



NJ Board of Public Utilities Panel Discussion: How to Ensure Equity in the EV Ecosystem



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The National Consumer Law Center

- Since 1969, the nonprofit National Consumer Law Center (NCLC) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the United States through policy analysis and advocacy, publications, litigation, and training.
- <https://www.nclc.org/>

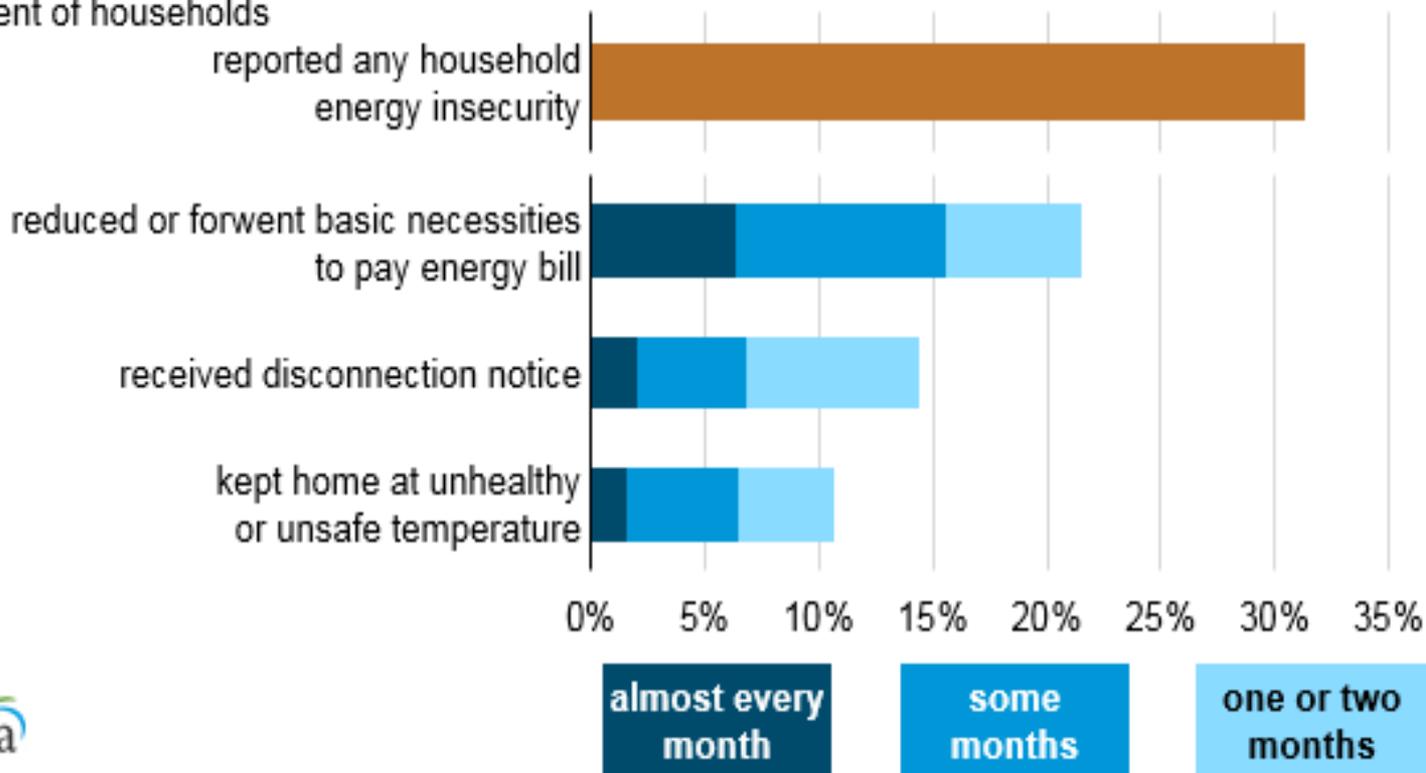
NCLC transportation electrification principles

- Advance solutions that will --
 1. Increase transportation access and security for economically disadvantaged consumers
 2. Equitably allocate costs and benefits for economically disadvantaged consumers
 3. Reduce air pollution to achieve public health benefits
 4. Reduce emissions (state climate goals)

Energy Affordability Challenges Before COVID-19

Households that experienced energy insecure situations, 2015

percent of households



Source: U.S. EIA, Residential Energy Consumption Survey 2015 (Sept. 19, 2018)

What are the potential benefits and risks of transportation electrification for low-income consumers?

- Possible customer benefits – what we hope to see, especially for under-resourced consumers
 - Downward pressure on electric rates
 - Lower transportation costs
 - More transportation options
 - Public health and environmental benefits
- Possible customer risks –
 - Short-term (or longer?) rate increases to fund utility infrastructure investment
 - Will benefits be equitably shared?

What roles should utilities and other stakeholders play?

EV infrastructure investments must be pursued in a way that will lessen the impact on ratepayers and shield struggling low-income ratepayers from unaffordable rate increases, while providing sufficient infrastructure to support broad adoption of EVs

- Limit utility investments to those not addressed by the market or where other resources are not available, may include infrastructure to benefit low-income communities
- Make-ready
- Limit any bill impacts
- Use rate design, discount rates, bill payment assistance to protect low-income consumers
- Private investment, state and federal funding, Transportation and Climate Initiative as other possible options

What types of utility infrastructure will be needed/who will pay/cost recovery?

- Community and stakeholder input should provide guidance
- Infrastructure to support public uses like electrification of public transit, school buses
- Multi-family housing
 - Low-income households, younger households, and people of color are more likely to rent than are other demographic groups
 - Regulators have recognized this need in multi-family housing and allowed for utility investment (e.g., California, Florida, Massachusetts)
 - Equity principles support funding through sources other than utility investment where possible, and when utility investment is needed, mitigating rate impacts on low-income consumers

Some Rate Design Options and Cost Recovery Options

- EV-only time-varying rates
 - Whole house TVR could raise costs for some low-income consumers
- Amortizing investment costs over long periods of time
- Applying “used and useful” cost recovery principles
- Establish or enhance low-income discounts and arrears management programs to mitigate any short-term financial harms from new investment

But you can't plug in your EV without electricity ...

- COVID-19 crisis has highlighted utility affordability issues
- Orders or voluntary guidance were issued in most states to prevent disconnection of electricity, gas and/or water service for nonpayment during crisis – but what next?
- Consumers need affordable and accessible electric service as a precondition for beneficial electrification and transportation electrification

Disconnection Moratorium: New Jersey

- NJ BPU announced voluntary suspensions of public gas and electric service on March 13, 2020
- If 30% of NJ customers fall behind on electric bills for 90 days, approx. 1,070,413 customers would owe \$336,575,342

(Source: NCLC, *Skyrocketing Utility Arrears during the Covid-19 Crisis: The Need for Substantial Federal Support*, April 2020)

Post-Moratorium planning

- California
 - Moratorium order applies to energy, water, sewer, and communications companies under CPUC jurisdiction
 - Extends through at least April 16, 2021
 - Requirements for payment plans for energy customers are found in previous disaster docket order, D.19-07-015

Post-Moratorium planning

- Massachusetts
 - Disconnection moratorium issued on 3/24 to cover regulated electricity, gas and regulated water service
 - Post-moratorium working group established, DPU 20-58
 - Proposal to extend disconnection moratorium until start of 2020 winter moratorium
 - Proposals to extend and strengthen Arrearage Management Programs and payment plans

Post-Moratorium Planning

- Illinois Commerce Commission:
“Temporary revised and more flexible credit and collections procedures are needed to ensure that customers remain connected to essential utility services when the emergency status ends.”

Post-Moratorium Protections – NCLC Recommendations

NCLC general recommendations include:

- Reconnect any customers disconnected prior to COVID-19 state of emergency
- Eliminate any customer deposit requirements
- Eliminate down payment requirements on payment plans or deferred payment arrangements (DPAs)
- Consider Arrearage Management Programs
- Allow flexible, reasonable DPAs that are based on the customer's ability to pay (18-24 months for low-income customers)
- Stop late fees and negative credit reporting
- Require utilities to report data on disconnections and arrearages

NCLC Resources

- ***The Future of Transportation Electrification: Utility, Industry and Consumer Perspectives***, LBNL FEUR Report No. 10 (2018), <https://emp.lbl.gov/projects/feur>
- ***Principles for Fair and Equitable Investment in Electric Vehicles and Transportation Electrification*** (Oct. 2018), https://www.nclc.org/images/pdf/electric_vehicles/nclc-ev-principles-oct18.pdf
- **NCLC comments re: Transportation & Climate Initiative of the Northeast and Mid-Atlantic States**, February 28, 2020
- **Making Electric Vehicles Work for Utility Consumers: A Policy Handbook for Consumer Advocates**, November 2019 by Synapse Energy Economics, Inc. with foreword by Jenifer Bosco (NCLC) and fellow advisory group members.
- COVID-19 Advocacy Resources: <https://www.nclc.org/special-projects/covid-19-consumer-protections.html>
- ***Coronavirus Crisis: How States Can Help Consumer Maintain Essential Utility Service***: https://www.nclc.org/images/pdf/special_projects/covid-19/IB_What_States_Can_Do_Coronavirus_Uilities.pdf
- Major consumer protections announced in response to COVID-19: <https://library.nclc.org/major-consumer-protections-announced-response-covid-19>
- ***The Need for Utility Reporting of Key Credit and Collections Data Now and After the Covid-19 Crisis***: <http://bit.ly/brief-covid-19-data>
- Bill assistance and arrearage management program design template <https://bit.ly/RPT-covid-19-program-design>
- Electric utility residential arrearage scenarios by state [bit.ly: https://bit.ly/covid-state-electric-arrears](https://bit.ly/covid-state-electric-arrears)



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