

26 July 2022

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Economic Regulation Authority
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Submission on Western Power's Additional Information published on 1 July 2022 and the 6 July stakeholder forum slide presentation published on 8 July by the ERA for the fifth access arrangement.

Dear Elizabeth,

I appreciate the opportunity to comment on Western Power's Additional Information.

Network tariffs for grid-connected storage and electric vehicle charging stations

My April 2022 submission on the ERA's AA5 Issues Paper requested the following:

I ask the ERA and Western Power to not prolong the deficiencies in the current RT5 and RT6 tariffs by basing new EV charging station or storage tariffs on them, but rather to improve the RT5 and RT6 tariffs so that they are a suitable basis for the new tariffs, or offer new, better-structured tariffs for these new applications.

That submission discusses this in more detail.¹

In its Additional Information published by the ERA, Western Power has responded positively to submissions on the structure of network tariffs for grid-connected storage and electric vehicle charging stations by proposing new, better-structured tariffs RT38 – RT41 (numbering is the original February 2022 TSS Technical Summary numbering as per the slide presentation erratum) rather than basing these tariffs on the existing RT5 and RT6 non-time-based-demand tariffs as originally proposed in the February documents.²

I support the new tariff structures proposed in the Additional Information and the slide presentation. They are better structured to reflect network costs and cost drivers in the different time periods. This means that they should incentivise customer consumption pattern responses that can help lower network costs if retailers pass these price signals through to customers.

The tariff charges for each parameter will still need to be refined through the AA5 consultation process.

¹ Noel Schubert 20 April 2022 submission: <https://www.erawa.com.au/cproot/22601/2/Noel-Schubert1.pdf>

² See the Additional Information 6 July 2022 stakeholder forum slides 10 – 15 for the proposed structures and corrected numbering (slide 22) at: <https://www.erawa.com.au/cproot/22767/2/Slides-from-Western-Power-forum-and-corrections-to-reference-tariff-numbering.pdf>

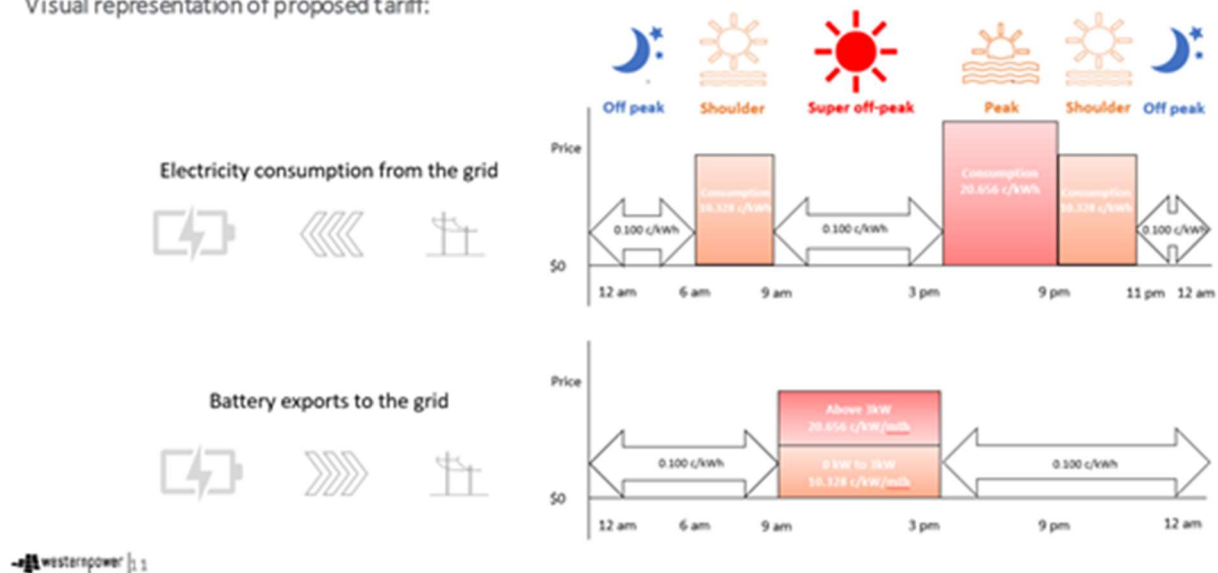
I think there is still a miss-labelling of the units for the prices in table A-4 in the Additional Information document and on presentation slide 11 (pasted below) for battery exports to the grid in the red super-off-peak period as follows:

- I suspect that they are meant to either be (20.656) c/kW_h and (10.328) c/kW_h like all of the rest of the price units shown on this slide, or
- the Additional Information document refers to these charges as a 'stepped demand charge' - in which case the units should probably be c/kW/day, as per other network tariff demand charges, or else the indicative charges on the slide would be too low (e.g. 10.328c x 3kW = 30.98c/month for 3 kW of export).³

Dedicated Storage Services

New Reference Tariffs

Visual representation of proposed tariff:



It is more appropriate that network tariffs charge for coincident demand (kW or kVA), or at least use on-peak demand charges, to reflect the peak-network-demand cost driver, rather than energy charges which really only charge for average demand in a time period.

³ See Additional Information document page 10 at: <https://www.erawa.com.au/cproot/22744/2/Additional-Tariff-Structures-and-Reference-Services-Information.pdf> - extract:

"Energy exports into the network:

- A stepped demand charge for exports (\$/kW) based on the relevant band with the highest level of energy exported into the network during the super off-peak period between 9:00 am and 3:00 pm in the month, with the:
- Band 1 rate applying to the first 3 kW exported;
- Band 2 rate applying to all kW exported above 3 kW; and
- Note network charges will be close to zero for exports during off-peak, shoulder and peak Periods".

New super off-peak time-of-use business (only) tariff with an on-peak demand component (RT42)

In response to submission requests, in the Additional Information and presentation Western Power has proposed such a tariff, to further contribute to the range of network tariffs that signal efficient utilisation of the network during peak demand periods.

I support the structure of the tariff, but consider that at least the indicative on-peak prices need further adjustment.

I consider that the on-peak energy rate of RT42 (RT33 in the Additional Information document – see table A.3, page A-2) should be lower (closer to the shoulder rate) because the demand charge will be reflecting the marginal network cost of extra demand in the on-peak period over and above the average demand in that period which the energy charge effectively charges for. The energy rates of RT37 (RT32) are almost the same as those of RT42 (RT33), and so adding the demand charge in RT42 (RT33) would in-effect be charging more for on-peak demand and consumption than RT37 (RT32) rather than them being close to revenue neutral for particular consumption profiles in the on-peak period.⁴

Recommended additional time-based demand tariff for residential customers

The Expert Consumer Panel (ECP) previously recommended in its April submission to the ERA that a demand tariff also be offered for residential customers – like the proposed business RT42 tariff - to replace the demand tariff RT19 in AA4 whose time periods are no longer appropriate.⁵ It would encourage retailers to offer residential customers the choice of a second more-cost-reflectively structured tariff (the other being RT36 (RT31)) as an alternative to the flat RT1 tariff.

I recommend this, but Western Power has not proposed such a new tariff to date. This limits future choice of network tariffs for residential customers given the proposed grandfathering of existing tariffs whose time periods are no longer appropriate.

⁴ Table A3, page A-2 of the Additional Information document:

<https://www.erawa.com.au/cproot/22744/2/Additional-Tariff-Structures-and-Reference-Services-Information.pdf> and slide 22 of the presentation: <https://www.erawa.com.au/cproot/22767/2/Slides-from-Western-Power-forum-and-corrections-to-reference-tariff-numbering.pdf>

⁵ Expert Consumer Panel submission, pages 10 and 11 at: <https://www.erawa.com.au/cproot/22637/2/WA-Expert-Consumer-Panel-Attachment-3.pdf>

Other matters raised in the Expert Consumer Panel's April 2022 submission documents,
and in my April submission

The Additional Information provided by Western Power has not covered a number of the matters raised in these submissions.⁶ We understand that the ERA will consider these matters in its AA5 Draft Decision.

I welcome discussion with the ERA and Western Power on the matters raised in our submissions.

Yours sincerely,

Noel Schubert

Member of the Expert Consumer Panel⁷

⁶ The ECP submission documents and my April 2022 submission can be found at: <https://www.erawa.com.au/AA5>

⁷ The opinions expressed in this submission are the author's, and do not necessarily reflect the views of the ECP as a whole. The ECP is a group focussed on consumers, supported by the Western Australian Advocacy for Consumers of Energy Program to contribute consumer perspectives on energy sector matters of a technical nature.