

6 November 2020

Geoff Thorburn
Wellington Electricity Lines Ltd
By email to EV_Connect@Welectricity.co.nz

Dear Geoff

Wellington Electricity consultation on EV Connect paper

1. This is feedback by the Major Electricity Users' Group (MEUG) on the Wellington Electricity Lines Ltd (WE*) stakeholder consultation document "EV Connect" published 7th October 2020.¹ The report was co-funded by the Energy Efficiency and Conservation Authority (EECA).
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
3. This is an important topic for all consumers because changes to adapt to increasing Electricity Vehicle (EV) and other new technologies are likely to impact the whole supply chain including Electricity Distribution Business (EDB) asset management practices and pricing structures. EV owners and non-EV consumers will be affected, from the smallest household through to the largest commercial and industrial customers.
4. MEUG became aware of this consultation late in the consultation period so this feedback is relatively brief. MEUG is keen to participate in any further consultation by WE*. Separately we have emailed a list of questions to WE* and hope to continue a dialogue on those topics after consultation closes.
5. Initial feedback follows:
 - a) MEUG agrees with the statement on p4, referring to the technology changes affecting consumers and supply chain participants, "... this necessitates a deeper understanding, engagement and collaboration by all stakeholders to recognise that key functions, within the power system, need to be managed differently." At the heart of those interactions should be an understanding of the effects on a wide range of representative consumers, not just an "average" consumer and not just owners of EV because all consumers will be affected. Therefore, decision makers need to improve how they can involve consumers and their representatives in these interactions.

¹ Document URL <https://www.welectricity.co.nz/about-us/major-projects/ev-connect/document/230> at <https://www.welectricity.co.nz/about-us/major-projects/ev-connect/>

- b) MEUG welcomes this and other industry studies on development of standards and protocols to support the change from Internal Combustion Engines (ICEs) to EVs as it is essential given, in our view, it is a matter of “when” not “if” that consumers will change to non-ICE transport modes and EVs will be a large part of that change.
- c) NZ uptake of EVs is quite slow because so far it is being left to “organic” business growth i.e. has not yet been accelerated by extensive government subsidies or other decrees. We think this has been and is a good approach for the future because:
- It will work in NZ’s favour because we can learn from the experience of other countries.
 - NZ has successfully used an organic industry lead approach for the roll-out of smart meters. Other countries that have relied on regulatory interventions have had less successful implementation of smart meters characterised by slow rates of implementation at high cost to consumers.
- d) Norway’s advantages are huge hydro energy reserves, plenty of hydro generation capacity and manageable roads distances. NZ does not have large low-cost green energy surplus generation. This is a barrier to changing to EV.
- e) The consultation paper frequently calls for cross-sector “collaboration.” We agree there is a place for such discussions. Implementation though requires contract terms and conditions. Those can be either:
- Mutually agreed where parties have the option to contract with another party or not prevail themselves of that service at all; or
 - In all other cases, to have terms and conditions subject to regulatory oversight. For example:
 - (1) Default settings such as the Default Distribution Agreement (DDA) regime governed by the Electricity Authority. The possible Dynamic Connection Agreements (DCAs) discussed in the paper on pages 12 and 19, for example, could become a new subset within the DDA regime.
 - (2) Voluntary industry agreements facilitated by the Electricity Authority in consultation with consumers.
- f) WE* and EECA should publish more details of the learnings of the decentralised energy exchange trials discussed on p12. As this is a partly publicly funded study, we see no reason why the learnings and details of how the trials were conducted, and the contracts for parties participating in the trials, should not be published.
- g) On p14 the report states “Lines companies in New Zealand have normally only installed monitoring on primary equipment i.e. assets rated at 33kV and 11kV.” It would be helpful to know how widespread this prior normal practice is today amongst EDB. MEUG believes some EDB have invested into having visibility of their low voltage (LV) network. MEUG’s interest is to know if the analysis in the paper is applicable for all or almost all EDB or if there are a few or many EDB where there is not a material problem of LV visibility.

- h) MEUG agrees and also supports the work of the Electricity Networks Association (ENA) referred to in the statement on p17 “Aligned to the ENA Transformation Roadmap,⁵¹ we consider that tariffs and incentives will continue to develop further to include short and long run pricing to consider locational and dynamic situations as we look to coordinate DER for system-support. We support the work that the Distribution Network Pricing Group is doing to develop cost-reflective pricing.” MEUG suggests recognition should also be made of the work on the topics considered in this consultation paper by the Electricity Authority and its two working groups, the Innovation and Participation Advisory Group (IPAG) and Market Development Advisory Group (MDAG).
- i) The paper on p26 and p27 sets out prior views by WE* on the Default Price-Quality Path (DPP) and Customised Price-Quality Path (CPP) regimes governed by the Commerce Commission in terms of Part 4 of the Commerce Act. Those issues have been the subject of intense debate in the last Input Methodology (IM) review and DPP reset and will probably be subject to review in the next resets. MEUG:
- Rejects the views in the paper and will engage with WE*, other interested parties and the Commission at those next resets.
 - Is surprised EECA did not exclude consideration of Part 4 matters from the scope of work for WE* as the time and place to debate those issues is at the next IM and DPP reset processes and the responsibility and accountability is with the Commission, not EECA.

Yours sincerely



Ralph Matthes
Executive Director