

The COVID-19 Pandemic and Transportation Electrification

Role of Electric Utilities in Electric Vehicle Deployment



Quick Take

The COVID-19 pandemic impacted utility operations, including transportation electrification initiatives. Utilities and regulators grappled with the challenges of responding to the evolving pandemic and new government mandates. In the early months of the pandemic, many utilities paused or scaled back their electric vehicle (EV) programs in order to focus on essential obligations. As national attention shifted from emergency response to economic recovery, utilities began to reassess policies and programs, including EV programs. This case study highlights two utilities, Xcel Energy and Public Service Electric & Gas (PSE&G), which incorporated transportation electrification into their pandemic recovery strategy as a means to help further equity and public health objectives.

Xcel Energy

In 2020, the Minnesota Public Utilities Commission (PUC) requested that utilities in the state bring forward proposals for utility investments that could aid the state in recovering from the economic impact of the COVID-19 pandemic. In September of 2020, Xcel filed its COVID-19 Relief & Recovery Proposal, which outlined several new EV-related projects including: 1) a rebate program for the purchase of light-duty EVs and electric buses; 2) a project to develop an Xcel-owned fast-charging network; and 3) the acceleration of electrifying Xcel's fleet.

Within their filing Xcel noted that these projects would aid in Minnesota's economic recovery by stimulating economic development and creating significant job-growth within the state over the coming years.

For example, Xcel's EV rebate program proposes \$50 million through 2025 for light-duty vehicle purchases or leases, available to residential, commercial, non-profit, and government entities. The program also proposes \$100 million through 2025 for transit and school bus providers, with an additional \$65 million of bus rebates earmarked for Metro Transit in the Minneapolis-Saint Paul metropolitan area.

Though these COVID-19 recovery EV programs are still pending approval by the PUC, they have received support from a number of stakeholders within the state. Several stakeholders intervened in the docket to encourage the PUC's approval of Xcel's pandemic recovery and vehicle electrification plans and have also added a recommendation that 40 percent of the benefits from utility programs proposed for COVID-19 economic recovery should be reserved for Black, Indigenous, and people of color (BIPOC) communities due to the disproportionate economic and health burden those communities have borne historically and throughout the pandemic.

Goals and Process

Both Xcel and PSE&G have underscored the importance of transportation electrification in COVID-19 response and recovery planning. However, each utility has taken slightly different approaches driven by either internal decisions from within the company or external requirements from a regulatory body.

Xcel has proposed new EV investments in response to a directive from the Minnesota Public Utilities Commission requiring utilities to identify programs to help facilitate economic recovery from the COVID-19 pandemic.

In New Jersey, early in the pandemic, the Board of Public Utilities proposed a vehicle electrification framework for utilities throughout the state. In filings, PSE&G advocated for utility EV investment as a means to spur economic recovery for New Jersey. The utility also emphasized the benefits of electrification as a public health measure, particularly in overburdened communities, noting its importance as evidenced by the disproportionate impacts borne by these communities during the pandemic.

Utilities can leverage transportation electrification investments to aid in broader COVID-19 economic recovery objectives including improving air quality and public health within overburdened communities.

PSE&G

In a series of proceedings spanning the latter half of 2020, PSE&G articulated its position that utility transportation electrification investments are prudent and warranted in light of the COVID-19 pandemic. In May of 2020, the New Jersey Board of Public Utilities (NJBPU) published a proposal outlining the role of utilities in EV infrastructure deployment.¹ Shortly thereafter, New Jersey Division of Rate Counsel² argued that the scope of utility involvement in EV infrastructure development was too broad and too burdensome on utility ratepayers, particularly in the context of the pandemic.³ PSE&G submitted a comment letter in response advocating for electrification as a means for economic recovery citing that its Clean Energy Future – Electric Vehicle & Energy Storage (CEF-EVES) program will create over 650 direct clean tech jobs in New Jersey.⁴

In October of 2020, Rate Counsel filed a new petition with NJBPU recommending that NJBPU suspend filing of all new utility base rate cases and infrastructure programs for the duration of the COVID-19 public health emergency to provide relief to ratepayers.⁵ The Petition for Relief expressly requested the suspension of utility EV programs. In a comment letter to NJBPU, PSE&G again disagreed with the premise that halting investment in infrastructure programs would provide relief to customers.⁶ PSE&G reiterated that utility infrastructure investment has historically been used to stimulate the economy and prudent infrastructure investment and can similarly assist New Jersey in its economic recovery. In addition to leveraging its CEF-EVES program for its macroeconomic impacts, PSE&G cited the customer benefits of electrification.

In particular, PSE&G stressed the benefits of emissions reduction for communities experiencing environmental injustice and who have been disproportionately impacted by transportation emissions as well as the current COVID-19 pandemic. They noted that transportation electrification is a means to protect against significant, chronic, and sometimes fatal health conditions caused by transportation emissions, the effects of which have been severely exacerbated by the highly infectious COVID-19 virus. PSE&G considers EV infrastructure investment as indispensable in concurrently addressing the compounding environmental and public health inequities facing these overburdened communities. NJBPU approved the expansion of its EV incentive program in August of 2021.

Next Steps

Xcel's proposed EV programs are pending approval by the Public Utilities Commission. The New Jersey Board of Public Utilities continues to develop its vehicle electrification program with input from PSE&G.

¹ [New Jersey Electric Vehicles Infrastructure Ecosystem 2020 Straw Proposal](#), May 18, 2020.

² The [New Jersey Division of Rate Counsel](#) is a state agency charged with representing the interests of utility consumers. The Division of Rate Counsel is independent of the New Jersey Board of Public Utilities.

³ [In the Matter of Straw Proposal on Electric Vehicle Infrastructure Build Out, BPU Docket No. OO20050357](#), June 17, 2020.

⁴ [Docket Number OO20050357: In the Matter Of Straw Proposal On Electric Vehicle Infrastructure Build Out](#), June 17, 2020.

⁵ [In the Matter of COVID-19 Related Arrearages](#), October 2, 2020.

⁶ [In The Matter of the New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic, BPU Docket No. AO20060471](#), November 30, 2020.