SUBMISSION

FACILITATING ELECTRIC VEHICLE CHARGING INFRASTRUCTURE ROLLOUT UNDER COMMONWEALTH GRANTS – AEMC (ERC0436)

5 NOVEMBER 2026

INTRODUCTION

The Energy Users Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and businesses use every day including bricks, glass, steel, aluminium, cement, paper, food, beverages and data services. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

EUAA members are focussed on making products that meet their own customers' requirements where energy is just one input to the process, albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the National Electricity Objective (NEO) so that our members can continue to provide a fit-for-purpose product for their customers.

Thank you for the opportunity to make a submission to the Australian Energy Market Commission (AEMC) draft determination on facilitating electric vehicle charging infrastructure under Commonwealth grants. The EUAA supports targeted measures that remove genuine barriers to the efficient rollout of and investment in consumer energy resources (CER) infrastructure. As CER uptake accelerates, distribution networks will have an increasingly important role in enabling that investment and ensuring new technologies can be efficiently integrated into the electricity system.

In the context of electric vehicle charging infrastructure (EVCI), the EUAA supports Distribution Network Service Providers (DNSPs) playing a key enabling role, particularly through site identification and streamlined connection processes. DNSPs have unique visibility of network constraints, hosting capacity and localised demand, and are therefore well placed to identify where new load can be most efficiently integrated. This is consistent with the position taken in our initial submission.

However, there is an important distinction between DNSPs enabling private investment and infrastructure being provided on a regulated basis and funded by electricity consumers. Where infrastructure is provided on a regulated basis and funded through electricity network charges, the EUAA considers there must be a clear and demonstrable net benefit to electricity consumers as a whole.

We are not satisfied that this threshold has been demonstrated across all elements of the program. The AEMC has been unable to conclude whether the benefits of DNSP last-resort kerbside alternating current (AC) charging will exceed the costs borne by consumers, identifying significant uncertainty about whether this infrastructure will induce sufficient additional electric vehicle (EV) uptake. In contrast, there is a stronger case for regional blackspot charging and charge point operator (CPO)-led kerbside charging.

This distinction is especially important in the current environment. Electricity consumers are already funding significant investment in the energy transition through their electricity bills. While the EUAA recognises the broader policy objectives associated with accelerating EV uptake and reducing transport emissions, these are ultimately transport and economy-wide emissions policy objectives. Electricity consumers should not become the default funding source for broader policy objectives simply because the infrastructure can be facilitated through the electricity regulatory framework. Where the benefits are economy-wide, there is a legitimate question as to whether the costs should instead be met through broader government funding. This builds on the EUAA's initial concern that costs would be recovered from customers who may receive limited or no direct benefit from the infrastructure.

This concern is heightened by the regulatory treatment proposed in the draft rule. The draft would classify a broad range of approved program activities as standard control services, including DNSP installation and maintenance of charging infrastructure, enabling their costs to be socialised across electricity customers. This is not simply an incidental regulatory mechanism. It is a central policy choice within the draft rule and requires clear justification, independent scrutiny and strong consumer safeguards.

DISCUSSION

COMPETITION AND THE CASE FOR INTERVENTION

The EUAA considers the draft determination provides greater clarity on the barriers the program is seeking to address. In particular, there appears to be reasonable evidence that existing site identification, connection processes and facility-access arrangements can create barriers to efficient EVCI investment. The AEMC notes evidence from market participants of lengthy connection processes and highly variable access costs, and considers there is sufficient evidence to support targeted measures aimed at reducing these barriers.

This reinforces our support for DNSPs playing an enabling role. Their visibility of network constraints, hosting capacity and localised demand means they are well placed to lead site identification and identify where new load can be efficiently integrated, consistent with our initial submission. Site identification should form part of a broader EVCI roadmap that considers expected consumer demand, utilisation, existing and planned charging infrastructure, and input from CPOs and local governments. This builds on the original program design, which envisaged DNSP site identification alongside Commonwealth mapping and input from CPOs and councils.

However, the existence of barriers to competitive investment does not necessarily establish a case for regulated DNSP provision of EVCI. Significant uncertainty remains around metropolitan kerbside charging, and the AEMC has been unable to conclude whether the benefits of DNSP last-resort AC charging will exceed its costs. Moving from identified barriers to regulated investment in an emerging competitive market therefore appears premature. The priority should be to remove those barriers and allow the market to respond. The CPO-led component will itself provide evidence on whether removing site identification, connection and facility-access barriers supports further private deployment. Importantly, these arrangements apply only to participating program sites and do not resolve equivalent barriers to EVCI deployment more broadly.

Competition risks also remain. The AEMC acknowledges that regulated DNSP participation could affect existing providers and private investors' expectations about the future role of DNSPs in EVCI markets. Site-selection arrangements should therefore avoid inefficiently duplicating or crowding out existing or committed competitive EVCI.

The requirement for competitive tendering when a DNSP appoints a single CPO or e-mobility service provider (EMSP) is an important safeguard. However, those tenders should be open, transparent and non-discriminatory, with clear selection criteria and appropriate market testing to guard against preferential treatment. The tender objective should also reflect the interests of electricity consumers funding the underlying infrastructure. Minimising the charging price paid by EV drivers should not take precedence over minimising the total costs ultimately borne by electricity consumers.

This also highlights a tension in the proposed standard control treatment. Where the program is deliberately seeking to minimise the price paid by an identifiable user of the charging service, there is a stronger case for those users to contribute towards the cost of providing that service. The fact that a site is uneconomic on a user-pays basis does not, of itself, establish that the resulting shortfall should instead be recovered from all electricity consumers. The appropriate balance between user contributions, government funding and any socialised cost recovery should be established before defaulting to standard control treatment.

A stronger case exists for direct intervention in regional blackspots, where the AEMC finds commercial investment is unlikely and the risk of crowding out competitive investment is correspondingly lower. DNSPs should therefore play an enabling role through site identification and efficient connections, with direct provision reserved for demonstrated market gaps where competitive investment is unlikely to emerge.

CONSUMER CONTRIBUTIONS AND SOCIALISATION OF COSTS

Appropriateness of consumer funding

The introduction of a cap on the amount that can be recovered from electricity consumers is a welcome improvement to the original proposal. However, a cap does not resolve the more fundamental question of whether consumers should fund the expenditure in the first place. Where infrastructure is provided on a regulated basis and funded through electricity network charges, there must be a clear and demonstrable net benefit to electricity consumers as a whole.

This threshold is particularly important because consumers ultimately bear the underlying demand and utilisation risk. DNSPs are provided a reasonable opportunity to recover the efficient costs of regulated investment, including the costs of maintaining program assets over their economic life. If expected demand or consumer benefits do not materialise, those costs do not disappear. They continue to be recovered from consumers.

The proposed 70 per cent electricity-consumer contribution should operate as a maximum, rather than a fixed funding allocation. The 70:30 ratio was derived by reference to existing regulatory cost-sharing arrangements, rather than an assessment that electricity consumers receive 70 per cent of the benefits of the program. There is therefore no clear basis for applying the same consumer contribution to every investment irrespective of its economics or risk. Where the Department of Climate Change, Energy, the Environment and Water (DCCEEW) chooses to support less-economic or higher-risk sites to achieve broader policy objectives, the Commonwealth should carry a greater share of the cost. Consumers should not bear the brunt of a policy decision to invest where demand, utilisation or commercial viability is weakest.

Electricity consumers are already funding substantial investment associated with the energy transition. This is particularly relevant here, where accelerating transport electrification and reducing transport sector emissions are explicit objectives of the program. These are legitimate policy objectives, but they are also broader economy-wide

objectives. Electricity bills should not become the default mechanism for funding broader government policy simply because the expenditure can be facilitated through the electricity regulatory framework.

Impact on commercial and industrial consumers

The EUAA considers that the impact on commercial and industrial (C&I) consumers has not been adequately assessed. The draft determination relies on an indicative increase of around $1 per year for five years for a typical customer, while acknowledging that actual impacts will depend on which DNSPs participate. This residential measure provides no meaningful insight into the costs that may be allocated to C&I customers, despite these customers paying significant network charges and potentially receiving little or no direct benefit from the infrastructure. This concern was raised in our initial submission and remains unresolved.

A final determination cannot be made until the AEMC has undertaken a meaningful assessment of the impacts on C&I consumers. At a minimum, this should model the impact on a high load-factor industrial customer and a large variable or seasonal customer. The assessment should identify the likely dollar and percentage bill impacts for each customer profile and how these vary across DNSPs and relevant tariff classes.

The AEMC should also consult directly with affected C&I customers to test its assumptions and understand the cumulative impact of adding further regulated costs to electricity bills. This is particularly important for customers already paying significant amounts in network charges, where even a small percentage increase can translate into a material dollar cost. The cross-subsidisation inherent in the proposed funding model heightens this concern, as C&I customers may bear a material share of the costs while having limited or no direct use of the infrastructure being funded. This distributional impact cannot be understood from an average residential bill impact. The draft determination itself recognises that the funding model involves cross-subsidisation, with some customers contributing to infrastructure they may not use, and that understanding impacts across different customer groups is relevant to considering the long-term interests of consumers.

Without this analysis and consultation, the AEMC cannot reasonably conclude that the proposed socialisation of costs is proportionate, equitable or in the long-term interests of C&I consumers. An average residential bill impact is not a substitute for assessing the customers that pay some of the largest network bills.

REGULATORY ACCOUNTABILITY AND COST RECOVERY

The draft determination addresses several concerns raised in our initial submission. In particular, it returns operating expenditure (opex) to the standard regulatory treatment, and retains a role for the Australian Energy Regulator (AER) in subsequent regulatory determinations, including through expenditure incentive schemes, ex-post capital expenditure (capex) review and assessment of ongoing opex. These are welcome improvements. However, our key concern remains that the AER only performs its usual regulatory role at the back end, after the initial expenditure has been authorised.

Under the draft framework, DCCEEW determines the authorised program costs through the grant process. Once a valid program cost statement is provided, those costs are binding on the AER, with the AEMC describing the resulting cost adjustment as mechanical in nature. The size and efficiency of successful bids are therefore not subject to upfront AER scrutiny because competition between DNSPs for the grant is intended to substitute for that assessment.

We consider that competition between DNSPs for a grant is not the same as competition between providers who bear the commercial consequences of their investment decisions. More importantly, the effectiveness of this substitute depends on genuine competitive tension, which is not currently assured. The AEMC acknowledges that it cannot be certain how many DNSPs will participate, while DCCEEW intends to consider policy objectives, including geographic distribution, alongside cost when assessing bids. Both factors weaken the assumption that a successful bid will necessarily represent an efficient cost for electricity consumers to fund.

This is also a nascent and evolving market, with material uncertainty around technology, utilisation, consumer demand and the appropriate long-term role of regulated networks. Those uncertainties argue for greater regulatory caution, not less. The regulatory framework should avoid locking in enduring arrangements or weakening established consumer protections before the market and evidence base have had an opportunity to mature. The program itself is expected to generate further evidence on utilisation, consumer value and commercial viability, while the enduring role of DNSPs is being considered separately.

The competitive grant process should therefore complement, rather than replace, independent economic regulatory scrutiny. The AER should have a targeted role where competitive tension is weak, including where few conforming bids are received or selection is materially influenced by non-cost considerations. DCCEEW should also publish sufficient information to demonstrate value for money, including the number and range of bids received, comparable cost-per-site information and how costs to electricity consumers were weighed against broader policy objectives. This would preserve DCCEEW's role in administering the program while maintaining the AER's role as the independent economic regulator, consistent with the regulatory accountability concern raised in our initial submission.

Experience from other government-supported CER programs provides a useful reminder that competitive funding processes do not, by themselves, establish that network delivery costs are efficient. We consider that there is also value in independently benchmarking network expenditure against comparable programs and competitive delivery models.[1]

Finally, the regulatory departures required to implement this program must not establish a precedent for the enduring treatment of EVCI or other contestable CER activities as regulated network services. The draft provides for approved activities to be treated as standard control services for cost recovery and ring-fencing purposes, removes relevant restricted-asset constraints and modifies usual connection arrangements. These are material departures from regulatory protections that help maintain the boundary between monopoly network activities and contestable markets.

The final determination should state unequivocally that these arrangements create no regulatory precedent. They should apply only to this Commonwealth program, only to approved program activities, and only for so long as required to give effect to those activities. They should not be relied upon in any subsequent rule change, regulatory determination or review as evidence that EVCI, or other contestable CER activities, are appropriately classified as

[1] Figure 12 of the Australian Renewable Energy Agency's *Community Battery Market Snapshot Report* for Round 1 of the Commonwealth Community Batteries program found materially different project costs between network and non-network battery projects. Weighted average total project costs were approximately $2,291/kWh for network batteries compared with $1,327/kWh for non-network batteries, with simple averages of $2,244/kWh and $1,274/kWh respectively. While community batteries are not directly comparable to EVCI, the experience raises a legitimate question as to whether network expenditure represents an efficient cost for consumers to fund and reinforces the value of independent scrutiny and benchmarking.

regulated network services. The enduring role of DNSPs must be assessed afresh through the processes established for that purpose, including the Electricity Network Regulation Review.

TREATMENT OF REVENUE

The draft determination addresses part of the double-recovery concern raised in our initial submission. CPO connection fees will reduce recoverable capex, while payments from CPOs or EMSPs to operate DNSP-owned EVCI will reduce the opex recovered from electricity consumers. This is consistent with our position that consumers should not fund assets through regulated charges while DNSPs simultaneously retain revenue associated with those same activities.

However, the same principle should apply to all revenue generated through the program. Facility-access fees and Commonwealth-funded CPO take-up incentive payments are treated as unregulated revenue and are not deducted from the costs recovered from consumers. Facility-access revenue may only be shared with consumers where the materiality threshold under the AER's Shared Asset Guidelines is met. DNSPs should be able to recover the efficient costs of delivering the program, but should not receive additional financial benefits from activities already supported by government and electricity consumers. All program-related revenue should therefore be used to reduce the costs ultimately borne by electricity consumers.

ASSET LIVES AND STRANDED-ASSET RISK

The draft determination substantially addresses the stranded-asset concern raised in our initial submission by adopting indicative economic lives of around five years for kerbside AC EVCI and ten years for regional direct current (DC) EVCI, rather than allowing recovery over conventional network-asset lives. It also provides that DNSPs will not automatically be entitled to replace EVCI at the end of its technical life. This is a material improvement given our concern that rapidly evolving technology, uncertain utilisation and changing consumer preferences could leave consumers funding assets after they cease to provide meaningful value. The AER should retain flexibility to set economic lives and depreciation profiles that reflect the expected useful life of the individual assets, including accelerated depreciation where warranted, and consumers should not bear the cost of replacing program assets unless any future investment is separately justified under the regulatory framework applying at that time.

Given consumers will fund a significant share of the program, actual expenditure, utilisation, revenues and consumer cost recovery should also be reported transparently so the performance of the program can be assessed against the benefits used to justify that funding.

CONCLUDING REMARKS

The EUAA supports DNSPs playing an enabling role through site identification and efficient connections, and recognises a case for targeted intervention where a genuine market gap has been demonstrated. Where competitive investment can emerge, regulatory arrangements should focus on removing barriers rather than replacing the market with regulated investment. Where consumers are required to fund regulated investment, the contribution must be proportionate to a clear and demonstrable consumer benefit and subject to appropriate independent regulatory scrutiny.

The EUAA recognises the broader benefits of transport electrification and the importance of reducing transport sector emissions. These are explicit objectives of the program and relevant to the AEMC's assessment under the

NEO. However, those broader benefits do not, of themselves, establish the case for regulated DNSP investment or for allocating the associated costs to electricity consumers.

We consider that this program is being implemented at a time when the EVCI market, technology and evidence base continue to develop. The draft itself recognises the value of using the program to generate evidence on utilisation, consumer value and commercial viability before broader or enduring regulatory arrangements are considered. The final rule should preserve that distinction. Transitional arrangements made to facilitate this program should remain tightly confined and should not predetermine the enduring role of DNSPs, the appropriate service classification of EVCI, or the regulatory treatment of contestable CER activities more broadly.

The EUAA welcomes further discussions around the issues raised in this submission. Please contact EUAA Energy Regulation Manager Shelby Macfarlane-Hill, should you have any questions.



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