



EVC submission to AER with regard to: Ausgrid's electricity distribution determination 2024–29

May 2023

With reference to:

<https://www.aer.gov.au/system/files/AER%20-%20Issues%20Paper%20-%20Ausgrid%20-%202024-29%20Distribution%20revenue%20proposal%20-%20March%202023.pdf>

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Preamble:

The Electric Vehicle Council (EVC) is the national body representing the electric vehicle industry in Australia. As the market is emerging in Australia, our work is particularly aimed at increasing certainty for investment through policy, knowledge sharing and education.

The Australian Energy Regulator (AER) is the national regulator for electricity and gas supply in Australia. The AER has responsibility for regulation of energy networks, protecting the interests of consumers through the enforcement of the National Energy Retail Law.

This EVC submission is in response to the AER's paper linked above.

The EVC welcomes ongoing discussion on this matter, and can be reached via office@evc.org.au

EVC Comment:

The EVC notes that all three DNSPs in NSW have provided a tariff structure statement that the AER considers meets expectations. This is addressed in section 6.2 of each of these documents, with relation to Ausgrid:

<https://www.aer.gov.au/system/files/AER%20-%20Issues%20Paper%20-%20Ausgrid%20-%202024-29%20Distribution%20revenue%20proposal%20-%20March%202023.pdf>

And in section 6.2.1 of these documents, with relation to Essential and Endeavour.

<https://www.aer.gov.au/system/files/AER%20-%20Issues%20Paper%20-%20Endeavour%20Energy%20-%202024-29%20Distribution%20revenue%20proposal%20-%20March%202023.pdf>

<https://www.aer.gov.au/system/files/AER%20-%20Issues%20Paper%20-%20Essential%20Energy%20-%202024-29%20Distribution%20revenue%20proposal%20-%20March%202023.pdf>

While all TSS's have been noted as meeting AER expectations, the Ausgrid TSS differs materially from Essential and Endeavour with respect to the impact of the Tariff Structure and tariff assignment policies on high power public EV charging sites.

We have made formal submissions along these lines before:

<https://electricvehiclecouncil.com.au/submissions/evc-submission-to-ausgrid2024-2029-draft-plan/>

The key difference between Ausgrid and the other DNSPs is the volumetric usage level below which a business customer can opt out of kVA/kW (demand/capacity) based charges.

Essential and Endeavour have an established position of 160MWh/annum as the threshold, which is consistent with most jurisdictions around the country. Ausgrid's existing position is 40MWh/annum, which they propose to lift to 100MWh/annum via a series of steps through the 2024-2029 period.

The challenge from the perspective of the EVC is that at the 100MWh/annum tipping point where a business customer will be required to transition from EA225 to EA302, the network cost component of a 500kVA charging location in the Ausgrid region will be 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 at 100MWh would be approximately \$9k/annum, and in the Essential region the network cost would be approximately \$14k/annum.

Assuming cost recovery from the motorists, this implies energy being approximately 50c/kWh more expensive in the Ausgrid area than in other parts of NSW for charging stations at this level of utilisation.

It's the equivalent of adding about \$10 per 100km to the cost of fuel for drivers in the Ausgrid area at these chargers, over and above the costs that will be present in other DNSP areas, putting electricity at public DC charging stations at this level of utilisation at a significantly higher cost than petrol for traditional cars.

The alternative for charging network operators is to wash the costs across all charging stations – which will result in an average uplift of costs for consumers choosing to switch to an EV.

The EVC considers that the AER's determination that the Ausgrid proposal as provided meets expectations fails to satisfy the AER's strategic objective of supporting the energy transition.

Moreover, the AER's determination that the Essential and Endeavour proposals meet expectation provides clear indication that in principle, volumetric thresholds of 160MWh/annum can meet the AERs expectation.

The pathway remains clearly open for the position to be revised into alignment with the other NSW DNSPs. Failure to align will constitute a choice on the part of both Ausgrid and the AER to impose higher prices on motorists choosing EVs who recharge in the Ausgrid area, by comparison to the rest of NSW.