



EVC response to the AEMC – Pricing review

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With reference to:

<https://www.aemc.gov.au/market-reviews-advice/pricing-review-electricity-pricing-consumer-driven-future>

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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 Market Commission (AEMC) reports to the energy ministers. They have two functions; to make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

The EVC has responded to many consultations regarding retail and network electricity tariffs, which can be found [here](#).

[Submissions - Electric Vehicle Council](#)

Introduction

The topics in this pricing review are broad and the effects may be far reaching. As our electricity market continues to evolve, driven by technological advancements and shifting consumer expectations, it is imperative to re-evaluate and refine our pricing mechanisms. The Australian Energy Market Commission (AEMC) is undertaking a crucial review aimed at shaping a future where electricity pricing aligns more closely with consumer needs, fosters innovation, and supports sustainable practices.

This submission aims to provide recommendations on both retail and distribution aspects of electricity pricing, focusing on customer protections, the integration of emerging technologies, and the establishment of fair tariff structures. By addressing these key areas, we can create a more resilient, efficient, and consumer-centric electricity market that is well-equipped to meet the challenges and opportunities of the future.

Retail

Customer Protections for Tariff Changes

Retailers must ensure robust customer protections are in place to prevent the unauthorised transfer of customers to different tariff types. Clear and transparent communication is essential to safeguard consumers from unexpected changes that could impact their electricity bills. This includes prior notice and consent from the customer before any tariff modifications are applied, regardless of whether a DNSP changes the tariff.

The EVC notes approvingly of developments from the AER requiring explicit consent for a 2-year period after installation of a smart meter, before a tariff can be mandatorily changed. We are also pleased to see that consumers retain the choice to go onto a TOU tariff if they wish to, as it will benefit most consumers with an EV.

Improvement of TOU Tariffs in Qld and WA

Time-of-Use (TOU) tariffs offer significant benefits, yet accessibility remains limited in Western Australia and [regional Queensland](#) with peak prices being too high. Efforts should

be made to broaden the availability and adoption of TOU tariffs, ensuring that consumers can benefit from cost savings, efficient use of network assets and renewable energy.

Market Access for Public Charger Deployments

Commercial sites with embedded networks present barriers to charge point operators (CPOs) wishing to deploy high power chargers, as they may be faced with pass through of demand/capacity tariffs. While in some cases it is possible to access the market for the energy component of the bill, there is no way to split out the network component at the parent meter. It's important that this becomes possible because EV charging may be a relatively small load at a shopping complex for example, and the EV charging loads may not contribute to the thresholds that trigger the demand or capacity charges.

Members report that there are no rules governing what prices the embedded network operator will pass on in response to the network charges they pay. Also, that some embedded network operators will make it a condition of the lease that CPOs forego access to the retail market.

One possible solution is flexible metering. If a CPO could have a recognised check meter upstream of their equipment, then contribution to the network component of the embedded network bill could be subtracted, making sure the CPO only pays their fair share. A rule change is likely required to allow this.

The power of choice reforms in 2017 aimed to allow commercial and industrial customers in embedded networks to access the retail market but was ultimately insufficient in some circumstances (Source: [AEMC](#), see particularly section 9). A [review](#) conducted in 2019 identified potential changes to regulatory frameworks which could fix the shortfalls, but these changes have not yet been implemented. It's now 2024, and access to on-market offers for commercial consumers at locations served by embedded networks remains inadequate to a degree that is impacting public EV charging deployment. These changes or any other changes that will solve for these issues should be implemented as soon as possible.

Metrology and Billing Standards for EV Chargers

The current approach to metrology for EV supply equipment (EVSE) by the National Metrology institute (NMI) requires retroactive accuracy to a [standard](#) that remains undefined and untestable.

To avoid CPOs resorting to billing by the minute instead of by the kWh, it is crucial to establish and finalise metrology standards before they are implemented. The issue for EV drivers in Australia is whether there will be an EV charger where they need it, not whether the energy dispensed is accurately measured to within 1-2%. Australia does not lead the world in EV uptake and therefore should wait for global standards to be finalised and successfully implemented before applying here.

Distribution

Dynamic imports through DOEs

The EVC foresees an outcome where networks seek to force consumers onto dynamic import tariffs (through dynamic operating envelopes or DOEs) by offering TOU tariffs with punitively high peak rates. For example, if a consumer wishes to be on a TOU tariff but needs to run everything at once sometimes, it should not be acceptable that they are massively punished for that choice. There is a balance to strike here between peak rates that are a disincentive to consumption and uptake of TOU tariffs.

Supportive Two-Way Tariffs for V2G

Vehicle-to-Grid (V2G) technology promises substantial benefits for both consumers and the grid. However, 2-way tariffs being proposed in Victoria may be punitive with high import tariffs during peak times that discourage participation. Tariffs should be designed to incentivise and support V2G interactions.

Further to this, where a tariff is offered featuring an export charge in the middle of the day and an export reward during peak times, there should not be other tariffs available where consumers can escape the export charge and the associated export reward, as this will disincentivise V2G. For clarity, the EVC would prefer if export charges were either applied to all tariffs or none. This is explained in more detail [here](#).

Highly Dynamic Cost-Reflective Tariffs

Networks should be mandated to create **opt-in**, highly dynamic, and potentially locational cost-reflective tariffs. These tariffs, when properly passed on by retailers, should reflect the real-time costs of energy consumption and distribution, encouraging consumers to adjust their usage patterns in response to price signals. In most cases, this adjustment will be carried out by VPPs or CER operating on the consumer's behalf, should they wish.

Opt-Out of Capacity Charges for Low Utilisation Sites

Charge Point Operators (CPOs) should have the option to opt-out of demand/capacity charges for sites with low utilisation. This flexibility would encourage the expansion of charging infrastructure in regional areas, enhancing accessibility without imposing excessive costs. This is a problem particularly in Queensland and South Australia distribution areas, explained in more detail [here](#).

The EVC is aware of the draft determinations relating to [SAPN](#), [Ergon energy](#) and [Energex](#) which if finalised will require these DNSPs to allow consumers with connection sizes >120kVA and annual consumption <160MWh to opt-out of demand/capacity charges. We continue to watch this closely.

As EV uptake increases into the future and current low utilisation sites become more highly utilised, the 160MWh threshold will no longer be useful for keeping EV charging costs down. These future challenges should be considered as part of this pricing review.

It is noted by some EVC members that their equipment is highly controllable, therefore the load is flexible. When CPOs are given notice of a peak demand event by DNSPs, (which

could be as simple as an email the day before) CPOs are able to inform customers via the app that charge speeds will be reduced during a certain time. This kind of simple and cheap control can ensure EV charging does not contribute to system peak events and customers are able to work around it.

Access to residential type Network Tariffs for Pole-Mounted Chargers

Pole-mounted chargers, especially those in residential areas, need access to network tariffs akin to residential tariffs. Residential tariffs are; predictable, relatively low cost and not subject to demand/capacity charges. Where the power level of the connection is comparable to the power level of connection to a domestic home, similar tariff arrangements should be made available to the pole mounted EV charger deployments. This would ensure that networks do not charge excessively for access to electricity in pole-mounted EV charging installations, facilitating the integration of charging infrastructure within communities with low levels of off-street parking, which supports broader EV adoption.

Improved Tariff Structures for HV Connections

High Voltage (HV) connections require more favourable tariff structures to promote the development of charging infrastructure for private heavy-duty and commercial EV chargers. In some cases, HV attachments for high power EV charging infrastructure will be quicker than low voltage (LV). This is because the proponent will bring in their own HV transformer rather than waiting for permission from the DNSP to use theirs or have the existing transformer upgraded. Such tariff adjustments would encourage investment and operational viability for the charging stations critical for commercial/industrial EV adoption.

Demand Management Incentive Schemes

Programs like the UE summer saver have shown that consumer participation can effectively lead to avoided network augmentation. Despite this success, such schemes are not widely adopted by Distribution Network Service Providers (DNSPs). Expanding demand management incentives can optimise network utilisation and defer costly infrastructure upgrades.

Alignment of Network Tariff Structures

While price levels can vary, network tariff structures should be harmonised across Australian DNSPs. The Australian Energy Regulator (AER) or a future Distribution System Operator (DSO) could publish a standardised format for DNSPs to adopt. This alignment would streamline consumer and energy industry understanding, resulting in better consultation and more transparent pricing that consumers can respond to.

Trial tariffs could be submitted separately, therefore not inhibiting tariff structure harmonisation. Trials allow the flexibility to innovate and for tariffs to evolve.

Adjacent to this, tariff structure statements, pricing schedules and the like could be published in a standardised format, making it easier to understand and compare between jurisdictions, particularly during DNSP regulatory resets.

Holistically

Addressing the system as a whole, there may need to be more alignment for networks and retailers on what we're trying to do in the market. If the want is to provide electricity in the most equitable, cost effective, reliable and sustainable way, then both sides of the pricing mechanisms need to understand these objectives and be working towards them.

To avoid stakeholders working too much for their own ends, the AER has the power to enforce that stakeholders stick to task.

Conclusion

Adopting these recommendations will help create a more consumer-driven and equitable electricity market, encouraging innovation, technological advancements and accelerating EV uptake.

If you would like to discuss any of the above in more detail, please get in touch with us at office@evc.org.au