25th November 2016

Mantas Vencius,
Commission for Energy Regulation,
The Exchange,
Belgard Square North,
Tallaght,
Dublin 24

RE: EAI Response to CER Consultation CESB Electric Vehicle Pilot and Associated Assets (CER/16/286)

Dear Mantas,

EAI welcomes the opportunity to comment on this Consultation (CER/16/286) and recognises the significant implications the outcome will have for the electricity and transport sectors in Ireland. EAI has previously responded positively to Consultation CER 14/057d on the provision of funding to ESBN to undertake the research project and to the Department of Transport, Tourism and Sport consultation on the transposition of the Alternative Fuels Infrastructure Directive. These responses reflect our strong support for the decarbonisation of electricity and the effective role electricity can play in the decarbonisation of transport.

EAI’s responses to the questions posed are provided below. These are based on the CER’s conclusion that EV charging system operators do not fall within the legal category of an electricity Supplier, however, it may be that further legal clarity is required on this point. EAI’s primary concerns in the context of this consultation are to:

a) Support the ongoing development of reliable public charging infrastructure as a necessary prerequisite to greater customer confidence in and uptake of electric vehicles and

b) Ensure a hiatus in current service provision does not arise during the decision-making and any transitional phase.

---

1. Funding of the EV trial:
   a) The CER requests respondents’ views on the ESB eCars proposal regarding funding in relation to the additional expenditure on the trial.

EAI has supported the early provision of funding of €25m to the EV charging research project given its acknowledged importance in terms of delivering key climate and energy policy objectives and related national targets. EAI also acknowledges the value of the world-leading research that has been undertaken on the range of impacts of the adoption of EVs on the distribution system and critical related factors, including safety.

EAI notes the explanation for the overspend of €6.1m on the project provided by ESB ecars but does not have the information necessary to understand whether this overspend has been incurred in a justifiable manner. In this context, EAI could only support recovery of additional costs where it is clearly demonstrated that the costs were necessary, efficiently incurred and not an oversight in the planning process of the project.

EAI also notes that funding for the pilot project was only provided until the end of 2015 and that costs of providing and maintaining the service have been incurred since. As outlined at the outset, EAI is concerned about the ongoing provision of the charging infrastructure and related services and would ask that the CER provide clarity on the policy and funding to be made available for this intervening period and any transitional period until a decision on the ownership of assets is complete.

2. CER objectives in relation to EV policy:
   a) Do you agree with the CER’s objectives for EV policy?

EAI is aware of the intention of the EU Commission to address the issue of electric vehicles and the charging of these in the frame of a recast Electricity Directive to be published in the coming weeks. While current draft proposals clearly may not reflect in any respect the final Commission’s proposal, we do note the intention in the revised draft Electricity Directive proposal to impose a duty on:
   - Regulatory Authorities (RAs) to promote the deployment of electro-mobility including through facilitating smart charging and the connection of recharging points to the distribution networks (See Annex 1 – Draft EU Commission Proposal for a recast Electricity Directive), and
   - DSOs to facilitate the non-discriminatory connection of charge points to networks.

In this context EAI acknowledges the validity of the proposed CER objectives. However, in light of the foregoing, EAI considers the first objective - to “Ensure the CER’s policy does not create barriers to competition in the market for provision of EV charging services” – should be reconsidered and a more proactive evaluation objective set i.e. “Ensure the CER’s policy promotes the competitive deployment of EV charging services”.

Furthermore, in relation to the second CER objective, EAI considers that in addition to ensuring the EV charging service is appropriately operated and maintained any long-term policy should also focus on ensuring an appropriate geographical distribution in delivering the service to EV owners. This is to avoid the risk of concentrating charging services in urban areas and on high-volume interurban routes only.
b) **Are there other objectives the CER should consider?**

The CER should include the interoperability of services provided by operators across different States as an objective given its importance as a functionality for EV owners. CER has already identified in its previous consultation that this is important in terms of maximising the value of the infrastructure. CER might also consider fee payment arrangements for charge-point users as this will be an important signal for future investment by potential service providers.

**c) Do you consider conditions should be attached to the ownership of the assets? If so, what kind of conditions should be added?**

EAI is of the view that in the longer term the development of a competitive market in charging services will obviate the need for conditions to be imposed on the future owner of this or any other charging asset.

In the shorter term and while this represents the total asset base in the State, EAI is of the view that appropriate conditions in relation to operation, maintenance, customer services, interoperability and balanced future regional expansion may be of benefit. In terms of balanced regional development, conditions related to prioritising facilities for EV owners who do not have the option of home charging may also be relevant. The primary purpose of any conditions should be to increase EV owners’ confidence in the reliability, availability and choice of infrastructure provider and supplier and thus encourage the further growth in deployment of EVs.

---

3. **ESB eCars Proposals:**

In principle, EAI is opposed to policy costs being included in electricity bills other than those directly associated with electricity generation, transmission, distribution and supply. However, EAI did support the provision of research funding for this project through the DUoS regime given its critical importance in delivering national policy objectives and targets, in particular in relation to carbon emissions from transport.

In moving beyond the research phase, EAI would reiterate that publicly accessible charging infrastructure should be delivered on a competitive, commercial basis. Should on-going funding beyond that reasonably recoverable from EV charge point system users be required in the near to medium term to ensure an appropriate level of profitability for operators, this should ideally be based on direct Government supports and not necessarily from the general electricity consumer.

**a) Do you agree with the ESB eCars proposed four options?**

Yes, insofar as they broadly reflect the range of realistic options available.

**b) Are there other ownership models the CER should consider?**

Other ownership models exist e.g. direct provision by vehicle manufacturer/franchisee, however we do not think this would be a realisable option in the context of the asset in question.

**c) What is your recommended option?**

EAI has stated above that, in principle, electricity customers should not subvent policy objectives that are not directly related to electricity services – specifically in this case, electricity customers should not pay for the delivery of transport policy objectives.

There are diverging views within the EAI as to what option is most suitable for the assets in question. EAI acknowledges that the provision of charge-point services is still at an early developmental stage.
In making a determination on this point, EAI is of the view the CER’s decisions should be based on a number of key principles as outlined above:

- There should be no interruption to the charge-point service currently provided to EV users as this risks major disruption to the deployment of electric transportation,
- The ultimate goal should be to ensure that charge-point services are provided to users in the context of a competitive market framework,
- Electricity supplies to charge-points should be determined on a competitive basis,
- General electricity customers should not subvent transport public policy objectives,
- EV charge-point system users should pay a fair and reasonable price for the services provided, recognising in the short to medium term this may be insufficient to cover investment costs and
- Transitional arrangements may be required to ensure investment cost recovery by charge-point system operators in the short to medium term.

**d) Under your recommended option how would CER ensure that the current value of the assets is adequately reflected?**

Under any of the options suggested, EAI would strongly urge the CER to ensure that there is a robust framework in place which ensures the principles of continued operation, competition and ongoing development in line with Government policy are enshrined.

We would be happy to provide clarification in relation to any of the points raised in this response.

Yours sincerely,

Owen Wilson,
CEO
Electricity Association of Ireland.
ANNEX 1

Draft EU Commission Proposal for a recast Electricity Directive

Article 57

General objectives of the regulatory authority

(g) promoting the deployment of electro-mobility including through facilitating smart charging and the connection of recharging points to the distribution networks; (new)

Article 32

Integration of electro-mobility into the electricity network

1. Member States shall provide the necessary regulatory framework to facilitate the connection of publicly accessible and private recharging points to the distribution networks. Member States shall ensure that distribution system operators do not discriminate against undertakings that own, develop, operate or manage recharging points for electric vehicles, including with regard to connection to the grid.

2. Member States may allow distribution system operators to own, develop, manage or operate recharging points for electric vehicles only if the following conditions are fulfilled:

2.1. other parties, following an open and transparent tendering procedure, have not expressed their interest to own, develop, manage or operate recharging points for electric vehicles;

2.2. the regulatory authority has granted its approval.

3. Provisions of Article 34 and Article 55 shall apply accordingly to distribution system operators engaged in ownership, development, operation or management of recharging points.

4. Member States shall perform at regular intervals or at least every five years a public consultation in order to re-assess the potential interest of market parties to own, develop, operate or manage recharging points for electric vehicles. In case the public consultation indicates that third parties are able to own, develop, operate or manage such points, Member States shall ensure that distribution system operators' activities in this regard are phased-out.