

CHAPTER 86

AN ACT establishing an electric school bus program, supplementing Title 26 of the Revised Statutes, and amending P.L.1999, c.23.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

C.26:2C-8.58 “Electric School Bus Program” implemented.

1. a. No later than six months after the effective date of P.L.2022, c.86 (C.26:2C-8.58 et al.), the Department of Environmental Protection shall implement a three-year “Electric School Bus Program” to determine the operational reliability and cost effectiveness of replacing diesel-powered school buses with electric school buses for the daily transportation of students.

b. On or after the date of implementation of the program developed pursuant to subsection a. of this section, and once each year for the next two years thereafter, the Department of Environmental Protection shall, subject to available funding, select for participation in the program no less than six school districts and school bus contractors that operate school buses, as described in section 1 of P.L.1996, c.96 (C.39:3B-1.1), so that during the third year of the program, no less than a total of 18 school districts or school bus contractors shall have been selected for participation in the program amongst the northern, central, and southern regions of the State. The department shall choose school districts and school bus contractors to participate in the program based on a competitive grant solicitation.

In each year, the department shall use its best efforts to select a mix of school districts that operate their own bus fleets and school districts that contract for school bus services; provided that, in each year, the department shall award no more than half of the grants to school bus contractors. Any school bus contractor applying to participate in the program shall apply in conjunction with a specific school district. In each year, at least half of the school districts or school bus contractors selected by the department, and at least half of the grant funding awarded by the department in each year shall be located in a “low-income, urban, or environmental justice community” as defined in section 2 of P.L.2019, c.362 (C.48:25-2) and from those selected, the department shall use its best efforts, in each year, to select, an equal number of grantees from the northern, central, and southern regions of the State respectively, subject to deviation based on the applicant pool. Grants shall be awarded in a manner that both prioritizes equity and tests a variety of technological and funding approaches, including but not limited to outright purchase, leased buses, leveraging of other funding sources, and vehicle-to-grid or vehicle-to-building technologies.

For purposes of this subsection: “northern,” when referring to regions of the State, means the counties of Bergen, Essex, Hudson, Morris, Passaic, Union, Sussex, and Warren; “central,” when referring to regions of the State, means the counties of Hunterdon, Mercer, Middlesex, Monmouth, and Somerset; and “southern,” when referring to regions of the State, means the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem.

c. (1) Under the program, the department shall award grants to school districts or school bus contractors selected to participate in the program to purchase or lease electric school buses and to purchase or lease and install electric school bus charging infrastructure in coordination with any State department, board, bureau, commission, agency, public utility as defined pursuant to R.S.48:2-13 that provides electric service to end users in the State, municipal public utility as defined in N.J.S.40A:1-1 that provides electric service to end users in the State, authority as defined in section 3 of P.L.1983, c.313 (C.40A:5A-3) that provides electric service to end users in the State, or rural electric cooperative organized under the general corporation laws of this State as necessary. Pursuant to any outright purchase or lease arrangement entered into by a school

district or school bus contractor participating in the program, an electric school bus and charging infrastructure vendor purchase or lease arrangement shall include, at a minimum, the following:

(a) an electric school bus having a minimum range of 90 miles per full charge, or 30 percent more range per full charge than the daily maximum miles used by the school district or school bus contractor, whichever is greater, and having telematics system capabilities. The department shall collect data from on-board telematics monitoring systems in order to evaluate parameters such as idle time, driving time, energy consumption, and frequency of charging;

(b) an electric school bus and charging infrastructure, as appropriate;

(c) appropriate training for bus maintenance personnel and bus drivers, and other relevant personnel, which shall be provided at no cost to a bus driver, bus maintenance personnel, or other relevant personnel; and

(d) electric school bus and charging infrastructure shop manuals and wiring schematics for troubleshooting and a complete list of component parts.

(2) Monies for the “Electric School Bus Program” shall be used by the Department of Environmental Protection to provide grants, pursuant to this subsection, over the three-year period. In the first year, grants shall be provided in accordance with P.L.2022, c.86 (C.26:2C-8.58 et al.) in the amount of \$15,000,000 for electrification. Subject to the availability of funds, grants shall continue to be provided in accordance with P.L.2022, c.86 (C.26:2C-8.58 et al.) in the amount of \$15,000,000 per year for a total of \$45,000,000 over the three-year period. The department may use available monies to provide grants, pursuant to this subsection, singly or in combination, from the following sources: societal benefits charge revenues received pursuant to section 12 of P.L.1999, c.23 (C.48:3-60); the “Global Warming Solutions Fund” established pursuant to section 6 of P.L.2007, c.340 (C.26:2C-50); any available monies from utility programs to upgrade electrical infrastructure for purposes of electric vehicle charging; any appropriations made by the Legislature for the program established pursuant to P.L.2022, c.86 (C.26:2C-8.58 et al.); or any other sources of available funding. Up to five percent of the monies made available to the program may be used to administer the program.

The department shall determine the amount of each grant provided pursuant to this subsection and shall award grants in a manner that provides for the most efficient and highest efficacy use of the grant.

d. At least once every six months, the school districts or school bus contractors selected to participate in the program shall submit a report to the department detailing the cost to operate the electric school buses, the electric school bus maintenance records and transponder data, and any reliability issues related to the operation or delivery and procurement of the electric school buses. The first report shall be submitted six months after the school district or school bus contractor first completes its initial procurement of electric school buses.

e. (1) The department shall, no less than twice per calendar year, convene a working group which includes a representative of the Board of Public Utilities, the New Jersey Economic Development Authority, the Department of Transportation, the Department of Education, and the New Jersey Motor Vehicle Commission. The working group shall review the reports and, as appropriate, troubleshoot and recommend solutions to any issue raised in a report submitted by a program participant. The working group shall consider issues raised in the reports submitted by program participants and make recommendations regarding program implementation. The department may convene the working group on a more frequent basis as may be required for the effective administration of the program. The department shall collect any additional information and data necessary to complete any report required to be submitted to the Governor and Legislature pursuant to subsection f. of this section.

(2) The department shall permit a recipient of any grant under any State agency-administered program for the provision of an electric school bus and electric school bus charging infrastructure prior to the effective date of P.L.2022, c.86 (C.26:2C-8.58 et al.) to submit any additional information and data to the department to complement any data received by the department from program participants pursuant to this subsection.

f. The department, in collaboration with the Board of Public Utilities and the New Jersey Economic Development Authority shall submit an “Electric School Bus Program” report to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The report shall be submitted within six months after the conclusion of the program.

The department may use available monies, singly or in combination from the following sources, to procure professional services to assist with the development of the report: societal benefits charge revenues received pursuant to section 12 of P.L.1999, c.23 (C.48:3-60); the “Global Warming Solutions Fund” established pursuant to section 6 of P.L.2007, c.340 (C.26:2C-50); any available monies from utility programs to upgrade electrical infrastructure for purposes of electric vehicle charging; any appropriations made by the Legislature for the program established pursuant to P.L.2022, c.86 (C.26:2C-8.58 et al.); or any other sources of available funding.

The submitted report shall include:

(1) a description and comprehensive review of the program, including but not limited to, an evaluation of the program’s effectiveness;

(2) a summary description of all grants provided under the program, including the names of the recipients, the amount of funding each recipient received, the current status of the funds provided to each recipient, and an itemization of the total project budget including vehicle costs, hardware costs, installation costs, training costs, and administrative costs;

(3) an analysis of the operational reliability and cost effectiveness of the use of electric school buses and charging infrastructure by each grantee and steps taken by the grantee to fix any operational problems;

(4) an estimate of the emission benefits of the electric school buses and charging infrastructure funded under this program;

(5) any preliminary findings from grant recipients pertaining to design or operation of electric school buses and charging infrastructure and potential improvements to make the buses and charging infrastructure safer, more economical or environmentally advantageous;

(6) as applicable, depending on deployment of grant recipients, an analysis of the potential costs and benefits of using electric school bus batteries for storing power to be returned to the electric grid or to school buildings during periods of peak electric power demand;

(7) an assessment of reliability of electric school buses and charging infrastructure; and

(8) an analysis of any additional external changes that the use of electric school buses and charging infrastructure may require regarding electric service rate schedules, school bus inspection standards, or any other major considerations.

In addition to the information included pursuant to paragraphs (1) through (8) of this subsection, the final report shall include recommendations regarding the establishment of grant and loan programs to provide assistance to school districts and school bus contractors for the replacement of their bus fleets, other types of financial agreements to assist school districts and school bus contractors with implementing and using electric school buses, and the optimization of electric school bus grant programs to most efficiently and effectively distribute available funds to maximize environmental and health benefits.

The final report shall also include recommendations for how additional funding may be distributed in the most efficient and effective manner to maximize the number of electric school buses operating in the State.

2. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read as follows:

C.48:3-60 Societal benefits charge by public utility; "Universal Service Fund."

12. a. Simultaneously with the starting date for the implementation of retail choice as determined by the board pursuant to subsection a. of section 5 of P.L.1999, c.23 (C.48:3-53), the board shall permit each electric public utility and gas public utility to recover some or all of the following costs through a societal benefits charge that shall be collected as a non-bypassable charge imposed on all electric public utility customers and gas public utility customers, as appropriate:

(1) The costs for the social programs for which rate recovery was approved by the board prior to April 30, 1997. For the purpose of establishing initial unbundled rates pursuant to section 4 of P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set to recover the same level of social program costs as is being collected in the bundled rates of the electric public utility on the effective date of P.L.1999, c.23 (C.48:3-49 et al.). The board may subsequently order, pursuant to its rules and regulations, an increase or decrease in the societal benefits charge to reflect changes in the costs to the utility of administering existing social programs. Nothing in P.L.1999, c.23 (C.48:3-49 et al.) shall be construed to abolish or change any social program required by statute or board order or rule or regulation to be provided by an electric public utility. Any such social program shall continue to be provided by the utility until otherwise provided by law, unless the board determines that it is no longer appropriate for the electric public utility to provide the program, or the board chooses to modify the program;

(2) Nuclear plant decommissioning costs;

(3) The costs of demand side management programs that were approved by the board pursuant to its demand side management regulations prior to April 30, 1997. For the purpose of establishing initial unbundled rates pursuant to section 4 of P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set to recover the same level of demand side management program costs as is being collected in the bundled rates of the electric public utility on the effective date of P.L.1999, c.23 (C.48:3-49 et al.). Within four months of the effective date of P.L.1999, c.23 (C.48:3-49 et al.), and every four years thereafter, the board shall initiate a proceeding and cause to be undertaken a comprehensive resource analysis of energy programs, and within eight months of initiating such proceeding and after notice, provision of the opportunity for public comment, and public hearing, the board, in consultation with the Department of Environmental Protection, shall determine the appropriate level of funding for energy efficiency, light, medium, and heavy-duty plug-in electric vehicles, including school buses, and associated plug-in electric vehicle charging infrastructure, and Class I renewable energy programs that provide environmental benefits above and beyond those provided by standard offer or similar programs in effect as of the effective date of P.L.1999, c.23 (C.48:3-49 et al.); provided that the funding for such programs be no less than 50 percent of the total Statewide amount being collected in electric and gas public utility rates for demand side management programs on the effective date of P.L.1999, c.23 (C.48:3-49 et al.) for an initial period of four years from the issuance of the first comprehensive resource analysis following the effective date of P.L.1999, c.23 (C.48:3-49 et al.), and provided that 25 percent of this amount shall be used to provide funding for Class I renewable energy projects in the State. In each of the following fifth through eighth years, the Statewide funding for such programs shall be no less than 50 percent of the total Statewide amount being collected in electric and gas public utility rates for demand side

management programs on the effective date of P.L.1999, c.23 (C.48:3-49 et al.), except that as additional funds are made available as a result of the expiration of past standard offer or similar commitments, the minimum amount of funding for such programs shall increase by an additional amount equal to 50 percent of the additional funds made available, until the minimum amount of funding dedicated to such programs reaches \$140,000,000 total. After the eighth year the board shall make a determination as to the appropriate level of funding for these programs. Such programs shall include a program to provide financial incentives for the installation of Class I renewable energy projects in the State, and the board, in consultation with the Department of Environmental Protection, shall determine the level and total amount of such incentives as well as the renewable technologies eligible for such incentives which shall include, at a minimum, photovoltaic, wind, and fuel cells. The board shall simultaneously determine, as a result of the comprehensive resource analysis, the programs to be funded by the societal benefits charge, the level of cost recovery and performance incentives for old and new programs and whether the recovery of demand side management programs' costs currently approved by the board may be reduced or extended over a longer period of time. The board shall make these determinations taking into consideration existing market barriers and environmental benefits, with the objective of transforming markets, capturing lost opportunities, making energy services more affordable for low income customers and eliminating subsidies for programs that can be delivered in the marketplace without electric public utility and gas public utility customer funding;

(4) Manufactured gas plant remediation costs, which shall be determined initially in a manner consistent with mechanisms in the remediation adjustment clauses for the electric public utility and gas public utility adopted by the board; and

(5) The cost, of consumer education, as determined by the board, which shall be in an amount that, together with the consumer education surcharge imposed on electric power supplier license fees pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-78) and the consumer education surcharge imposed on gas supplier license fees pursuant to subsection g. of section 30 of P.L.1999, c.23 (C.48:3-79), shall be sufficient to fund the consumer education program established pursuant to section 36 of P.L.1999, c.23 (C.48:3-85).

b. There is established in the Board of Public Utilities a nonlapsing fund to be known as the "Universal Service Fund." The board shall determine: the level of funding and the appropriate administration of the fund; the purposes and programs to be funded with monies from the fund; which social programs shall be provided by an electric public utility as part of the provision of its regulated services which provide a public benefit; whether the funds appropriated to fund the "Lifeline Credit Program" established pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants' Lifeline Assistance Program" established pursuant to P.L.1981, c.210 (C.48:2-29.30 et seq.), the funds received pursuant to the Low Income Home Energy Assistance Program established pursuant to 42 U.S.C. s.8621 et seq., and funds collected by electric and gas public utilities, as authorized by the board, to offset uncollectible electricity and natural gas bills should be deposited in the fund; and whether new charges should be imposed to fund new or expanded social programs.

3. This act shall take effect immediately.

Approved August 4, 2022.