

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR

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**SENATE, No. 2252**

# **STATE OF NEW JERSEY**

DATED: JANUARY 9, 2020

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill No. 2252 SCS.

This bill would establish goals and incentives for the increased use of plug-in electric vehicles in New Jersey.

Specifically, section 3 of the bill 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. The Board of Public Utilities (BPU) and the Department of Environmental Protection (DEP) would be authorized to adopt policies and programs to accomplish the goals established in the bill. No later than December 31, 2020, and every five years thereafter, the DEP would be required to prepare and submit to the Governor and the Legislature a report that: (1) assesses the current state of the plug-in electric vehicle market in New Jersey; (2) measures the State's progress towards achieving the goals established the bill; (3) identifies barriers to the achievement of the goals; and (4) makes recommendations for legislative or regulatory action to address barriers to the achievement of the goals.

The bill would require the BPU to establish and implement a light duty plug-in electric vehicle incentive program for the purpose of encouraging the purchase or lease of new light duty plug-in electric vehicles in the State. The BPU would implement this incentive program until June 30th of the 10th year after establishment of the program, and provide at least \$30 million in disbursements under the program each year. Any incentive offered under this program would take the form of a one-time payment to the purchaser or lessee of an eligible vehicle. An "eligible vehicle" is any new light duty plug-in electric vehicle with an MSRP of below \$55,000 purchased or leased after the effective date of the bill and registered in New Jersey. For the first year an incentive is offered, the amount of the incentive would be equal to \$25 per mile of EPA-rated electric-only range, up to a maximum of \$5,000 per eligible vehicle. For each subsequent year, the BPU would be authorized to change the amount of the incentive

and the manner in which an incentive is calculated, provided that no incentive would exceed \$5,000 per eligible vehicle. The BPU would be authorized to develop additional incentives consistent with the goals of the bill. A light duty plug-in hybrid vehicle would qualify for an incentive under the program until December 31, 2022.

Under the bill, the seller or lessor of an eligible vehicle would be required to offer the light duty plug-in electric vehicle incentive in conjunction with, and in addition to, any other incentives offered by the seller or lessor of an eligible vehicle. The seller or lessor of an eligible vehicle would be required to provide the purchaser or lessee the option to have the amount of the light duty plug-in electric vehicle incentive deducted from the final negotiated and agreed upon sale or lease price of the eligible vehicle. The full amount of the incentive would then be passed through to the purchaser or lessee in full and payment thereof would be effective immediately at the time of the final sale or lease and transfer of the eligible vehicle to the purchaser or lessee. The BPU would be required to establish a process for reimbursing a seller or lessor of an eligible vehicle the cost of an incentive provided by the seller or lessor under the bill.

In addition to the light duty plug-in electric vehicle incentive program established in the bill, the BPU would be authorized to establish and implement an incentive program for the purchase and installation of in-home electric vehicle service equipment. This incentive program may only be implemented until June 30th of the 10th year after establishment of the program. The incentives would take the form of a one-time payment to the person purchasing the in-home electric vehicle service equipment. The amount of the incentive would be determined by the BPU, but would not exceed \$500 per person. Any incentive a person receives for in-home electric vehicle service equipment under the program would be in addition to any incentive the person receives for the purchase or lease of a new light duty plug-in electric vehicle. The BPU would determine the form and manner of the application for, and the disbursement of, incentives pursuant to this section.

The bill would establish a special, nonlapsing fund in the BPU to be known as the Plug-in Electric Vehicle Incentive Fund. The bill would require the BPU to deposit into the fund, each year, \$30 million of moneys received from the societal benefits charge established pursuant to section 12 of P.L.1999, c.23 (C.48:3-60), moneys made available to the BPU pursuant to the implementation of the Regional Greenhouse Gas Initiative and P.L.2007, c.340 (C.26:2C-45 et seq.), and moneys available from other funding sources, as determined by the BPU, to make disbursements under the light duty plug-in electric vehicle incentive program. The BPU would be permitted to deposit into the fund, each year, such additional amounts from the societal benefits charge, as the BPU deems necessary, to make disbursements under an incentive program for in-home electric vehicle service

equipment. Moneys in the fund would be used by the BPU solely for the purpose of disbursing incentives under the bill. The BPU would be permitted to recover any administrative costs incurred in connection with the bill separately from moneys received from the societal benefits charge.

The bill would require the BPU to develop a website, accessible by the public, that provides up-to-date information about the availability of incentives established under the bill. The bill would also require the DEP to develop and implement a public education program to educate consumers about the availability and benefits of plug-in electric vehicles, the State goals for plug-in electric vehicle deployment, and the availability of incentives established under the bill.

The bill would provide that, unless otherwise provided for in law, an entity owning, controlling, operating, or managing electric vehicle service equipment would not be deemed an electric public utility solely because of such ownership, control, operation, or management. The charging of a plug-in electric vehicle would be deemed a service and not a sale of electricity by an electric power supplier or basic generation service provider under the "Electric Discount and Energy Competition Act," P.L.1999, c.23 (C.48:3-49 et al.).

Finally, the bill would amend section 7 of P.L.2007, c.340 (C.26:2C-51) (concerning the use of moneys in the "Global Warming Solutions Fund") and section 12 of P.L.1999, c.23 (C.48:3-60) (concerning the use of moneys received from the societal benefits charge) to reflect that moneys from those sources may be used for the purposes of promoting and incentivizing plug-in electric vehicles and related charging equipment.

#### FISCAL IMPACT:

The bill could result in an increase in State revenues and State expenditures, each of an indeterminate magnitude, mostly concentrated in the 10-year period after the bill's enactment. The bill's fiscal impact will mostly be determined by the decisions of the Board of Public Utilities (BPU) as to the allocation of societal benefits charge revenue to the purposes of the bill, and whether those decisions will increase or reallocate current levels of revenue and expenditures, respectively, from that source. For example, to meet the bill's mandate that at least \$30 million in societal benefits charge revenue be deposited annually in the Plug-in Electric Vehicle Incentive Fund, the BPU could either increase or reallocate revenue from that source, and could reduce spending on current programs in so doing. Other impacts of the bill will be to increase by an indeterminate amount BPU administrative costs to implement the bill's requirements, and to increase by an indeterminate amount the Department of Environmental Protection's expenditures in order to undertake a public consumer education program about the plug-in electric vehicles and the State's efforts to incentive their deployment.