

3 August 2022

Commerce Commission New Zealand
PO Box 2351
Wellington 6140
By E- Mail: im.review@comcom.govt.nz

Re: Cross Submission on “Part 4 Input Methodology Review 2023”

Counties Energy Limited’s cross submission is in regard to the Commerce Commission’s (Commission) *‘Part 4 Input Methodology Review: Process and Issues Paper’* (the Paper).

Counties Energy’s submission is in response to Meridian’s submission regarding EDB involvement in new technologies, which Meridian refers to as including “batteries, electric vehicle charging control, or other sources of demand flexibility.”

EDB load management

EDBs have a long history of successful demand side management through their ripple plant load control principally controlling hot water cylinders to lower household demand. This control is required for Transpower grid emergencies, voltage stability when back-feeding areas during a fault, to avoid overloading feeders during peak demand and historically to reduce Transpower transmission charges. EDBs undertake this demand side management without the need to invest in hot water cylinders and nearly always the homeowner’s electricity retailer passes on to their consumer the reduced EDB controlled line tariff.

This approach of load management without the need to invest in the actual customer appliance is the approach that will occur with managing household EV charger demand. EDB’s are not investing in household or business EV chargers and there isn’t a requirement for EDBs to own or sell the EV charging device just like EDBs don’t own or sell hot water cylinders.

There has been widespread EDB investment in public EV fast chargers. In Counties Energy’s case it has invested in five EV fast chargers in the townships that it serves of Pukekohe, Pokeno, Waiuku and Paerata Rise. This investment is to encourage the uptake of EVs with all four of these towns having no publicly available EV fast chargers. The capital value of these EV chargers is not included in Counties Energy’s RAB. Counties Energy believes that other EDBs have also invested in EV fast chargers for the public good to support New Zealand’s decarbonisation objectives.



Physical
14 Glasgow Road
Pukekohe 2120
New Zealand

Postal
Private Bag 4
Pukekohe 2340
New Zealand

**Energy
Reimagined**

0800 100 202
countiesenergy.co.nz

Regulatory access to EV chargers

As a result of the scale of the future EV charger demand, Counties Energy foresees the need to be able to control EV charging load in grid emergency scenarios to maintain grid stability or manage through major outage events in co-ordination with Transpower. Consequently, EDBs will require some form of regulatory access to this EV charger control. This would be the minimum requirement because as New Zealand electrifies transport the electricity infrastructure, which has not been engineered to facilitate this new load, will require unprecedented investment or greater load control.

Outside of emergency events, EDBs should be able to contract with Distributed Energy Resource (DER) aggregators, electricity retailers or EV owners to procure flexibility services as an alternative to traditional poles and wires network upgrades. In theory, this contractual load control component could sit outside of the regulatory control requirement because it would then allow DER aggregators, retailers, and their customers the choice to opt-in or out of providing flexibility to the distributor based on what they believe will provide them with the best financial gain. However, there is a risk that if EDBs do not have regulated control of home and business EV chargers, then the cost of upgrading their networks will unfairly fall on all consumers including those who don't own EVs and are more likely to be in energy hardship.


This aside, controlling EV chargers demand is required and therefore there needs to be controls on the type of EV charger that a household or business can install. Ideally these standards would be set by EECA and would include the ability to enable the EV charger to be controlled by an EDB as noted above, which could be through a third party.

Regulatory recovery of EV charger trial costs

EDBs should be able to recover their costs of trialling different EV chargers and technologies on their network. This is required to understand and appropriately develop flexibility services propositions to be offered to DER aggregators, retailers and the end customer. If EDBs do not undertake this work, then they will likely opt for the safer option of building more distribution infrastructure, which will be at the cost of all consumers.

Counties Energy would be happy to discuss any aspect of this submission.

Yours sincerely



Andrew Toop
General Manager Commercial