



State of New Jersey
DIVISION OF RATE COUNSEL
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Director

February 16, 2021

Assemblyman Eric Houghtaling
Deputy Majority Leader
802 West Park Ave. Bldg. 3, Suite 302
Ocean Township, N.J. 07712

RE: A5303 (Prohibits Timed-Use and Per Charge Pricing, and Excessive Price Increases, In Sale of Plug-In Electric Vehicle Charging Services.)

Assemblyman Houghtaling:

I am writing on behalf of the Division of Rate Counsel regarding A5303 (Prohibits timed-use and per-charge pricing, and excessive price increases, in sale of plug-in electric vehicle charging services). We have several concerns about this bill that we hope you will consider.

As you are aware, the Division of Rate Counsel represents and protects the interest of all consumers—residential customers, small and large industrial customers, schools, libraries and other institutions in our communities. Rate Counsel is a party in cases where New Jersey utilities or businesses seek changes in their rates or services. Rate Counsel also gives consumers a voice in setting energy, water and telecommunications policy that will affect the rendering of utility services well into the future.

A5303 prohibits the sale of plug-in vehicle charging services to a customer on an hourly or other timed-use basis, or on a per charge basis. The bill also prohibits the sale of plug-in vehicle charging services at a price that constitutes an “excessive” price increase. “Excessive price increase” is defined in the bill as a price that exceeds the average price at which plug-in electric vehicle charging services are sold in the same region by more than twenty percent.

Rate Counsel is concerned about the aspects of this bill that set prices for unregulated charging services. The price of electricity to retail businesses providing charging services to electric vehicle drivers will be regulated and will be set based on the actual cost of providing such service as reflected in public utility tariff rates. Those rates will be set based on a cost of service study done in the electric public utility’s rate case. However, once this is done, the providers of retail plug-in vehicle charging services should have some latitude in setting the prices for their services, especially in the early stages of EV adoption. Unlike the provision of electricity, which is a regulated monopoly, EV charging is a competitive industry. Flexibility and competition should therefore be encouraged to drive down the cost of operating these

facilities and to allow them to earn sufficient revenues to continue operating. Because current BPU policy calls on utilities, and thus ratepayers, to fund charging stations as a “last resort” where the market does not lead to a sufficient number of stations, limiting flexibility and competition will increase the likelihood that ratepayer subsidies will be needed for such charging facilities. A prohibition against timed-use or per-charge charging unnecessarily constrains the market and may force ratepayers to pay greater subsidies as a result. The same is true of the price cap contained in the bill. Such a cap impedes the ability of the market to address market needs, and could work against the goal of establishing more charging locations.

There are other ways to address concerns about EV charging prices. The bill could require that the charging facility prominently display its per kilowatt hour or per-charge price. Another option would be to set limits on price increases during a State of Emergency. These are consumer-friendly options that do not impede the ability of market participants to recover their investment, with the goal of eventually eliminating ratepayer subsidies. Eventually, as the EV market matures, retail charging should be limited to flexible kWh rates in order to properly reflect the cost to charge high performance energy-guzzling EVs as compared to more economical energy-efficient EVs.

We very much appreciate the opportunity to share our comments on behalf of the State’s ratepayers. Please contact our office if you have any questions. Thank you for your attention to these important matters.

Sincerely,

Stefanie A. Brand

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Director, Division of Rate Counsel

Cc:

Assemblyman James Kennedy, Chair of Assembly Environment and Solid Waste Committee

Christy Bruno, Aide to Assemblyman Houghtaling

Carrie Anne Calvo-Hahn, OLS Aide

Frank Ferrantelli, Democratic Aide

Kevin Logan, Republican Aide, AEN Committee

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