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RE: Framework and approach for Western Power's sixth access arrangement review – Issues Paper

Dear ERA,

Tesla Motors Australia, Pty. Ltd. (Tesla) welcomes the opportunity to provide a response to Western Power's sixth access arrangement review consultation (the Issues Paper).

WA is a priority market for Tesla, and we believe that rapid electrification of the transport sector can play a significant role to play in addressing WA's solar duck-curve issues identified by AEMO, supporting Western Power's efficient and stable operation of the distribution network. Smart and controlled charging of EVs can be used to soak up excess generation during peak solar output periods, as well as help provide additional road-side services to the grid. We note this ambition is also well aligned with the WA Government's Electric Vehicle Strategy.

Both ERA and Western Power are critical stakeholders in helping us achieve our company mission in WA. We have enjoyed working closely in deploying existing supercharging sites, as well as numerous grid-scale battery storage systems – including some of the largest batteries in Australia, such as Neoen's Collie project at 560MW / 2240MWh. We also currently have thousands of residential batteries (Powerwalls) installed across the Western Power network.

We are, however, concerned that the current network tariff arrangements outlined in AA6 introduce unnecessary barriers to EVs and storage. These tariff structures are creating negative commercial and customer outcomes, stymieing the roll-out of WA's charging infrastructure, and ultimately limiting the uptake of EVs in WA. An overview of our concerns, the customer impact of current tariffs and grid requirements, and a proposed solution is outlined in the following pages.

We are keen to discuss the issues raised in this letter and hope to arrange a suitable time for a follow-up meeting in the coming weeks.

Yours sincerely,

Tesla Energy Policy Team
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1. EV Charging

1.1 EV Tariffs

WA has an opportunity to accelerate EV adoption by making updates to the existing EV tariff – aligning with the state's broader Electric Vehicle Strategy. By improving the underpinning network tariff design, WA households will be further incentivised to (a) purchase EVs (reducing transport emissions) and (b) charge them in a way that reduces their bills (using excess solar to eliminate fuel costs) as well as benefits the wider WA grid (reducing minimum operational demand risk and avoiding contributions to peak demand). With positive budget impact, smarter EV tariff design would also promote more efficient energy use, increased renewable integration, accelerate EV adoption, and support WA's goal of net-zero emissions by 2050.

WA government has shown strong progress in accelerating EV adoption, with over $200m commitment providing thousands of EV rebates and funding for EV charging stations for local council and small businesses. In parallel, Synergy has been exploring time-based EV tariff models (e.g. the EV Add on energy plan).

However, given the threat of high peak rates combined with relatively minimal expected savings under Synergy's EV tariff, plus the government supported A1 'flat' tariff providing a simple and default customer selection, adoption of EV tariffs in WA has been low and slow, reducing effectiveness of EVs as a beneficial load in the system, and creating unnecessary drag on EV adoption (decreasing total cost of ownership savings to offset purchase costs).

Synergy's tariff approach to date lacks the simplicity and value seen in other jurisdictions, where tariffs better reflect renewable availability (particularly abundant midday rooftop solar), and grid demands. This may be underpinned by perverse incentives for Synergy to keep customers on the standard A1 tariff, as this directly links with their annual government budget allocation of subsidies to cover losses – i.e. the difference between tariff prices recovered from Synergy's customers and the actual cost to serve. It may also be perversely incentivised by underlying network tariffs from Western Power.

As such, we encourage the ERA to ensure Western Power's underlying tariffs for EVs are maintained and are consistent with best practice, to ensure Synergy's market offer better reflects the value proposition the grid and end customer.

For example, the EVC provides a useful tool that captures the best EV tariffs in Australia. Best practice principles are (1) off-peak (overnight and midday) rates of under 10c/kWh; and (2) peak rates within 30% of the default flat tariff.

Redesigning WA's EV tariff to align with best practice (as well as providing an orchestration option for those consumers who prefer) would help EVs soak up WA's excess solar and still deter peak time charging. Importantly, the additional uptake of EVs and associated increase in kWh charging consumption of a larger electric fleet would more than offset any lower revenues per customer relative to being on the current higher cost EV Add On tariff.

1.2 EV Charging – Issue 7: Price Controls

EV Supercharging stations are large energy consumers and translate to a high utilization of HV assets. A typical 650kVA urban DC charging station is delivering 500-1000MWh PA annum. Revenue offsets need to be appropriately considered from forecast usage to ensure capital contributions are proportioned, while not placing DNSPs under revenue shortfalls.

Tesla has worked extensively with QLD DNSPs to support more accurate revenue offset calculations, which impact a customer's Capital Expenditure contribution.

Tesla provided QLD DNSPs with real world data on annual consumption of existing charging sites, to develop a template to consider as a customer profile that supports Connection Fee assessments. This includes annual MWh consumption differentiated by regional and urban charging sites, to establish a base line in annual consumption and annual growth rates.

Through the connections process, Western Power has not made this calculation methodology transparent. Tesla challenges the individual customer connections officer for information. This approach appears subjective and may hinge on someone's personal belief on future EV demand, rather than a data driven model for the respective customer.

EV Charging operators and DNSPs, openly sharing and reviewing data to build robust models can lead to fairer outcomes of capital contributions.

2. Energy Storage

2.1 Grid-Scale Storage – Issue 7: Price Controls

Under the current proposal for AA6, the Access Code does not include a mechanism for the retrospective recovery of non-capital costs, potentially resulting in Western Power choosing a solution that requires capital costs even when a solution that includes non-capital costs would be the overall least cost option. While the introduction of the D-factor will allow for recovery in the next access arrangement period, Tesla re-iterates the benefits of ensuring that both capital and non-capital solutions are equally assessed from a cost-recovery perspective.

Non-capital solutions, such as grid-forming BESS, can be built relatively quickly and are a modular asset, providing more dynamic responses as an alternative to network augmentation for system security services, as an alternative to a capital solution of synchronous condensers. Similarly, grid-scale storage can act as 'virtual transmission', increasing the hosting capacity of existing transmission infrastructure at a lower cost. Ensuring that non-capital solutions, such as procuring essential system services, or alternative investments to traditional transmission infrastructure, are on a level-playing field, will enable Western Power to make optimal decision making for its investments.

2.2 Distributed Storage - Issue 6: Connecting Customers

In considering Western Power's connection processes under Issue 6, Tesla is concerned that customers are increasingly facing unnecessary barriers to connection when draft technical standard, such as CSIP-Aus v.13 BETA, are informally embedded into approval pathways ahead of national governance. The Issues Paper already highlights that customers are experiencing lengthy and difficult approval processes for behind-the-meter equipment, noting that CER-related approvals have become "difficult to navigate and lengthy." These delays are compounded when Western Power advances technical requirements that are still in draft form nationally, creating additional complexity and uncertainty for customers, installers, OEMs and aggregators.

As we have identified in previous CER consultations, premature adoption of draft CSIP-Aus extensions, particularly those that imply direct device control, risks hard-coding behaviours and technical expectations before they are stable or interoperable. This is problematic even in a stable connection environment; within Western Power's already-congested connection process, it becomes a material barrier to DER participation. The Issues Paper correctly notes that long connection delays reduce opportunities to deploy non-network DER solutions and constrain customers' ability to install technology that could benefit the broader system. Introducing draft, ungoverned standards into this environment significantly amplifies these challenges.

Ausgrid's Project Edith Stage 3 trial provides strong evidence that price- and signal-based coordination, not direct device control, is the scalable and customer-centred pathway for DER integration. Edith successfully uses dynamic network prices delivered through IEEE 2030.5 pricing functionality (now being consulted on for integration into the draft CSIP-Aus v1.3) to influence CER behaviour without overriding behind-the-meter optimisation. The trial demonstrates that CER fleets adjust consumption and export patterns in response to well-designed dynamic price signals, shifting load away from constrained periods and increasing exports when beneficial to the network. This approach preserves customer autonomy and OEM innovation while providing the network with reliable, flexible demand-side support.

Importantly, Project Edith also shows that integrating price signals into CSIP-Aus requires careful attention to communication efficiency and system design, one of the reasons these capabilities are still being refined at national level. Early testing found that pricing functions inherited from IEEE 2030.5 created heavy communication overhead when layered onto CSIP-Aus, which is precisely why national governance is needed before any such functionality becomes mandatory in connection requirements. Western Power's early adoption of draft functionality risks locking in these inefficiencies and imposing technical obligations that may shift as national work progresses.

Moreover, direct device control is not only unnecessary but counterproductive in WA's context. It conflates communication-layer interoperability with behavioural standardisation, an issue we have cautioned against in previous submissions, and removes the optimisation layer that Edith and other trials show is central to customer value, system efficiency and

aggregator innovation. Price- and signal-based mechanisms, by contrast, support both wholesale market participation and local network needs, enabling CER to deliver value where it is most efficient to do so.

For these reasons, Tesla encourages the ERA, through AA6, to ensure that:

1. **CSIP-Aus continues to be used as intended:** a communications protocol for delivering signals, not a behavioural standard or device-level control system.
2. **Price and signal-based approaches remain the primary mechanism** for managing CER at the distribution level, consistent with the evidence from Project Edith and best-practice DSO design.
3. **Connection processes are protected from becoming the de-facto enforcement channel for ungoverned technical requirements**, ensuring customers and technology providers are not required to redesign systems multiple times as standards evolve.

By preventing premature technical obligations and reinforcing signal-based DER integration, the ERA can help ensure that Western Power's connection processes support, rather than constrain the growth of CER and maintain alignment with national CER development. This is essential to reducing delays, improving customer outcomes, and enabling the SWIS to unlock the full value of distributed energy resources.