



NEW INITIATIVE WOULD SMOOTH THE ROAD FOR PLUG-IN ELECTRIC VEHICLES

TOM JOHNSON | OCTOBER 16, 2018

Comprehensive plan would help clean up the transportation sector, largest source of greenhouse-gas emissions – but at what price?



After years of inaction, the state has come up with a comprehensive plan to promote the use of plug-in electric vehicles in New Jersey, a step viewed as critical to dealing with climate change.

The program, approved by a state Senate committee yesterday, lays out a detailed plan to create hundreds of charging stations across New Jersey and a \$300 million rebate program for those who buy electric cars over the next decade.

It comes with one largely unsettled and divisive question: figuring out how to pay for it.

The bill ([SCS-2252](#)) voted out by the Senate Environment and Energy Committee calls for some of the money (\$20 million a year) to be diverted from revenue the state is expected to receive once it rejoins the Regional Greenhouse Gas Initiative.

It also suggests, but does not yet mandate, the state increase what some view as a hefty surcharge on utility bills to reflect the other costs of the rebate program. The fee, dubbed the societal benefit charge, now raises about \$500 million annually.

Cleaning up the transportation sector

The legislation enjoys wide support from a diverse group of advocates; it tackles a top policy priority – electrifying the transportation sector, the biggest source of greenhouse-gas emissions and much of the other pollutants fouling air quality in the state.

“Given the speed at which the planet is warming, it is imperative we do all that we can do to protect the environment,” said Sen. Bob Smith, the chairman of the committee and bill sponsor. “Increased usage of electric cars could greatly reduce the state’s greenhouse-gas emissions and improve air quality.”

Smith conceded the bill likely needs to be fleshed out as it heads to the Senate Budget Committee. “The trick is how do you balance it so ratepayers are protected,” he said.

New Jersey Rate Counsel Director Stefanie Brand said the legislation places too much of a burden on utility customers, who face up to \$10 billion in increases under utility filings now pending with the state Board of Public Utilities.

The legislation, as it stands right now, “is way too expensive and grossly inequitable,” Brand said. Handing out rebates to those who can afford to buy electric cars would reflect a “tremendous transfer of wealth” from low and moderate-income families to those who are better off, she said.

The maximum rebate under the program is \$5,000. Brand called it essentially a tax on utility customers to subsidize the purchase of luxury vehicles.

Double win for consumers?

But Smith and others argued, if the state manages the transition to plug-in vehicles well, consumers will end up saving money, not only on how much they spend to refuel their cars, but also on their electric bills.

“It will reduce costs for everyone, not just the people who drive EVs,” said Mark Warner, a vice president of Gabel Associates and author of a study **documenting savings** to electric customers by widespread adoption of plug-in vehicles.

By the study’s projections, customers will save \$1.9 billion by increasing electric use during off-peak times, a trend that will flatten out the energy load, lowering the cost of energy.

Brand argued advocates are underestimating the costs to ratepayers, not accounting for recent utility filings totaling another \$50 million before the state BPU. Those costs fail to include other expenses not yet calculated – rebates for trucks, upgrades to the grid to meet increased loads from EVs, and the cost of other utility programs.

“Enough is enough when it comes to electricity charges,” said Dennis Hart, executive director of the Chemistry Council of New Jersey, noting businesses already are struggling to pay their electric bills.

Reducing range anxiety

The legislation sets aggressive targets for building the infrastructure for electric vehicles: 600 fast-charging stations at 200 locations around the state, and another 1,000 slower-charging stations by the end of 2021.

The aim is to reduce so-called range anxiety, the fear that motorists will run out of power without finding a charging station to refuel their vehicle.

The bill also establishes ambitious goals for having electric plug-in vehicles on the road. By 2025, it hopes to have 330,000 zero-emission vehicles on the state’s roads, 2 million by 2035. It calls for 90 percent of all vehicles on the road to be electric by 2040.



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