



**ChargeNet welcomes the opportunity to contribute to the cross-submission process for the amendment to part 6 of the Electricity Code on new network connection pricing and delivery.**

### Connection Pricing

Considering the submissions from Meridian, BP, EECA, and Drive Electric there is considerable support for our submission that connection charges vary significantly across different network companies, without obvious correlating cost factors. In addition, we have included our own analysis of the varying charges for a largely similar installation in the table below.

This can be used as a source of additional supporting evidence for the consultation – evidence that a number of network companies stated was incomplete in the original consultation. Outside of the consultation process if further information is useful, we are open to further engagement.

ChargeNet strongly supports the disclosure of more detailed costings for connections to a network. There is also a strong case, as highlighted by some network companies, to allow third-party installers to compete for connection contracts to ensure efficient pricing.

### Network capacity disclosure

ChargeNet strongly supports the disclosure of local network capacity information in a digital format and encourages the Electricity Authority to remove any barriers to that information being made public as highlighted by Revolve Energy. Access seekers to a local network, given broader network capacity disclosure can make a judgement about utilising existing spare capacity or applying for a new connection. This is the definition of efficiency.

### Medium connection upper limit power threshold

ChargeNet supports an increase in the upper threshold limit defining a medium-sized connection project. We strongly suggested an increase to 500KVa from the proposed 300KVa. A number of respondents have also suggested an increase, in some cases up to 1000KVa. Reiterating our submission response ChargeNet feels the upper limit should be at least 500KVa.

### Network charges

The following table is a set of current examples where, for a similar build cost, there are a number of both profitable and non-profitable outcomes based on the configuration set up - especially where the 300KVa threshold is used for transformer install decisions.



	750kVa actual EBD Pricing	300kVa actual EDB Pricing (>=300kVa)	300kVa actual EDB Pricing (<299kVa)	300kVa actual EDB Pricing (>=300kVa)	300kVa actual EDB Pricing (<299kVa)
ROI Assumptions	Site 1 HPC	Site 1 HPC	Site 1 HPC	Site 2 HPC	Site 2 HPC
Chargers	300kW capacity installed	300kW capacity installed	300kW capacity installed	300kW capacity installed	300kW capacity installed
Total Project Cost	\$ 393,305	\$ 393,305	\$ 393,305	\$ 405,000	\$ 405,000
EECA Funding	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
ChargeNet cost	\$ 393,305	\$ 393,305	\$ 393,305	\$ 305,000	\$ 305,000
NPV acceptability	Below	Below	Acceptable	Below	Below
Charges	* based on EDB advice on Network charges of \$257 per day (currently being invoiced)	* used site 2 EDB Network charges of \$138 per day	*based on published EDB network rates (volume)	* based on EDB advice on Network charges of \$138 per day	*based on published EDB network rates (volume)

ChargeNet is concerned that the inconsistency this table outlines in how the network companies post installation charge the CPO creates investment uncertainty. There is no doubt this creates additional complexity when building a national network.

Consequently, ChargeNet strongly supports any drive towards standardisation for the methodologies applied by network companies to determine both the capital contribution and ongoing network charges that apply for new/increased connections.

In addition, ChargeNet supports the position by EECA that new/increased connections that pay 100% of the capital contribution should incur lower ongoing network charges, as the newly installed assets have already been paid for and should not form part of the network companies regulated asset base.

ChargeNet strongly supports a re-examination of the charges applied to connection sites with embedded generation and load where exports in excess of load requirements or exports at times of network peak capacity are incurring greater charges than a site without generation capability. As electrification intensifies access seekers who have the capability to export generation or discharge batteries during peak demand that is surplus to their load requirements should be encouraged.

ChargeNet encourages the EA to consider these “special cases” as making a positive contribution to network stability than a burden as the current pricing regime suggests.

### Connection project timeframes

ChargeNet feels strongly that access seekers for medium and large loads are seeing significant delays in the processing of applications for connection to a network. The submissions of many of the other access seekers in the consultation supports this assertion and we strongly encourage the EA to ensure project timelines are shortened.

Our concern is that the proposals within the consultation do not go far enough, and we encourage the EA to be firmer in proposing a shorter timeframe for the connection process. **ChargeNet believes that the current consultation settings do not make a significant difference to the connection process timelines and need to be strengthened.**



### Capital contributions

ChargeNet supports and reiterates its preference for reliance levels as a means of preventing excessive upfront costs from being allocated to access seekers. We are sceptical of the scale of the financial risks associated with the proposed reliance level (and the exceptions regime) as highlighted by some of the network companies. In particular, to claim that EV charging installations are high risk is unsubstantiated given a decade of industry practice the direction of travel for electrification of the economy, and the creditworthiness of the main EV charging networks currently operating in New Zealand. Across what must be over 1,000 ICP connections for EV charging we have heard of only one example of an operating connection that was abandoned after initiation and would contend that capacity and installation are still likely to be used in the near term.

### Pioneer schemes

ChargeNet notes the broad support, including from network companies, for a Pioneer Scheme. In examining some of the criticisms in the submissions, ChargeNet believes the financial risks associated with Pioneer schemes are largely overstated when examining the EV charging market and would not support a shortening of the Pioneer Scheme to seven years as proposed by one party. The exemptions for the reliance level provided for in the consultation further weaken the argument that there is financial risk, in particular with regard to the CPOs, which in many cases have parent organisations with stronger financial creditworthiness than the network companies.

The Pioneer scheme outline is a significant step forward in access seekers being able to socialise connection fees with other parties. That being said, ChargeNet has concerns that the Pioneer Scheme as proposed could materially disadvantage Access Seekers who have a growing load profile over time.

Charge Point Operators (CPOs) are access seekers with a growing load profile. Network companies' costing structures prevent stepwise asset investment over time or cost-effective upgrade and renewal cycles within ten-year time frames.

ChargeNet observes and predicts that CPOs will be significantly disadvantaged by the pioneer scheme. With an increasing annual load profile, the net incremental revenue to the distributor will far exceed the upfront costs over a ten-year period.

Network companies have the lifespan of the asset to recover costs, allowing for a fairer arrangement for connections with load growth. This approach considers the size of the growth and adjusts the incremental revenue, accordingly, delivering a neutral outcome similar to the stable model suggested in the consultation.

Many thanks,

Chief Executive Officer

ChargeNet Limited

