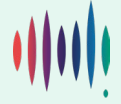# Streamlining network connection processes for CER and EVSE

Submission to the Commonwealth Department of Climate Change, Energy, the Environment and Water

Submitted by: Isabella Darin
DATE: 19/09/2024

Energy Consumers Australia appreciates the opportunity to provide feedback on streamlining network connection processes for large consumer energy resources (CER) and electric vehicle supply equipment (EVSE). We welcome this consultation, as we see value in streamlining this process for EVSE and large CER. Supporting the efficient uptake and integration of CER is crucial to meet net-zero targets, and to enable affordable, clean energy for consumers and communities.

As such, we are largely supportive of the recommendations outlined in the Options Paper.

In fact, in our recent submission on enhancing the Integrated System Plan to support the energy transition, we emphasised that regulation should ensure that information about the distributed network service providers' (DNSPs) hosting capacity and constraints for CER should be easily accessible to all industry proponents.[1]

Often there is a lack of visibility at the local level, which makes it difficult for non-network participants (such as a community eager to host a shared battery) to know which parts of the network will likely enable access at least-cost. Given the changes in ring-fencing guidelines that have enabled networks to play a more active role in deploying these resources and technologies, regulation must ensure that all industry participants have equal access to this information.

However, we do not support the provision to 'Incentivise DNSPs to connect and energise EVSE and Large CER faster.'

We consider that it is inappropriate to implement an incentive scheme to financially reward DNSPs for this, when there are already financial instruments, such as the rate of return, which allow them to earn a return on their investments. As identified in the Options Paper, a current barrier is the human resources to handle the increased workload. This can be factored into current processes, such as determinations and access arrangements. As such, we recommend deferring creating a new incentive until the other provisions are implemented. If, after several additional years of monitoring the changes to connection timelines there remains slow uptake, it would then be appropriate to assess if an incentive in addition to the regulated rate of return is needed to improve the speed of connections.

Further, we urge caution as current incentives schemes have contributed to DNSPs being over-compensated for average or below average performance and efficiency. Analysis finds that these are a significant contributor to DNSP returns being above allowed returns on an ongoing basis, including DNSPs with relatively low productivity.[2] As such, consumer advocates have previously emphasised that such schemes are not delivering efficient investment and operation in the interests of consumers.[3] Significant reform is required to ensure that they provide value for money.
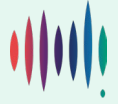
This is particularly significant given that cost of living pressures continue to impact consumers, including rising energy prices. In our June 2024 Energy Consumer Sentiment Survey, half of Australian households told us they were more concerned about their ability to pay their energy bills than they were a year ago, and that energy was one of the top three bills that worried them.[4] As such, it is critical to ensure that the network component of electricity prices is efficient, to keep overall bills down.

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[1] https://energyconsumersaustralia.com.au/publications/submission-aemc-enhancing-integrated-system-plan-support-energy-transition
[2] https://ieefa.org/resources/power-prices-can-be-fairer-and-more-affordable
[3] https://www.aer.gov.au/documents/piac-submission-aer-review-incentive-schemes-draft-decision-3-march-2023;
https://www.aer.gov.au/documents/ccp29-submission-aer-review-incentive-schemes-draft-decision-3-march-2023.
[4] https://energyconsumersaustralia.com.au/publications/surveys-energy-consumer-sentiment-behaviour

Distribution network costs and consumer bills are already increasing at an unsustainable pace. The AER recently approved annual revenue increases of 24-28% for the three New South Wales DNSPs, and the Queensland DNSPs have proposed increases of 41% and 45%.[5] In such an environment, there must be an extremely high bar to provide an additional reason for networks to earn addition profit, particularly for a core service like connections.

We acknowledge that prescriptive regulation that requires a new or higher level of service could be challenging for DNSPs, or result in sup-optimal outcomes. As such, we suggest principles-based regulations that focus on the desired outcomes, and set the standards by which DNSPs must conduct business.[6] We consider that such an approach would allow sufficient flexibility and minimise costs.

Finally, we note that the Australian Energy Regulator's Consumer Reference Group developed five consumer-oriented principles to guide its consideration of potential regulatory changes.[7] Of particular relevance for this consultation are the following:

- That changes should promote behaviours that engender consumer confidence in the regulatory process.
- That changes should be tested against consumer impacts in relation to price changes.
- That there is a high bar for change.

Using this framing, it is clear that there is not sufficient evidence or reasoning to satisfy these principles, and no need to provide DNSPs with more money to incentivise the connection of EVSE and Large CER faster.

For any questions about this submission, please contact Isabella Darin at isabella.d@energyconsumersaustralia.com.au.

Kind regards,

Brian Spak

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[5] https://www.aer.gov.au/industry/registers/determinations-access-arrangements
[6] https://www.lse.ac.uk/law/people/academic-staff/julia-black/Documents/black5.pdf
[7] https://www.aer.gov.au/documents/crg-rate-return-instrument-information-paper-submission-11-march-2022

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