Submission to Ausgrid with regard to Ausgrid 2024-2029 Draft Plan, as published September 2022

September 2022

Overview:

The Electric Vehicle Council (EVC) is the peak body in Australia representing the interests of manufacturers and suppliers of EVSE, software service providers in the field of EV charging orchestration, and Electric Vehicle manufacturers. We also have strong membership amongst energy market participants, including retailers, DNSP, TNSP, and generators.

The EVC has historically advocated for improvement in network tariff design, and worked closely with DNSPs, market bodies, and state and federal government departments towards this goal.

Ausgrid have published a draft plan and a pricing directions paper for the 2024-2029 regulatory reset period, and invited comment:

https://yoursay.ausgrid.com.au/projects/download/12234/ProjectDocument

Feedback from the EVC on the EA302 tariff assignment policy, relating to consultation question 9 in the pricing directions paper.

The current Ausgrid tariff assignment process assigns all new public high power EV charging sites to EA302, a capacity tariff with a rolling 12 month demand charge, on the basis of them being a three phase connection. After 12 months, the site will be able to request a transition to an energy-only tariff, EA225, subject to them being below 40MWh/annum. The cost profile this presents to an EV charging station at time of deployment is approximately an order of magnitude higher than neighbouring jurisdictions of Essential Energy and Endeavour Energy – it is a tariff position that is unfriendly to the deployment and ongoing operation of high power charging stations. A charging station at 500kVA site capacity, per the NSW state government grant program, and delivering 40MWh/annum, will be exposed to approximately $7k/annum of network costs in the Essential Energy region, or the Endeavour energy region, but approximately $70k/annum of network costs in the Ausgrid region.

The new proposition is that the initial assignment will remain EA302. The transition to a ‘greater than 100 Amp rule’ from a ‘three phase connection rule’ will have no impact on any new connection for a public charging station delivering more than 50kW, and all high power public charging stations currently being funded under state and federal programs will be larger than this. This means that for the first year, low utilisation, high power DC charging sites will continue to be allocated to a higher cost capacity-based tariff, where their volumetric utilisation levels (below 40MWh/annum) would indicate that they should actually have access to an energy only tariff (such as EA225). We note that the public DC charging infrastructure that Ausgrid is deploying co-located with distribution transformers is below the 50kW level, so would be able to take advantage of the new 100 Amp rule.

The volumetric level being shifted progressively from 40MWh to 100MWh is a step in the right direction, but does not go far enough, soon enough. At 100MWh, the network cost component of a 500kVA charging location in the Ausgrid region remains approximately $70k/annum (the energy costs being a relatively small component of the total network charges), while in the Endeavour region the network cost for the same type of site would be approximately $9k/annum, and in the essential region the network cost would be approximately $14k/annum.

In short, the proposed adjustments move slightly in the right direction, but are not adequately supportive of the deployment of high power charging locations, particularly in regional areas, and remain out of step with the other DNSP regions in NSW, and the majority of DNSP regions around the country.

Recommendations from the EVC tariff assignment policy for business customers - relating to consultation question 9 in the pricing directions paper.

1) Initial tariff assignment

Rather than mandatorily assigning all new connections above 100 Amps to EA302, business customer should be able to select whether they are assigned to EA302 (capacity tariff), EA256 (demand tariff), or EA225 (energy only tariff), on the basis of their self-predicted energy use.

If in the first 12 month period they consume greater than a specified volumetric level, they can be mandatorily assigned to EA302 by Ausgrid using established tariff assignment processes.

The assignment policy could reasonably be that the default assignment to a new connection above 100 Amps is to EA302, with an opt-out to EA256 or EA225 at time of connection.

This would resolve the issue whereby all high power DC charging stations above 50kW are mandatorily assigned to EA302, and thereby the majority of them pay excessive network charges in their first year of operation.

Please note that this recommendation does not constitute a request for a technology or customer-type specific treatment, which has previously been identified to the EVC by Ausgrid as being undesirable.

This approach could be universally applied to small business customers and is consistent with approaches to tariff assignment in other DNSP regions.

2) Volumetric limit

The volumetric limit used in the majority of other jurisdictions to determine the point at which demand and/or capacity charges are applied (billing elements based on kVA or kW, rather than kWh) is 160MWh/annum.

Rather than migrating over a period of several years from 40MWh to 100MWh as the volumetric threshold, the tariff assignment policy should shift directly to the 160MWh threshold, in alignment with the other DNSPs in NSW and the majority case in the rest of the country.

Observations with respect to embedded network customers – relating to pricing directions paper consultation question 7.

We note that this proposal is explicitly suggesting the creation of a new tariff structure, specifically for a particular class of customer, because of their unique characteristics.

While we do not have a view as to the merits of the creation of a specific tariff for embedded network operators, we note that when we have discussed with Ausgrid the potential to treat public EV charging installations as a separate type of customer for the purposes of tariff assignment, because of their unique characteristics, we have consistently been told by Ausgrid that this is not in keeping with the principles of technology neutrality and is not something that will be considered. This discussion has not been around the creation of a new, customer specific tariff – simply the correct allocation to a customer from the existing range of tariffs, based on customer type.

We find it interesting that where it is Ausgrid that wishes to treat a specific class of customer differently, to the extent of creating a new tariff class specifically for a customer type, with a view to significantly increasing the network charges applicable to that customer type, Ausgrid is prepared to set aside this principle, make a case for the position, and argue for it as part of the regulatory reset.

Ausgrid's positions on this matter seem to be inconsistent at best. We consider that Ausgrid taking this position with respect to embedded networks means that there should be no impediment, in principle, to tariff assignment being informed by customer type if there is justification to support it.

With this in mind, we would note that while we suggest in our recommendation 1 that all business customers who believe that they will be below 160MWh/annum should be able to choose between EA225, EA256, and EA302, an alternative approach that would be acceptable to the EVC would be to extend this choice of business tariff only to new connections where the principal business at the location is high power EV charging.

Conclusion

The EVC is happy to work with DNSPs and energy market regulators to achieve improved tariff design that will support a transition to EVs. Striking the right balance between commercial viability for key stakeholders, and the application of cost reflective network pricing principles, is going to take collaboration between multiple parties.