Advanced Clean Cars II: Considerations for New Jersey

Peg Hanna
March 14, 2023
NEW JERSEY PACT
Protecting Against Climate Threats

Climate Pollutant Reduction:

Strengthening air pollution rules to help reduce future greenhouse gas and other climate emissions by improving the State’s greenhouse gas reporting and inventory system and reducing emissions of carbon dioxide and short-lived climate pollutants.
Transportation is the largest single source of climate pollution in New Jersey.
What Steps Has New Jersey Taken to Prepare for EVs?
Electric Vehicle Growth in New Jersey Since 2016
Relevant EV Incentives

**NJDEP| Drive Green NJ | Affordability/Incentives**

**NJDEP**
- ZEV sales tax exemption
- It Pay$ to Plug In —corridors, communities, MUD, workplace, fleet
- Emobility grants
- Drive Change. Drive Electric (consumer awareness)
- Ride & Drives (consumer experience)
- PlugStar (dealer education)

**BPU**
- Charge Up NJ (cash on the hood)
- EV charging at MUDs
- EV charging at tourist attractions
- Clean Fleet program (LD EVs and charging for govt)
- Utility EV charging and make ready programs

**Federal tax credits**
- Up to $7500

**Federal tax credits**
- Up to $7500

**BPU**
- Charge Up NJ (cash on the hood)
- EV charging at MUDs
- EV charging at tourist attractions
- Clean Fleet program (LD EVs and charging for govt)
- Utility EV charging and make ready programs
$70.37 million awarded since 2019 to support adoption, access to, and charging of light duty EVs

80,583 registered EVs as of June 2022, a 25% increase in 6 months

12,252 vehicles incentivized for private / personal use

655 L2 locations with 2690 chargers and 4901 ports

Utilities will fund Make-Ready for over 6000 chargers

91 locations with 181 chargers and 273 ports

Utilities will fund Make-Ready for over 1500 chargers
Alternative Fuel Corridor Designations

• FHWA approved NJ’s Alternative Fuel Corridor designations for EV charging:
  • 759 miles of highways and segments, including the NJ Turnpike, AC Expressway, and Garden State Parkway.

• FHWA approved NJ’s deployment plan for over $100 million worth of fast charging stations.
  • Fast chargers are required every 50 miles, but funding will allow us to achieve every 25 miles.
Advanced Clean Cars II

• CA adopted in 2022
• Refinements to LEV standards.
• ZEV program starts with 35% annual ZEV requirement in 2026, ramping up to 100% by 2035.
• Reclassifies vehicles eligible for ZEV values to include battery electric vehicles, hydrogen fuel cell vehicles, and, significantly, PHEVs that meet certain minimum criteria.
• Introduces EJ flexibilities for manufacturers to earn additional ZEV values.
ACCII and Business-As-Usual Light-Duty ZEV Population Projections

- Business-As-Usual
- ACC II
- Total Light-Duty Vehicle Population

- 2025: 0.9 Million
- 2030: 1.3 Million
- 2035: 1.0 Million
- 2040: 2.4 Million
- 2045: 4.1 Million
- 2050: 7.5 Million

- The graph illustrates the projected numbers for ACCII and Business-As-Usual Light-Duty ZEV populations, with the total light-duty vehicle population shown in yellow. The projections indicate a steady increase from 2025 to 2050.
## Estimated Environmental Benefits From ACCII in New Jersey

<table>
<thead>
<tr>
<th>Year</th>
<th>NO\textsubscript{x}</th>
<th>CO\textsubscript{2}e</th>
</tr>
</thead>
<tbody>
<tr>
<td>2030</td>
<td>910 tons</td>
<td>8.5 million metric tons</td>
</tr>
<tr>
<td>2040</td>
<td>9,083 tons</td>
<td>97.1 million metric tons</td>
</tr>
<tr>
<td>2050</td>
<td>26,179 tons</td>
<td>272.3 million metric tons</td>
</tr>
</tbody>
</table>
Non-EJ flexibilities

• Can use converted historical ZEV credit balances until 2030 (caps).
• Can pool - overcomply in one state and apply excess credits to another state – until 2030 (declining caps).
• Can earn credits for early compliance (15% cap)
• Can use some plug in EVs to meet goals (20% cap).
• Can use fuel cell vehicles to partly meet goals until 2030 (10% cap).
• Can bank and trade with other OEMs in participating Section 177 states.
Manufacturers may earn an additional 0.5 value/ZEV or 0.4 value/PHEV by providing vehicles at a 25% MSRP discount to community-based clean mobility programs which:

- Provides access to clean mobility other than vehicle ownership;
- Serve a community in which >75% are disadvantaged or low income; and
- Are implemented by a community organization or a public agency with support from a community org.

Effective in CA for new MY 2024 -2031 vehicles.
EJ Flexibility 2: Low MSRP ZEVs

- Manufacturers may earn an additional 0.1 value/vehicle by selling ZEVs or PHEVs at lower MSRP.
  - ≤ $20,275 for passenger cars
  - ≤ $26,670 for light-duty trucks
- MSRP values adjusted annually for inflation.
- Effective in CA for new MY 2026 through 2028 vehicles.
EJ Flexibility 3: Used ZEVs to dealerships with financial assistance programs

- Manufacturers earn an additional 0.10 value/vehicle by selling ZEVs or PHEVs at end-of-lease to dealerships participating in a financial assistance program (e.g., point of sale incentive).
  - An additional 0.15 value/vehicle is earned if the vehicle is sold to a qualifying lower income consumer.
- Effective in CA for MY 2026-2031 vehicles.
- Vehicles must have had an MSRP ≤$40,000, adjusted annually, when new.
• Should NJ propose to adopt the ACCII rule?
  • What are the concerns/hurdles with implementation and how can we mitigate those?
• How can the EJ flexibilities be structured/implemented to provide EJ communities with tangible benefits from transportation electrification?

• Are there any other ways, outside of the scope of this potential rulemaking, to increase availability and feasibility of EV ownership in EJ communities?
Discussion questions for OEM focus group

**EJ Flexibility 1: LMI community mobility programs**

- Is this flexibility appealing to you? Elaborate on pros and cons.
- How many of your current model offerings would you discount to participate in this option?
Discussion questions for OEM focus group

**EJ Flexibility 2: Low MSRP ZEVs**

- Is this flexibility appealing to you? Elaborate on pros and cons.
- How many of your current model offerings do you believe would be appropriate for this program?
- Do you plan to develop specific vehicles to meet this option?
Discussion questions for OEM focus group

• **EJ Flexibility 3: Off lease ZEVs used in dealerships’ financial assistance programs**
  
  • Is this flexibility appealing to you? Elaborate on pros and cons.
  
  • Would NJ’s cash on the hood program (ChargeUp NJ) be a useful starting point?
  
  • What would your role be, if any, in this program?
www.state.nj.us/dep/njpact

www.Drivegreen.nj.gov

Send additional comments or questions to njairrulesmobile@dep.nj.gov by April 15, 2023

Thank you!