for construction of this infrastructure. Unfortunately, there are key components under this section that would allow, and in some cases encourage, greater EDC's involvement and this perhaps could hinder the private investment BPU hoped to achieve.

Allowing utilities to begin to make certain locations charger ready and determine which sites may be best to develop, essentially means ratepayers would be funding a stream of locations that may go on to be profitable for the private investment company or/and or the utility company. Specifically, why should ratepayers pay for locations to be "charger ready" when that location will then be sold or leased and used by a private company or municipal entity for the sale and distribution of something they intend to profit on. More importantly, why would a private company, or municipality for that matter, provide the cost to upgrade a specific site when they may wait and use a location that has been made charger-ready using ratepayer funding?

CCNJ understands that building an EV infrastructure is part of State's larger clean energy goals, however, that does not mean that cost should be covered by the citizens and businesses of the State through the rate making process. We also understand that given today's fiscal climate, private companies may be hesitant to make the investment and by providing charger ready locations, the BPU may help spur that investment. If this is the case, the Board should consider a potential return to the ratepayer for this investment.

BPU could create a system whereby ratepayers may provide the upfront cost for upgrading or making a location charger ready, but those costs should be returned to ratepayers as the charging stations become profitable at that location. Ratepayer returns could be worked into the determined electricity price for that charging station. The price could be a fixed number, set by the board, to ensure fair competition throughout the service territories. On the local level or in downtowns and main streets, there could be greater encouragement for partnerships between local chambers of commerce or business groups to develop charging sites. In these cases, the local business owners themselves may have their upfront cost returned.

It is crucial for the Board to address and ensure proper steps are taken to truly implement private investments before any ratepayer funded efforts. If the BPU and the utilities are sincere in their desire to help save ratepayers money, all considerations should be made before moving to ratepayer funded locations. The final program needs to be completely transparent concerning roles of EDC's and the private companies involved in the development of this program and the Board should have the discretion necessary to ensure that these parties are working in good faith to protect the State's ratepayers.

Monitoring the Role of EDC's

The proposal makes clear that the BPU believes that EDC's should have a major role to play and there is a need to glean their expertise and experience in the development of the new infrastructure. We understand, and it makes sense that EDC's must have a role in anything that looks to utilize the electric grid. This is particularly true to implement potential upgrades that may be necessary to accommodate the EV infrastructure or the potential increase in demand due to the growth of this new network of charging stations.

In addition to the upgrades mentioned above, the proposal would also allow EDC's to recover costs from ratepayers on a number of items, including making stations charger ready, (which we have already addressed), the development of hosting maps in conjunction with the mapping effort, and costs associated with being the "Last Resort" in order to ensure there is equitable distribution of charging stations throughout the State.

CCNJ believes that it would be important that any final decision from the Board must ensure that there are proper safeguards in place to protect New Jersey ratepayers. We do not believe that it would be beneficial to allow EDC's to have discretion with ratepayer money. These safeguards should be clear and precise and the final BPU authority must ensure their ability to oversee this program and properly regulate EDC's as may be necessary.

Pertaining to the mapping, while the provisions in the proposal specifically mentions a desire to avoid lengthy and costly distribution upgrades, CCNJ has some concerns regarding this provision. EDC's own considerable assets, including land throughout the State. What is to prevent the EDC's from leaning toward these locations, where they are then able to sell or lease these properties to private companies for a charging station location. While the utilities want to have any upgrades, to that land, paid for by ratepayers, they would be able to profit through the sale or lease of that improved location. Will ratepayers see a return on their investment under these circumstances?

Additionally, there is an effort in this proposal to ensure equitable geographic diversity, including low-income, urban, and rural communities. CCNJ understands and agrees with the BPU that it is important that all areas throughout the state must be served for a true statewide commitment. However, the proposal states that *"If the market is not delivering EV services to a particular Equity Area, within a given timeframe, the EDC's would be eligible to act in lieu of an EVSE Infrastructure Company, meaning that it could directly own and operate the EVSE."*

This language is concerning to the CCNJ as the proposal is not clear about what would constitute a "given timeframe." During testimony to discuss the Straw Proposal there seems to be a real desire by the EDCs to make this date sooner than later. CCNJ believes that the board must give the market a fair opportunity to move toward these "Equity Areas" and providing an arbitrary date, may not provide that opportunity. We urge the BPU to use discretion here and ensure that all steps are taken to first provide for the marketplace to establish a location in these areas. CCNJ does not believe a fixed time frame is beneficial in trying to accomplish the goal of increased private investment.

CCNJ acknowledges that if gaps persist, the utility may be permitted to develop own and operate a location. If this is the case, it must be clear that any profits made, be it by the sale of electricity, or the lease or sale of established EVSE, be returned directly to the ratepayers of that utility. The proposal states that utilities can seek a rate case for the reimbursement of any expenses tied to a "Last Resort" function. Therefore, any future profits from that location must go back to the same ratepayers that funded its creation. CCNJ believes that all profits should be considered, EDC's must not be able to use ratepayer funds to then earn future profits on an infrastructure they had little to no risk in developing.

Additional Suggestions

The Board has been charged with the task of moving New Jersey toward the development of an EV infrastructure. The growth of this sector will play a major role in the State's overall energy goals. CCNJ would like to take this opportunity to share some additional insights that may help improve the programs overall success, while working to help new jersey business community.

The original legislation and corresponding proposal specially mentioned incentivizing electric vehicles purchases, home charging equipment and the expansion of charging infrastructure at multi-family dwellings and overnight lodging establishments. However, there was no mention of other New Jersey businesses that may host large numbers of employees and visitors during a normal business day.

CCNJ has been on record requesting the State to incentivize companies that choose to construct EV charging stations on their location. Not only would this provide that service to their employees, but in some cases, the means to allow for public use. These companies provide millions of the dollars to the Societal Benefit Charge, only to see that fund raided to plug budgetary gaps in the general fund. This could be the

ideal opportunity to utilize portions from that fund to provide companies with incentives to assist in building up EV infrastructure.

Secondly, not too long ago, New Jersey decided to increase the gas tax. In that moment, the state went from having one of the lowest to one of highest gas taxes in the country. The purpose of the tax was to provide much needed revenue to the Transportation Trust Fund. However, gas receipts continuing to decline and with fuel efficiency standards continuing upward, the increase of EV's into the marketplace will continue to impact gas tax revenue for the trust fund.

Electric Vehicles will use the same roads and bridges as other motor vehicles. Yet they will not be paying that same gas tax that helps to ensure those roads and bridges remain in good condition. There needs to be consideration of user fee or charge for EV users that will go toward the Transportation Trust Fund. While this may not be a popular idea, we believe that this would create equity between those that continue to drive gasoline powered automobiles and EV's. The BPU and the State must address this disparity as this program moves forward.

Finally, the program must look to create a fully transparent system. Information and decisions must be visible and easy to understand how and why a specific determination was made. If the BPU is not careful, the ratepayers that will assume most of the risk and that is not a "shared responsibility." We urge the BPU to use caution and careful consideration, utilize the expertise of New Jersey's business community and resist the pressure from the utility companies that promotes a system most beneficial to one side.

Conclusion

The Chemistry Council of New Jersey commends the BPU for working diligently to establish the goals of the legislation, while simultaneously navigating New Jersey's complex energy sector. CCNJ supports a the "shared responsibility" model that promotes a fair and balanced approach toward development of EV infrastructure and urges the BPU to consider the full impact on New Jersey's ratepayers as it works to ensure the final decision is actually fair and balanced.

We ask that the BPU continue to consider that our member companies compete with facilities within their own organization. If the cost of doing business in New Jersey is too high, it would be easy for a company to shift that work to another facility. We caution the BPU to ensure that a realistic program is put forth that will be sensitive to the electricity rates consumers will ultimately pay. This program has the potential to make New Jersey a leader in this emerging marketplace, however, it could also hinder future economic growth, in business sectors we are hoping to attract, if we do not properly consider the overall impact of the final program.

The Chemistry Council of New Jersey hopes that the BPU's final determination does not select winners and losers regarding the development of this program. Allow the private sector to invest, provide the necessary time and incentives to encourage private sector engagement and create the ability for New Jersey's ratepayers to earn a return on their investments. Thank your time and consideration in this matter.

Respectfully submitted by the Chemistry Council of New Jersey.



Dennis Hart
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