

Submission on Victorian Electricity Revenue Proposals 2021-26



The Electric Vehicle Council (EVC) is the national peak body representing the electric vehicle industry in Australia. We represent members involved in providing, powering, and supporting electric vehicles. We are a cross sectoral organisation whose engagement with a wide range of stakeholders supports the advancement of a collaborative and strong electric vehicle industry.

Thank you for the opportunity to comment on the Victorian electricity revenue proposals for 2021-26. This submission relates to all five Victorian distribution businesses.

It is important to now be considering the appropriate settings for the integration of electric vehicles onto the grid that support optimal outcomes for customers.

This is why the Electric Vehicle Council has been leading efforts to collaborate on grid integration issues between the EV industry, the energy sector (including all five Victorian distribution businesses), governments, and energy regulators (including the AER). We are also leading two taskforces looking at tariff structure for household and public charging through the Distributed Energy Integration Program EV Working Group.

Households

The *Residential Tariffs and Incentives Taskforce* has been established under the DEIP EV Working Group to lead work to inform tariff and incentive design for household EV charging. This Taskforce will consider how tariff and incentive design for EV charging can result in optimal outcomes for customers.

The draft scope of this Taskforce is at *Attachment A*. The work of this Taskforce will inform the AER's and DNSP's consideration of the appropriate settings for household EV charging tariffs and DNSP revenue requirements.

The EVC notes the intention by Victorian DNSPs to allocate EV households, where they can be identified, onto time-of-use (ToU) tariffs to encourage off-peak pricing. There is some international evidence to demonstrate that ToU pricing does encourage EV owners to charge during off-peak periods¹, but this is also an area where the Australian energy sector has acknowledged it seeks more understanding.

We also recommend that a distinction is made between residential customers in standalone or semi-detached dwellings, and residential customers living in multi-residential strata developments.

In a multi-residential development, supply of electrical energy to the EV associated with the residence is unlikely to come via the metered supply to the residence. For practical wiring reasons, it is more likely to be supplied via the common power to the complex.

¹ Chris Nelder, James Newcomb, and Garrett Fitzgerald, *Electric Vehicles as Distributed Energy Resources* (Rocky Mountain Institute, 2016), http://www.rmi.org/pdf_evs_as_DERs pp.51-52.

Given this, TOU tariffs may not be effective in reducing demand presented by EVs during peak periods. This is because placing the EV-owning apartment dweller on a ToU tariff may not modify their charging behaviour from the default 'convenience' method, if the supply of electricity to their vehicle does not show up on their bill.

Public charging

Having access to adequate fast and ultra-fast public charging infrastructure is important to support existing EV drivers, as well as encouraging consumers to transition to EVs.

Current operating costs for public charging infrastructure are affecting the viability of current public fast charging operators, acting as a barrier for rolling out further infrastructure.

A significant proportion of these operating costs stem from the existing network tariff structures applied to these customers, which generally include significant demand charges. Given the current overall utilisation of public fast charging sites, fixed demand charges have a disproportionately large impact on the cost per kWh.

There are sufficient concerns that the existing tariff framework may not result in cost reflective tariffs for high capacity EV charging, based on the current load profile. However, further analysis and trials need to be undertaken to find the most cost-reflective tariff for high capacity EV charging.

The *High Capacity Tariffs and Connections Taskforce* is currently undertaking work to address this very issue. The scope of this Taskforce and more background on this issue is at Attachment B. There are a number of DNSPs represented on this Taskforce.

We recommend that the AER continues to engage on this Taskforce. We also recommend that the AER incorporates the evidence provided by the EV charging industry about concerns around the suitability of current tariff structures allocated to high capacity EV charging sites in its determination of revenue proposals and tariff structure statements. We also encourage the AER to endorse trialling alternative tariff structures as is flagged in the Issues Paper.

Conclusion

Thank you for the opportunity to comment on these proposals. Please contact Larissa Cassidy at larissa@evc.org.au if you would like to discuss any of these issues.