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**8 January 2021**

Mrs. Kami Kaur  
General Manager Networks  
Australian Energy Regulator  
Via email: [VIC2021-26@aer.gov.au](mailto:VIC2021-26@aer.gov.au)

Dear Mrs. Kaur,

**Re: Victorian electricity determination 2021-2026: electricity revised tariff structures statements**

Thank you for the opportunity to comment on the revised Victorian regulatory pricing proposals for 2021 -26.

The revised Tariff Structure Statements (TSS) fail to address the issues which we outlined in both our submissions dated 3 June 2020 and 17 August 2020. The revised TSS fail to recognise electric vehicle (EV) public charging and do not address the concerns raised by both Evie Networks (Evie) and the Electric Vehicle Council of Australia (EVC). Accordingly, the purpose of this letter is to share our concerns with these revised TSS and express our overall dissatisfaction with the process including the lack of meaningful and genuine engagement by you.

Following the consultation process, it appears that you have yet to acknowledge the EVC's concerns. Where you have, such as with tariff assignment optionality, the DNSP's have elected in their response not to comply with your recommendations. This further demonstrates the DNSP's unwillingness to enter into any commercial negotiations regarding tariff assignment optionality and emphasises the need for you to be more forthright by directing the four out five DNSPs to apply consumption-based policy assignment criteria that would allow more optionality in the final determination.

As noted previously to you by Evie and the EVC on behalf of the electric vehicle public charging industry, the assignment of default Commercial and Industrial (C&I) demand tariffs to public EV fast charging sites by DNSPs is a significant barrier to the acceleration of EV uptake in Australia and more specifically to the rollout of public charging networks. These sites are characterised as on-demand infrastructure with highly dynamic loadings despite low throughput, yet these load peaks also generally do not coincide with time of highest utilization of distribution networks. Assigned large customer energy tariffs are punitive when applied to non-coincident, low load factor use cases such as EV fast charging. Therefore, existing tariffs make EV charging costs prohibitive, hindering private investment in much needed publicly available fast charging infrastructure.

We strongly believe based on the evidence and research provided to you in our previous submissions, that the existing tariff structures do not create incentives for efficient utilisation of

EV charging infrastructure and associated DNSP network assets. These outcomes are contrary to the long-term interests of electricity consumers (the NEO), as well as the Network Pricing Objective (NPO), which is that distribution tariffs should reflect the efficient costs of providing those services to the retail customer.

### **AER final decision is critical on the electrification of transport and EV take up**

We believe it is important that the barriers imposed by outdated energy tariff structures on the EV public charging industry must be addressed by you during the current pricing determinations. Failure to address these barriers now will only result in the current substantial inequity in energy costs for publicly available EV charging sites increasing further over this 5-year period. This will result in significant underutilisation of public fast and ultra-fast charging sites and, in turn, will increase the risk of these EV charging sites becoming stranded network assets and impact the take up of electric vehicles by consumers. The role of electric vehicles in the future power grid is recognised as having potential to positively impact the energy system by creating growth in new electricity consumption allowing greater utilisation of the existing overbuilt and underutilised electricity distribution networks. We recognize this will require the right incentives that encourage certain charging behaviors and EV public charging plays a key role in enabling grid utilisation at certain times of the day. In our previous submissions we proposed two near term actions from you in your final decision to address the issues we raised and enable an orderly transition:

- (i) Tariff assignment policies focusing on providing optionality to large customers; and
- (ii) Direct the Victorian DNSPs to work with the public fast charging industry to collect load data to inform cost reflective tariffs which may include curtailment options.

#### **(i) Tariff assignment policy to provide optionality**

We are concerned that the while your draft decision acknowledged this issue, the issue has not been addressed by the four Victorian DNSPs in the revised tariff structure statements. As previously highlighted to the AER, tariff assignment policies are inconsistent with the NER principles. The sites are assigned to large customer tariffs for four of the five Victorian DNSPs (Powercor, Citipower, Jemena and United Energy), even though the anticipated near-term volumetric consumption of these sites is well below the volumetric threshold for large customer assignment.

In assessing tariff assignment policies implemented via network tariff eligibility criteria, the AER must have regard to the tariff assignment principles set out in 6.18.4 of the NER. At present, for four of the five networks, tariff assignment is determined solely based on the connection criterion (6.18.4(a)(1)(ii)). For those networks, there appears to be no regard to the first criterion (6.18.4(a)(1)(i)) which is the nature and extent of usage by the relevant retail customers.

Providing customers with the certainty that they can access tariff optionality is critical to provide confidence to the public charging industry. As previously noted to the AER, optionality around tariffs should not be subject to negotiations with individual DNSPs as this has proven to be impossible.

#### **(ii) Load data collection and trials to develop cost reflective tariffs**

As previously noted, a more flexible and fit for purpose approach is needed to determine the most appropriate structure for public charging operators, EV drivers, and networks going forward. Now is the time to consider and trial a revised approach prior to EV uptake becoming more widespread. Therefore, DNSPs and public charging operators should work together to gather more load data to gain a better understanding of EV charging load and the impact of different levels of utilisation. Some DNSPs have expressed in their proposals a willingness to conduct trials for public EV charging, however, there have been no specific proposals put forward in the revised Tariff Structure Statements. We are open to considering appropriately structured trials as a

means to gather more load data that informs future tariffs that are fit for purpose and cost reflective including potential curtailment options to address any significant peak and related concerns by the DNSPs, with the trials then leading to the development of cost reflective tariffs for inclusion in the DNSPs' tariff proposals for the next 5-year regulatory period.

## CALL TO ACTION

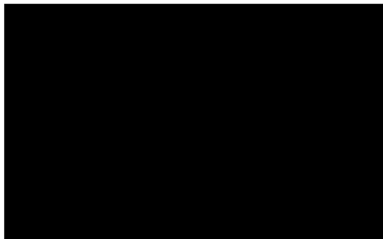
Consistent with the National Electricity Objective, and to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of electric vehicle motorists, it is important that this issue is addressed by you during the current pricing determinations. We are still of the view that this is very similar to the other industries that have developed over time such as the irrigation industry and where you considered and responded accordingly in the recent Queensland pricing reviews. We continue to be perplexed by your failure to follow your own precedents.

We propose the below actions from you to be considered in the Final Decision:

1. Direct the four out five DNSPs to apply consumption-based policy assignment criteria that would allow more optionality; and
2. Direct all VIC DNSPs to work with the EV charging industry to collect load data to inform and develop cost reflective tariff to inform future tariff structures.

We believe these steps are necessary for the DNSPs and EV Network operators to inform the tariff design and should be in place by 1 July 2021. We have raised substantial matters and would appreciate your consideration of these important issues in the Final Decision.

Yours Sincerely,



Chris Mills  
CEO  
Evie Networks