



Drive Electric (CPO subgroup) cross submission on Electricity Authority Issues Paper – Targeted reform of Distribution Pricing

30 August 2023

Introduction

1. This is the cross submission of Drive Electric's Charge Point Operator (CPO) subgroup on the Electricity Authority (Authority) Issues Paper "Targeted Reform of Distribution Pricing". That paper was published on 5 July 2023 and submissions closed 15 August. This cross submission represents the views of this CPO subgroup.
2. A 'one – paragraph' summary of our cross submission is this: it seems from the main submissions that the scale and urgency of the issues facing public charging operators may not be apparent to individual EDBs. A core issue is that public charging providers are trying to build national networks of 100s/1000s of charge points, across multiple (if not all) EDBs. It is extremely challenging for one entity (a CPO) to deal with 29 EDBs, each with different pricing and processes. This is a core reason we are seeking a mandatory access regime to bring consistency across interactions with EDBs, and to address other issues such as the actual cost and variance of connections and lines charges; processes and timeframes; and network transparency.

Analysis of EDB submissions

3. We observe a range of responses from EDBs in their submissions on section 7 of the Authority's Issues paper that deals with network connections. Several EDBs made no comment on this section, while some (nearly half of EDBs) said connections policy, capital contributions arrangements and the contracting supply side set-up were all working effectively, and that the Authority should not intervene.
4. A minority of EDBs, including Vector, Orion, Wellington Electricity and WEL agreed that issues were beginning to emerge with network connections but that most issues were network specific and could be resolved through discussions rather than regulatory intervention.
5. Our impression is that at the individual EDB level the issues created by trying to establish national charging networks across 29 EDBs may not be apparent. As we evidenced in our main submission, the inconsistency of costs and processes both within and between EDBs is making investment in new public charging infrastructure very challenging.

6. We strongly support the opportunity to have direct discussions with EDBs to ensure CPOs can connect to the networks efficiently and cost effectively. We have been in discussions with the ENA and the EDBs about these issues through the course of 2023 to try and make the process timelier and more efficient. Individual CPOs have, of course, been engaging directly with EDB for longer. Our concern is that despite these good intentions on both sides, the significant barriers to connecting charging infrastructure to networks remain (as identified in our main submission).
7. As we have demonstrated in our submissions to the Authority and the Commerce Commission (Input Methodologies), CPOs are facing a range of fundamental issues with respect to connections. This is having direct impacts on each CPO business, and the cumulative effect is that New Zealand's public charging network is well behind our international peers; is deterring EV drivers; and puts New Zealand's emissions reduction goals at risk.
8. In our main submission to the Authority, we stated our view that the Authority needs to be more definitive about network access pricing and other connection arrangements than suggested in paragraph 7.19 of the Issues paper. We included evidence in our submission to support our call for a mandated access regime for public charging operators. Our reading of other submissions has not changed this view.
9. Without such a regime, or equivalent efforts to ensure connection costs are reasonable and to improve consistency of these costs and processes and improve network transparency, our view is that New Zealand will not be able to achieve the objectives outlined in the Government's draft EV charging strategy and the country's decarbonisation objectives.
10. As such, in our submission we made the case for the need for this issue to be addressed urgently. Our reading of EDB submissions is that the issues being experienced by public charging operators are not seen as a particular priority and that network connections are acted on as a response to demand rather than having a planned level of capacity available to connect chargers. Response driven engagement with 29 individual EDBs is costly for all involved and increasingly impractical.
11. We do understand the other main point that many EDBs make in their submissions - that there is a range of access seekers with competing needs. However, it's also important to consider why CPOs are a unique category of access seeker.
 - a. Public charging operators are trying to build nationwide charging networks that connect into the 29 networks of EDBs. Each CPO intends to build hundreds, if not thousands, of public charge points. But at the edge of each electricity network boundary, costs and processes can and do change. (Even within network boundaries costs are variable and pricing approaches are not always clear.) It is particularly important for CPOs to have consistency across electricity networks, on pricing approaches and connection processes, to enable CPOs to build true national charging networks.

It is also important to have visibility on network capacity, so that more efficient connection applications can be made. These specific requirements for CPOs to

build national charging networks need to be considered against other access seekers, for example those decarbonising process heat, which are looking for fewer 'one-off' connections. Charging networks need to be rolled out at pace and scale to meet current and future demand, which is surging.

- b. Public charging networks are built to provide a service for direct public consumption. As we demonstrated in our main submission, charging networks are essential to support the uptake of EVs. This is to give confidence that the infrastructure is in place to support the new technology, and to provide a range of charging services to EV drivers. (Additionally, we made the case that the electricity network itself will benefit from spreading load across a range of charging types, private and public.) The public is increasingly coming to understand that the charging infrastructure is not there to support demand. So, in the same way that CPOs are seeking consistency across EDBs, the public is seeking consistency within and across charging networks. The public demand:
 - i. consistent approaches to pricing;
 - ii. availability of chargers throughout cities and towns (and between them); and
 - iii. different types of chargers for different needs.

It is very difficult to achieve these consumer objectives if the enabling infrastructure does not allow it.

12. We would also make the point that public charging operators may be one of the early examples of the pressure that decarbonisation will place on networks to provide new connections. We hypothesise that, in due course, concerns like those the CPOs raise here are likely to apply to other access seekers pursuing decarbonisation. By way of example, CPOs are currently talking with commercial operators about electrification of their private and commercial fleets that will also require sizable depot charging capability.
13. These developments will give rise to the fundamental question as to how we electrify the economy at pace and scale and how the costs of doing so are attributed.

Analysis of other submissions

14. Our reading of the other (not EDB) submissions on the Authority's Issues Paper shows that one submitter (Andrew Body) shares Drive Electric's views regarding the urgency, scale, and importance of connections to the local electricity networks for public EV charging. This submitter's detailed comments were relevant to not only public charging but to all types of network connections. His comments accord with our views in paragraph 12 and 13 above.
15. We agree that the evidence he (and we) have presented indicates that there is a general market failure unfolding with network connections that we believe could give rise to regulatory failure unless the Authority and the Commerce Commission respond.
16. We also reference the comments regarding network connections made by submitter Stephen Peterson. This submitter sets out his perspective on many of the same issues that

CPOs are facing today and makes a strong call for a mandated access regime for network connections. We agree with this view.

17. Meridian, which also runs a public charging network, makes similar points to our own submission, and supports the call for an access regime.
18. In support of off-peak loads, Mercury also makes the case for more standardisation of network connections and pricing for EV chargers, though it is not clear whether their perspective relates to private and/or public charging connections.

Conclusion

19. In our main submission to the Authority, we wanted to raise awareness of both the challenges that the CPOs face in meeting demand for EV charging today and the serious barriers of being unable to meet future demand. EV charging is an example where supply should be ahead of demand, as this will support adoption of electric vehicles. We set out four outcomes that we see as essential:
 - a. An access regime that reflects the scale and importance of CPO connections across New Zealand
 - b. A regulatory environment that enables charging investment
 - c. More consistency across EDBs in their approach to network access
 - d. Transparency of network connection opportunities
20. None of the other submissions on the Authority Issues paper have altered our views on this course of action.
21. The New Zealand EV public charging network should be delivered by private enterprise if the enabling environment allows it to do so. Getting the settings right is imperative. There is a real risk here that without such action public charging fails to meet consumer expectations; investors choose other opportunities; and decarbonisation of transport stalls.
22. Drive Electric welcomes the opportunity to meet with the Authority to discuss our cross-submission in more detail. If there is any further information that would be helpful to the Authority as it considers options to remedy this situation, please do not hesitate to contact us.