

# SENATE ENVIRONMENT AND ENERGY COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 2252**

# **STATE OF NEW JERSEY**

DATED: OCTOBER 15, 2018

The Senate Environment and Energy Committee favorably reports a committee substitute for Senate Bill No. 2252.

This committee substitute would establish goals, initiatives, and programs to encourage and support the use of plug-in electric vehicles in the State.

Specifically, section 3 of the substitute would establish State goals for the use of plug-in electric vehicles and the development of plug-in electric vehicle charging infrastructure to support that use. Under the substitute, no later than December 31, 2020, and every five years thereafter, the Department of Environmental Protection (DEP) would be required to prepare and submit to the Governor and the Legislature a report that: (1) assesses the state of the plug-in electric vehicle market in New Jersey; (2) measures the State's progress toward achieving the goals outlined in the substitute; (3) identifies barriers to the achievement of the goals; and (4) makes recommendations for legislative or regulatory action to address those barriers.

Section 4 of the substitute would establish the Electric Vehicle Working Group, to be composed 19 members, including the Commissioner of Environmental Protection, the President of the Board of Public Utilities, the Commissioner of Transportation, the Executive Director of the New Jersey Transit Corporation, the Executive Director of New Jersey Turnpike Authority, the Executive Director of South Jersey Transportation Authority, the Commissioner of Community Affairs, the Executive Director of the Port Authority of New York and New Jersey, the Chief Executive Officer of the New Jersey Economic Development Authority, and the Director of the Division of Rate Counsel in, but not of, the Department of Treasury, or their respective designees, and various other stakeholders and subject matter experts.

The working group would be required to develop, and annually update, a Statewide Vehicle Charging Infrastructure Plan, and monitor implementation of that plan and its effectiveness in advancing the goals established in the substitute. Subsection h. of section 4 of the substitute outlines the information to be incorporated into the State Vehicle Charging Infrastructure Plan. The working group would coordinate the development of the plan with the development and

revision of the Statewide Energy Master Plan. The working group would also develop a public education program, to be implemented by DEP, to inform the public about plug-in electric vehicles and the availability of vehicle charging infrastructure. The working group would issue a final report on the Statewide Vehicle Charging Infrastructure Plan during the calendar year 2035 and dissolve 30 days after the report is issued.

Under the substitute, the Board of Public Utilities (“the board”), in cooperation with electric public utilities and various government agencies, would be required to develop the essential public charging network. The network would: (1) provide sufficient public charging infrastructure to support a significant expansion in the use of plug-in electric vehicles in the State and consumer confidence in using these vehicles; (2) integrate with the electric distribution system and the electric transmission system; and (3) provide a level of public charging infrastructure sufficient to minimize consumer range anxiety. Each electric public utility in the State would be required to implement the essential public charging network in accordance with the requirements of subsections b. and c. of section 9 of the substitute.

Within one year after the effective date of the substitute, each electric public utility in the State would be required to submit to the board a proposed plan for the construction and long-term operation of the essential public charging network within its service territory in accordance with the requirements of section 10 of the substitute. No later than 180 days after receipt of a proposed plan, the board would be required to review and issue a determination approving, rejecting, or approving with modifications a utility’s plan. The board order approving, or approving with modifications, a utility’s proposed plan would provide for and approve full and timely recovery, through a separate utility rate clause, all reasonable costs, which may be included in the utility’s rate base as either a capital or regulatory asset. Utilities would be permitted to use funding sources other than recovering costs through customer rates whenever feasible. The substitute authorizes utilities to propose programs, incentives, tariffs, and initiatives to support the development of vehicle charging infrastructure.

Under the substitute, the New Jersey Turnpike Authority, the South Jersey Transportation Authority, and the Department of Transportation would be required to establish publicly-accessible electric vehicle charging parking spaces for the exclusive use of plug-in electric vehicles at their respective service areas. These agencies would be directed to charge a fee to plug-in electric vehicle drivers using the charging equipment in a reasonable amount to recover costs associated with installation and operation of the charging equipment for public use, either directly or through contracted third-parties.

No later than 90 days after the effective date of the substitute, the board, in cooperation with the State Treasurer and the DEP, would be required to establish and implement the “Light Duty Plug-in Electric

Vehicle Rebate Program” for the purpose of encouraging the purchase of light duty plug-in electric vehicles. The board would implement the rebate program until June 30 of the 10th year after the rebate program begins, or after \$300 million in rebate disbursements have been paid from the fund, whichever occurs first. The board would establish the rebate as a one-time payment to the purchaser of a new light duty plug-in electric vehicle in an amount set and calculated by the department as equal to at least \$25 per mile of the eligible vehicle’s electric power range as certified by the U.S. Environmental Protection Agency and determined by the DEP, up to a maximum of \$5,000 per eligible vehicle. The board may adjust the rebate amount as necessary to achieve the goals outlined in the substitute, but not more than once per aggregate disbursement of \$100 million in rebates. The board, in consultation with the working group, would develop and implement a Statewide public education program to publicize the availability of the rebates under the substitute.

An “eligible” vehicle is defined in the substitute as a new light duty plug-in electric vehicle with a manufacturer’s suggested retail price of \$55,000 or less, purchased after the effective date of the substitute. “Plug-in electric vehicle” means a vehicle that has a battery or equivalent energy storage device that can be charged from an electricity supply external to the vehicle with an electric plug, and includes a plug-in hybrid vehicle. However, notwithstanding other provisions of the substitute, a light duty plug-in hybrid vehicle would not qualify for a rebate after December 31, 2022.

Under the substitute, a vehicle dealership may, in its discretion, provide a purchaser the option to have the amount of the electric vehicle rebate deducted from the final price of an eligible vehicle. The dealer would then apply to the State Treasurer to receive the rebate. A purchaser who does not receive the rebate at the time of purchase may apply directly to the State Treasurer for the rebate. The board would be required to keep track of, and provide to the public, up-to-date information about rebate availability. Sections 17 through 19 establish the process by which an eligible recipient must apply to the Department of Treasury to receive the rebate, and the process by which the Department of Treasury must approve or deny an application. Section 16 of the substitute would establish the “Plug-in Electric Vehicle Rebate Fund” to be used by the Department of Treasury solely to make rebate disbursements to eligible recipients. The board would be authorized to deposit into the fund moneys received from the societal benefits charge established pursuant to section 11 of P.L.1999, c.23 (C.48:3-60), moneys made available to the board pursuant to the implementation of the Regional Greenhouse Gas Initiative (RGGI) and P.L.2007, c.340 (C.26:2C-45 et seq.), and moneys available from other funding sources as determined by the board.

The substitute amends existing law to address implementation issues under the State's adoption of the California Low Emission Vehicle Program and its zero emissions vehicle requirements. The substitute would require the Commissioner of Environmental Protection to petition the California Air Resources Board and the Governor of California to revise the State's rules and regulations to provide that the vehicles "sold or leased" in the State meet program requirements rather than vehicles "produced and delivered for sale or lease." Upon revision by the California Air Resources Board, the term "produced and delivered for sale" in existing State law would be construed to mean "sold or leased," until State law is revised.

The substitute provides that the first \$20 million of funds received by the State each year from participation in RGGI would be deposited into the "Plug-in Electric Vehicle Rebate Fund" established in the substitute. Finally, the substitute would also permit the costs of electric vehicle rebates disbursed under the substitute to be recovered through the societal benefits charge, and it would authorize the board, pursuant to its rules and regulations, to order an increase in the societal benefits charge to reflect these costs.