ELECTRIC VEHICLE COUNCIL

EVC response to

DIRECTIONS PAPER

NATIONAL ELECTRICITY AMENDMENT (UNLOCKING CER BENEFITS THROUGH FLEXIBLE TRADING) RULE 2023

NATIONAL ENERGY RETAIL AMENDMENT (UNLOCKING CER BENEFITS THROUGH FLEXIBLE TRADING) RULE 2023

PROPONENT
AEMO

3 AUGUST 2023

September 2023

With reference to:

https://www.aemc.gov.au/sites/default/files/2023-08/ERC0346%20CER%20Benefits%20Directions%20paper%20-%20rule%20change.pdf

Prepared by:

Ross De Rango

Preamble:

The Electric Vehicle Council (EVC), Australia's national representative body for the EV industry, appreciates the opportunity to provide feedback on the AEMC's directions paper with respect to flexible trading arrangements.

Our previous submission to the consultation stage of this process is available here:

https://electricvehiclecouncil.com.au/submissions/evc-submission-to-aemc-consultation-unlocking-cer-benefits-through-flexible-trading/

We note that the directions paper has split out the original rule change request into multiple parts, and that parts 1 and 2 are potentially relevant to EV charging.

Executive summary of EVC position:

The summary of the directions paper includes:
"31: The Commission is considering these pricing issues as part of its forward-thinking initiatives and CER priorities, while it also acknowledges that establishing efficient pricing is a necessary but not sufficient condition to successfully enabling the integration of CER."

The EVC would agree with this statement to the extent that it speaks to *all* CER – efficient pricing alone will not solve for excess solar generation at midday, for example – but would contend that efficient pricing is likely sufficient to successfully integrate EV charging, at least in the medium term.

This contention is supported by data collected via multiple ARENA smart charging trials, data collected and analysed by C4NET, data collected and published by energy Queensland, among others.

"44: On this basis, the Commission is seeking stakeholder feedback on options, including the elements of AEMO's FMT2 to improve flexible trading with multiple service providers for the different parts of large customers' price-responsive resources. The Commission recently released its consultation paper that is looking at how price-responsive resources can be integrated into the wholesale energy market.

The EVC notes the AEMC's direction with respect to small customers (paragraph 38 in the summary), and the distinction being drawn for larger customers. Some public charging network operators have identified challenges deploying within commercial embedded network arrangements (such as shopping centres).

The EVC considers that exploration of the possibility of a new flexible trading arrangement providing an alternative pathway to connection in circumstances like this has merit and may aid in the acceleration of deployment of public EV charging equipment.

Further, the EVC notes that the there is some consideration given in this document to second points of supply from DNSPs to consumer locations. While not central to the specific questions around metrology arrangements, it's clearly within scope of the paper, and it is an area very much in need of attention, so we expand on it below.

Responses to specific questions:

QUESTION 5: ESTABLISHING TWO CONNECTION POINTS AT A SINGLE PREMISES

1. Are there any changes we could make to the NER and NERR to assist in overcoming the current barriers to the second connection point?
2. What issues need to be considered in evaluating whether there should be changes to the fixed network tariff for second connection points at the same premises? How (if at all) should this issue be addressed in the NER?

One of the key challenges with respect to multiple connection points is DNSP processes, which vary widely by jurisdiction.

For example, Essential Energy, Endeavour, and SAPN are all actively supportive of second lines of supply to commercial premises for the purpose of enabling deployment of public EV charging equipment.

The experience of parties engaged in deploying high power public chargers is that Ergon, Energex, Ausgrid, and the Victorian DNSPs generally oppose second lines of supply to commercial premises in cases where it is clearly an efficient approach.

In the case of Victoria, this opposition exists despite the state level electrical safety regulations clearly and explicitly allowing for it and defining the approaches to doing it correctly.

In the case of Queensland, requirements around second lines of supply are currently the subject of review within the QECM process, which we address here:
https://electricvehiclecouncil.com.au/submissions/evc-response-to-the-queensland-electricity-connection-manual-service-and-installation-rules-version-4-draft/

We note from page 26 of the paper:
"Even if distributors do approve it, installing a second connection at the same premises is a multi-step process that is costly and can be time-consuming."

The experience of parties engaged in deploying high power public chargers is that second connections are often far lower cost and far less complex than utilising the existing connection. For example, an existing retail business with a car park suitable for public EV charging equipment will usually have a switchboard sized to support the business – not the business plus some fast EV chargers.

The switchboard will usually be some distance from the spot in the car park that's best suited for the chargers. This means that if the requirement is to use the existing connection, then in addition to replacing or upgrading the main switchboard, it's necessary to cut up the car park to run power to the chargers. A far more practical approach, in cases where the powerlines run along the side of the car park, is to create a new connection to the electrical network. This means installing a new switchboard, leaving the existing business switchboard alone, and not cutting up the car park.

A good outcome from the point of view of supporting uptake of EVs, by supporting efficient deployment of public EV charging stations, would be for the DNSPs to be required to approve second lines of supply unless there is a compelling reason not to.

For the avoidance of doubt, in the case of a second line of supply being created, the proponent (in this case, the EV charging network operator) is the party paying the capex associated with the new connection, and their ongoing bill payments will include NUOS, covering the Opex associated with the marginally increased DNSP RAB.

In this context, the $371 in additional fixed charges noted in the paper is largely irrelevant – the cost being avoided is tens of thousands of dollars in capex and disruption to the existing business premises. Again, for the avoidance of doubt – this is not just about the cost implications on the proponent. We are already seeing cases where the requirement to use the existing site electrical connection, rather than instantiating a second line of supply, is the deciding factor in public EV charging infrastructure in that area being built at all.

The view of the EVC is that the emissions reduction objective in the NEO should serve as justification to make the necessary changes in relevant law to achieve this outcome. The simple truth is that we cannot achieve our national emissions reduction targets without decarbonising transport, and process-driven inhibition of the efficient deployment of public EV charging infrastructure will inhibit the decarbonisation of the transport sector.

QUESTION 6: AEMO'S SPECIFIC FTM2 FOR SMALL CUSTOMERS

Do you agree with the Commission's view and its initial position to not progress further with AEMO's specific FTM2 for small customers?

The EVC considers this position to be reasonable, but notes that the EVC is a membership organisation comprised of a large number of organisations who will have divergent views on this point, for reasons explored during the consultation.

QUESTION 7: AEMO'S FTM2 PROPOSAL FOR LARGE CUSTOMERS

Do you agree that introducing AEMO's FTM2 (or variations to it) for large customers would create an additional or better option for large customers to engage with multiple service providers?

The EVC considers that creating additional options enabling large customer sites to engage with multiple service providers may enable more efficient deployment and operation of public high power charging infrastructure, and should therefore be explored further.

We note from page 36 of the paper:
"The embedded network framework (outlined below) is an easier and cheaper option, compared to obtaining two separate connections to the distribution network."

This is not necessarily the case. Refer to our response to question 5. Whether the metering arrangement is a traditional on-market approach, or an embedded-network approach, the physical electrical installation may be such that a separate connection to the distribution network is far more cost effective, and far less disruptive.