



October 12, 2021

Submitted via <https://publicaccess.bpu.state.nj.us/>

Aida Camacho-Welch
Secretary of the Board
44 South Clinton Avenue
Trenton, NJ 08625-0350

RE: FY22 Charge Up New Jersey Program Compliance Filing, Docket No. QO21040720

To: The New Jersey Board of Public Utilities

The Alliance for Automotive Innovation¹ (Auto Innovators) appreciates the opportunity to provide comments on the “Charge Up New Jersey; Revised Fiscal Year 2022 Compliance Filing.” New Jersey’s enactment of S-2252, P.L.2019, c.362 was monumental, committing \$300 million over ten years to supporting customers and increasing sales of electric vehicles (EVs), including plug-hybrid, battery, and fuel cell electric vehicles. This commitment by New Jersey is important to obtaining the state’s climate change goals and vision for vehicle electrification. This incentive program is critical, necessary, and important to the ongoing efforts to sell more EVs in New Jersey.

The auto industry stands on the cusp of a transformative moment; through substantial, long-term investments in electrification totaling more than \$330 billion through 2025, as well as advanced safety and automated technologies, the industry is poised to redefine motor vehicle transportation. For the auto industry, this vision depends on having a viable U.S. market for EVs. In addition, with the right complementary policies in place, the auto industry is poised to accept the challenge of driving EV purchases to between 40 and 50 percent of new vehicle sales by the end of the decade.² Thus, Auto Innovators and our member companies have a vested interest in assessing opportunities for sustaining, supporting, and continuing New Jersey’s EV purchase incentives.

In New Jersey, EV sales have grown this year, up from around two percent in 2020 to 3.7 percent for the first half of 2021. This market growth is notable but remains far from the state’s ambitions to

¹ Formed in 2020, the Alliance for Automotive Innovation is the singular, authoritative and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. The organization, a combination of the Association of Global Automakers and the Alliance of Automobile Manufacturers, is directly involved in regulatory and policy matters impacting the light-duty vehicle market across the country. Members include motor vehicle manufacturers, original equipment suppliers, technology and other automotive-related companies and trade associations. The Alliance for Automotive Innovation is headquartered in Washington, DC, with offices in Detroit, MI and Sacramento, CA. For more information, visit our website <http://www.autosinnovate.org>.

In New Jersey, the auto industry represents over 115,000 jobs and accounts for 2.2 percent of the state’s tax revenue. For more information, please visit <https://www.autosinnovate.org/resources/insights/nj>.

² Auto Innovators, “Auto Innovators: Aligning Policies for a Cleaner Future.” *Press Release*, August 5, 2021. Found at: <https://www.autosinnovate.org/posts/press-release/aligning-policies-for-a-cleaner-future>.

achieve 100 percent EV sales by 2035.³ Auto Innovators appreciates the New Jersey Board of Public Utilities' (NJ BPU) efforts to date to design and rollout the three phases of the incentives, and in particular, we want to express our appreciation to the NJ BPU and NJ-based dealers for the development and implementation of the phase two incentives applied at point-of-sale. In addition to EV purchase incentives, sustained state efforts to expand charging and install hydrogen fueling infrastructure and continuing programs that grow customer awareness and adoption will be necessary.

In specific to today's proposed action, Auto Innovators offers the following two points.

1. Ongoing, Sustained Funding of the EV Incentives Program Remains Necessary

Auto Innovators supports efforts to provide additional funds above the annual \$30 million that has been committed. This amount, while significant, is not sufficient for encouraging widespread customer purchases of EVs, because it represents only a small portion of total annual light-duty vehicle sales in the state. Therefore, Auto Innovators recommends that the BPU evaluate overall program needs and ultimately increase the available funding for encouraging more EV purchases, and infrastructure incentives, in the coming years.

Additionally, Auto Innovators has long supported the implementation of a low carbon fuel standard, or a program like the Transportation Climate Initiative. Low carbon fuel standards are a market-based approach to decarbonizing transportation fuel and driving funds toward incentivizing EVs. In the state of California, for instance, its low carbon fuel standard provides funding for an EV incentive, as well as programmatic funds for infrastructure rollout and addressing specific equity needs.

2. Additional Transparency Needed before Changing the Incentive Program

While the NJ BPU staff "recommends reducing incentive levels to better allocate the budgeted funds and to increase the longevity of the program,"⁴ Auto Innovators is concerned this goal is at odds with the overall goal of the incentive program. The NJ BPU states that "[t]he goal is to provide an incentive that brings EVs into price parity with their internal combustion engine counterparts and helps prospective car buyers consider an EV as a feasible option when making an informed purchasing decision."⁵ While EV battery costs have been reducing, at the same time, automakers are increasing range, another important attribute to customers. As such, the average cost of a fully battery electric vehicle remains about \$10,000 more than a comparable gasoline vehicle.

Further, it is difficult to assess the proposed changes to the incentives program without additional information about how the initial funds were dispersed. Information about qualifying vehicles, customers, and funds disbursement are likely important to assessing how, if at all, the structure of the incentive program must change. This information is also important to making sure the NJ BPU is appropriately balancing the primary goal – cost parity – with available, or increasing, funds for the incentives.

³ "New Jersey's Global Warming Response Act 80x50 Report," October 5, 2020. Found at: <https://www.nj.gov/dep/climatechange/docs/nj-gwra-80x50-report-2020.pdf>.

⁴ "Charge Up New Jersey; Revised Fiscal Year 2022 Compliance Filing," p. 8.

⁵ "Charge Up New Jersey; Revised Fiscal Year 2022 Compliance Filing," p. 6.

In summary, Auto Innovators strongly supports NJ's EV incentives, and thanks the state for its leadership and commitment to vehicle electrification. This transformation, however, is greater than any one policy, branch or level of government, or industry sector. Automakers are doing their part with more than \$330 billion committed through 2025 and an expected tripling of available EV models in the coming year. We therefore want to see the NJ BPU's EV purchase incentives continue as a driving factor in increased EV sales in the state in the year ahead. In doing so, it is important to understand how the program has worked to date, and what changes need to be assessed to achieve both the goals of encouraging customer purchases through cost parity of EVs and ensuring the sustainability and longevity of the incentive program.

Thank you for your consideration of our comments, and we would be happy to meet to discuss these further at any time,

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Rege', written in a cursive style.

Julia M. Rege
Vice President, Energy & Environment