



Ms Anna Collyer
Chair
Australian Energy Market Commission
PO Box A2449
SYDNEY NSW 1235

Dear Ms Collyer

Rule change request: Accelerating Electric Vehicle Charging Program

On behalf of the Department of Climate Change, Energy, the Environment and Water (**DCCEEW**), I am writing to request the Australian Energy Market Commission's (**AEMCs**) consideration of the following rule change request to support delivery of a key government program, the *Accelerating EV Charging Program* (the **program**), announced by the Australian Government in September 2025.

The program seeks to identify and leverage the complementary strengths of Charge Point Operators (**CPOs**) and Distribution Network Service Providers (**DNSPs**) to rapidly rollout Electric Vehicle Charging Infrastructure (**EVCI**) and support the creation of a dynamic market that can meet the future needs of Australian Electric Vehicle (**EV**) drivers.

Reliable and convenient public charging is essential to mainstream EV uptake, and critical for people who cannot charge at home, including those living in apartments, townhouses or without off-street parking.

The proposed program, and this rule change request, is the result of broad consultation across industry, market bodies and state and territory governments. It has been carefully designed to balance the need to accelerate the rollout of EV charging infrastructure to support strong EV uptake, with the desire to preserve market competition and deliver value for Australians, including electricity consumers.

Under the program, details of which are set out in Appendix B of the rule change request, funding will be made available to support DNSPs to identify suitable sites within their networks to host EVCI (for example, power poles), complete connection works and (in some cases) install and maintain EVCI. CPOs will be given the first right of refusal to deploy EVCI at sites made ready through the program, with DNSPs acting as 'providers of last resort', responsible for deployment at sites CPOs are unwilling or unable to develop at the time of the program. The commerciality of sites is proposed to be re-tested at the end of the program to help support future competition in the EVCI market.

This rule change request seeks to enable DNSPs to add the costs incurred by them under this program to their opening Regulatory Asset Base (**RAB**) for the next period, less the amount to be offset by grants. The RAB adjustment amount would be determined through the program, the design of which will mirror the incentives in the National Electricity Rules. DCCEEW estimates the potential bill impact associated with the program to be minor, peaking at \$0.70 - \$1.44 (depending on the network area), and with no bill impact before 2029.

For all chargers deployed under the program, CPOs will be appointed to operate them and DNSPs will not have a role in the sale of electricity. Additionally, the program will not deliver DC chargers in metro areas, where the economics of EVCI supports contestable delivery. These are important features of the program to preserve competition in the market.

The proposed rule change contributes to the National Electricity Objective by helping achieve the Australian Government's commitment to reduce national emissions by 43% on 2005 levels by 2030, 62-70% by 2035, and net zero by 2050. The program is modelled to deliver \$809 million in emissions reduction value. In the absence of this program, the transition to a low carbon transport sector is expected to occur at a slower pace.

Thank you for your consideration of this request and please do not hesitate to contact me if you require any further information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Matt Ryan', with a long horizontal flourish extending to the right.

Matthew Ryan
Branch Head, Land and Transport
Emissions Reduction Division
Department of Climate Change, the Environment, Energy and Water

28 April 2026

encl.

Accelerating Electric Vehicle Charging Program

Rule change request

- Date:** 28 April 2026
- Purpose:** Rule change request to the Australian Energy Market Commission (**AEMC**) to support the Accelerating Electric Vehicle Charging Program
- Applicant:** Department of Climate Change, Energy, the Environment and Water (**DCCEEW**)
GPO Box 3090 CANBERRA ACT 2601
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Introduction

The Accelerating Electric Vehicle Charging Program (**program**) seeks to identify and leverage the complementary strengths of Charge Point Operators (**CPOs**) and Distribution Network Service Providers (**DNSPs**) to rapidly rollout Electric Vehicle Charging Infrastructure (**EVCI**) and support the creation of a dynamic market that can meet the future needs of Australian Electric Vehicle (**EV**) drivers. The program is intended to drive emission reductions, use innovative ways to improve coordination between network planning and EVCI deployments, reduce connection timeframes and costs, and support efficient investment outcomes to accelerate the deployment of EVCI and uptake of EVs.

The program cannot be enacted under the existing regulatory framework meaning a rule change is needed. This rule change application proposes that the rule only apply to EVCI delivered by the program and is therefore scope and time bound.

Background on rule change requests

The National Electricity Rules (**NER**) govern how the electricity market operates, alongside other legislation and targets that shape and influence outcomes such as state and territory legislation, national competition and consumer laws, renewable energy targets and emissions reduction targets.

The Australian Energy Market Commission (**AEMC**) makes and amends the NER and is guided in its decision-making by legislated national energy objectives. The AEMC will only make a rule change if it is satisfied that it will or is likely to contribute to the achievement of these objectives.

Document structure

This document sets out our request to the AEMC for a rule change to allow DNSPs to add the costs incurred by them under the program to their opening Regulatory Asset Base (**RAB**) in the next regulatory period.

The document is structured as follows:

- **Problem statement:** outlines the key issues the proposed rule change is seeking to address.
- **Program overview:** provides a description of the program.
- **Meeting the NEO:** outlines how the rule change would contribute to the achievement of the National Electricity Objective (**NEO**).
- **Proposed rule change:** describes the proposed rule.
- **Appendix A:** demonstrates which section of this application meets each of the rule change request requirements.
- **Appendix B:** outlines detailed program design elements.
- **Appendix C:** provides suggested drafting of the rule for AEMC consideration.

Confidentiality

Alongside this rule change request document, we have provided the AEMC with a model with the expected timing, size and operation of the program designs, and the impact to program participants. We

claim confidentiality over this model and the associated data and assumptions due to information having been sourced from industry and its commercial-in-confidence nature. The key findings are outlined in this rule change request.

Problem statement

EVCI is not being rolled out at a rate needed to support emission reduction targets. This is being driven by a chicken and egg problem; customers are hesitant to purchase EVs without sufficient EVCI, and investors are hesitant to deploy more EVCI with low EV uptake and associated low utilisation. This cycle needs to be broken. Doing so does not necessarily require a long-term intervention but can be achieved via a targeted and time-bound solution and rule. We support consideration being given to the roles and responsibilities of players in the EVCI market over the longer term but note this rule change request does not seek an enduring change.

Business-as-usual site identification processes, connection processes (timelines and costs) and DNSP infrastructure leasing arrangements are hampering Australia's ability to make fast gains in the deployment of EVCI and break the chicken and egg cycle. This program and rule change request seeks to overcome current barriers and support the EVCI market during the early phases of EV uptake.

The imperative to support EVs and EVCI has heightened with recent fuel supply chain interruptions driven by global events that are outside of Australia's direct control. Without the infrastructure in place to support a transition to EVs, Australian consumers will be left with less choice and higher transportation costs.

These issues are discussed further below.

Needed to support emission reduction objectives

The Australian Government is committed to reducing national emissions by 43% on 2005 levels by 2030, 62-70% on 2005 levels by 2035, and net-zero emissions by 2050. According to Australia's latest emissions projections, the transport sector is on track to be Australia's second largest source of greenhouse gas emissions by 2030, surpassing electricity generation.¹ Rapid decarbonisation of the transport sector is critical for Australia to meet the government's emissions reduction targets and the electrification of light vehicles is a key part of this.

The current rate of EVCI deployment, though increasing, is not keeping pace to support the level of EV uptake that is required to achieve Australia's emissions reduction targets. Charging deployment grew by 19% in 2025, but this lagged the 53% growth in EV sales and falls behind the Australian Energy Market Operator's (AEMO) forecasts (Step Change scenario) that informs national planning and support for decarbonisation. DCCEEW estimates Australia will need around 78,000 public charge points by 2030 to support projected EV uptake (under AEMO Step Change scenario) and bring charging experience in line with geographically comparable countries like Canada and the United States. This represents a roughly eight-fold increase on current EVCI levels in the next 5 years. The CPO-sponsored *Charging Ahead* report outlines Australia will require 25,000-40,000 public direct current (DC) charging plugs and approximately double those numbers in public alternating current (AC)²

¹ DCCEEW, Australia's emissions projections 2025, November 2025

² Verdant Vision, CHARGING AHEAD, A Path Forward for Public EV Charging in Australia 21 November 2025

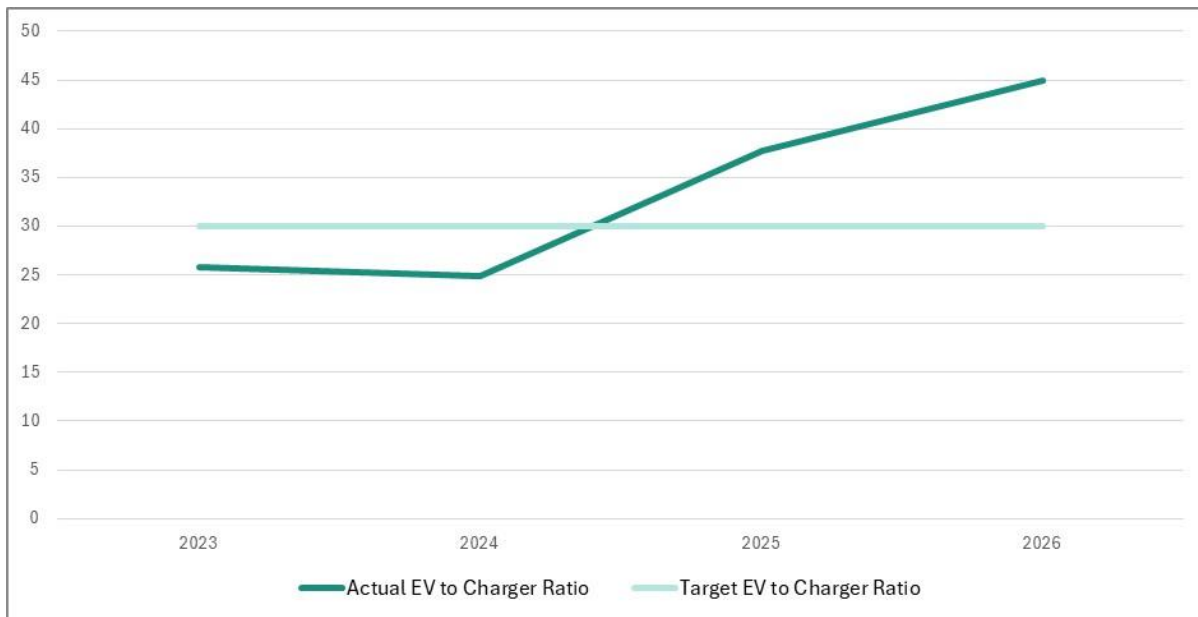
Needed to overcome EVCI market frictions

Reliable and convenient public charging is essential to mainstream EV uptake, and critical for people who cannot charge at home, including those living in apartments, townhouses or without off-street parking. A paucity of EVCI in Australia is acting as a direct barrier to the uptake of EVs, and consequential emissions reductions, in the minds of potential purchasers. A September 2025 survey conducted by Behavioural Economics Team of the Australian Government (**BETA**) with over 3,700 participants found:³

- That four out of ten consumers are concerned about the availability of public charging infrastructure, and one in ten said it was their main concern when considering an EV.
- There is a strong positive correlation between noticing more public chargers in their neighbourhood and respondent consideration and purchase of EVs. 17% of respondents purchased an EV when they noticed more chargers in their neighbourhood compared to 7% that did not notice.

Further, while the ratio of public chargers to EVs exceeded DCCEEW’s target when the EV market was in its infancy, we are now falling behind and the trend suggests this will only get worse without intervention (figure 1).⁴

Figure 1: EV (including PHEV) to charger ratio vs target ratio



It is globally recognised that public investment is required to kickstart the EVCI market. Table 1 outlines the investments made by governments in comparator countries (and Australia).

³ Department of the Prime Minister and Cabinet, BETA, *Behavioural barriers and enablers of electric vehicle adoption in Australia*, September 2025

⁴ Based on the comparator companies of the United States and Canada, noting in many Scandinavian countries and South Korea there are significantly more chargers per EV, making this target conservative.

Table 1: International government investments in public EVCI

Government	Investment to date (\$AUD, millions)	Total number of public chargers	Future committed investments	Planned number of additional chargers
California, USA	\$174	8,601	\$79	-
Canada	\$291	33,500	\$936	51,000
United Kingdom	\$100	14,898	\$726	100,000
Australia	\$177	3,536	\$40	14,000 (under the program described here)

Canada and the United Kingdom each have made significant future funding commitments for EVCI of \$936 million and \$726 million, respectively. While Australia has invested in EVCI, unlike other OECD countries, to date Australia has not invested as heavily in public AC charging. Most of Australia’s investments have been in DC charging, focusing on journey enablement around the country and reducing ‘range anxiety’. There is now a need for government intervention to help overcome barriers to wide-scale deployment of AC charging and address regional blackspots.

The need for government support is confirmed by our consultation with state and territory governments to assess the commercial viability of the kerbside charger market. Based on this consultation, we understand that most kerbside chargers deployed to date in NSW and Victoria have been government-funded and limited, or no, kerbside chargers have been installed in other jurisdictions.

Needed for resilience against global fuel supply chain disruptions

Recent global events have resulted in significant fuel supply challenges for transportation and other sectors. There has been an acute, market-wide increase in liquid fuel prices with the five largest Australian cities experiencing an average increase of 81.3 cents per litre (cpl) and 126.9 cpl between 20 February to 25 March for regular unleaded petrol and regular diesel prices respectively.⁵ Some regions are currently experiencing temporary fuel shortages, with over 500 service stations across the country suffering from outages of at least one fuel type.⁶ The Australian Government has been

⁵ Australian Competition and Consumer Commission, *Weekly fuel price monitoring update Friday 27 March 2026*, March 2026

⁶ ABC News, <https://www.abc.net.au/news/2026-03-26/states-look-for-standardised-reporting-of-fuel-supply-levels/106497252>

coordinating a domestic policy response, including the release of national fuel/diesel reserves to ease shortages, changing fuel standards, and monitoring pricing behaviour.

In this context and noting that a lack of EVCI is a key concern for Australian consumers, it is important to ensure Australians who are considering switching to an EV are supported in their choice. These global events underscore the need for this program (and this rule change) to occur now and with priority.

Program overview

In September 2025, the Australian Government announced a \$40 million Accelerating EV Charging Program. The program has been designed as a competitive grants program in which all Australian DNSPs will be eligible to participate. DNSPs will be asked to leverage their strengths to identify EVCI suitable sites, perform connections, and (depending on the grant activity applied for) install and maintain EVCI where it is uneconomic. Grant applications will be assessed by DCCEEW with only those demonstrating value for money (as compared to other applications) being awarded contracts under the program.

At a minimum, CPOs will maintain a first right of right refusal for all kerbside EVCI under the program, will not need to navigate DNSP connection processes, will be eligible for capped facility access fees, and will always retain the role of e-Mobility Service Provider (**EMSP**) (that is, DNSPs will not be permitted to sell electricity from EVCI infrastructure to EV owners).

Grant funding will contribute towards program costs at a rate of 30%. This both reduces the price impact to electricity consumers and limits the program's total size by the grant funding available. The ratio of grant funding has been determined by reference to the existing regulatory framework whereby DNSPs are typically eligible to recover 70% of their costs from electricity consumers for expenditure that has not been forecast by them and approved by the AER within their current regulatory determinations (i.e. a mirroring of existing regulatory arrangements, which is discussed throughout this application).

Program designs

There are three EVCI sub-markets for light electric vehicle charging:

- Metropolitan/Kerbside charging – AC slow charging (<24kW) in metropolitan areas
- Metropolitan – DC fast charging (>24kW) in metropolitan areas
- Blackspot charging – DC fast charging for journey enablement or blackspots.

Three program design options have been developed; two are designed for AC kerbside charging and one for DC fast charging in uncommercial regional blackspots (*i.e.*, sub-markets 1 and 3 above). DCCEEW has consulted broadly with market participants and regulators to develop the program and the three discrete designs within it. As part of the engagement, CPOs strongly conveyed that DC metro charging is the most commercially viable of any charging sub-market. Based on this feedback, we are not seeking direct DNSP involvement in DC metro charging.

DNSPs will be encouraged to participate in any or all of the designs, noting the intent of the program is to have as many reasonable designs that support the installation of EVCI as possible. In summary, the designs are:

- **Kerbside Design 1 – CPO right of right refusal;** CPOs will have a right of first refusal on any suitable EVCI sites identified by DNSPs and DCCEEW ahead of DNSPs installing EVCI assets, allowing CPOs to bypass standard connection processes and timeframes.
- **Kerbside Design 2 – DNSP Tenders;** DNSPs will conduct tenders with CPOs having an ability to bid for EVCI sites and (CPO selected) EVCI infrastructure. Winning bidders will own, maintain and operate EVCI for the winning price.

- **Regional Blackspot Design;** DNSPs will leverage their existing assets to install and maintain regional DC charging in blackspot areas to provide more confidence to EV drivers against becoming stranded in regional and remote locations.

The forecast volume of chargers the program could potentially support is outlined below. Actual volumes will depend on a range of factors such as DNSP and CPO participation, EVCI cost and the allocation of funding towards the different program designs (which DCCEEW may vary depending on market feedback and interest).

Table 2: Forecast program EVCI volumes

Design Option	EVCI volume
Kerbside AC (design 1 and 2)	13,720
Regional DC – pole mounted (50 kW) (design 3)	321
Regional DC – charging hubs (e.g. at zone substations) (design 3)	52
Total	14,093

The program designs are outlined in more detail in *Appendix B: Program designs*.

DCCEEW is still consulting on the full details of program design to ensure consumer, DNSP and CPO interests are balanced.

Meeting the National Electricity Objective

A rule change application must outline the ways in which the proposed rule will or is likely to contribute to the achievement of the National Electricity Objective (**NEO**) to:⁷

“promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- a. price, quality, safety, reliability and security of supply of electricity; and*
- b. the reliability, safety and security of the national electricity system; and*
- c. the achievement of targets set by a participating jurisdiction—*
 - i. for reducing Australia's greenhouse gas emissions; or*
 - ii. that are likely to contribute to reducing Australia's greenhouse gas emissions.”*

We are of the view this program (and by extension the enabling rule) will or is likely to promote the NEO, particularly with respect to the achievement of emission reduction targets set by participating jurisdictions, which includes the Australian Government. The program has also been designed to promote efficient investment in, operation and use of EVCI with respect to price by promoting a well-functioning EVCI market.

Achievement of targets and reducing greenhouse gas emissions

The achievement of targets set by a participating jurisdiction and greenhouse gas emissions reductions are key benefits of this proposed rule change request.

The Australian Government is committed to reducing national emissions by 43% on 2005 levels by 2030, 62-70% by 2035, and net zero by 2050, as recognised by the AEMC.⁸ According to Australia’s latest emissions projection, the transport sector is on track to be Australia’s second largest source of greenhouse gas emissions by 2030, surpassing electricity generation.⁹ Rapid decarbonisation of the transport sector is critical for Australia to meet the government’s emissions reduction targets – the electrification of light vehicles is a key part of this.

Further, AEMO’s 2026 Draft Integrated System Plan (**ISP**) acknowledges that EVs represent a significant part of our transitioning grid and will contribute to the grid achieving net-zero emissions by providing flexible load and distributed storage capacity. Under the Step Change Scenario, AEMO have identified that EVs will make up 80% of all vehicles by 2050.

⁷ *National Electricity (South Australia) Act 1996*

⁸ AEMC, Emissions targets statement under the national energy laws, September 2025

⁹ DCCEEW, Australia’s emissions projections 2025, November 2025

We have conducted robust modelling on the volumes of EVCI, EVs and emissions levels in both a base case and policy case to forecast the impact of this program with respect to the value of emissions reductions. In summary, we forecasted the:

- volume of EVCI that can be supported by the program. The total volume was determined (and limited) by the availability of grant funding and the critical program design feature that the Australian Government will contribute 30% of DNSPs' capex and opex costs in lieu of this being funded by electricity consumers. EVCI and EVCI-related (e.g. site selection, site preparation) costs for each program design have been forecast from a combination of commercial-in-confidence cost information provided by CPOs, DNSPs, and collected from other government supported EVCI programs.
- volume of EVs supported by each public EVCI charger. This was based on the number of EVs (including PHEVs) per public charger in the United States and Canada (which are considered geographically comparable countries to Australia) using International Energy Agency (IEA) data, being 30 EVs per public EVCI charger.
- difference in emissions between an ICE vehicle and an EV based on average distance driven in a vehicle in Australia being 13,360 km per annum.¹⁰ The emissions of an ICE vehicle was determined using an average emissions intensity of 190.8 grams of CO2 per km.¹¹ The emissions of an EV was calculated based on electricity use of 17 kWh/100km¹² and the average yearly emissions intensity of electricity from the NEM over time as published in the ISP under the Optimal Development Pathway.
- the dollar value benefit from this emissions reduction is based on multiplying the number of EVs supported by the program by the difference in emission of ICE vehicles and EVs (from the steps above), then multiplied by a value of emissions reduction. This value is from *AER's valuing emissions reduction final guidance*, which is in turn based on based on Australia's Energy Ministers agreed method to derive the interim value of greenhouse gas emissions reduction to be used in considering or applying the national energy objectives.¹³

The results of this modelling are shown in Table 3.

Table 3: Emission reduction outcomes

Metric	Value
<i>EVs supported by the program</i>	423,000
<i>Emission reduction supported by the program</i>	9.8 million tonnes of CO2

¹⁰ Based on BITRE data, distance travelled by vintage data using 2025 as the representative year (averaged over vehicle life)

¹¹ National Transport Commission, Light vehicle emissions intensity in Australia: trends over time, December 2025.

¹² EVCI <<https://electricvehiclecouncil.com.au/docs/how-much-extra-electricity-will-i-use-in-my-home-when-i-buy-an-ev/>>

¹³ AER, Valuing emissions reduction, AER guidance and explanatory statement, May 2024

The emission reductions that have been determined are the direct benefit of the program based on the volumes of EVCI supported by the program, i.e. the number of EVs (over 10 years) supported by the program's EVCI. It excludes indirect benefits we would expect to flow from stimulating the market and breaking the 'chicken and egg' problem and excludes replacement EVs, and therefore is conservative in this respect.

Importantly, this value of emissions reduction represents a benefit to all consumers and not only EV users.

Promoting efficient investment and operation with respect to price

Driving efficiency reduces consumer costs over the long term, which has been front of mind in this program design.

Efficient investment in EVCI services

A key design feature of the proposed rules and the program is that it mirrors the existing regulatory incentive framework properties that promote efficient investment by DNSPs.

In particular, DNSPs will be required to forecast their expenditure under a competitive process and will then face the equivalent Capital Expenditure Sharing Scheme (**CESS**) incentives whereby DNSPs incur financial penalties for incurring expenditure above forecast and rewards for delivering projects below forecast cost (with the sharing ratio being 30% DNSPs: 70% consumers). This is the primary mechanism by which the regulatory framework encourages DNSPs to deliver projects efficiently. By mirroring this incentive in the program design, the program promotes the NEO with respect to efficient investment.

Minimising consumer cost through promoting competition

Where possible, we have sought to promote competition through this program to drive efficiency and in turn minimise consumer cost. This includes:

- Adopting a competitive grants program. A key criterion on which DNSP grant proposals will be assessed is forecast EVCI cost, which will be compared to other DNSPs proposals when determining which DNSPs will be eligible. Through this competitive process the program will drive cost efficiencies.
- In kerbside designs, CPOs will either have a right of first refusal for all sites (kerbside design 1) or will be directly appointed as responsible for owning, maintaining and operating the EVCI (kerbside design 2). In all cases, DNSPs will not be able to play the role of operator, ensuring retail competition for EVCI services. That is by increasing the number of EVCI points available, the program drives competitive outcomes in the EVCI market.
- With respect to regional black spot DC design, this program will only address areas where there is no prospect for competition. By being a provider of last resort and servicing uneconomic areas, we expect the program will support the uptake of EVs which will promote competition in the broader EVCI market.

Minimising consumer costs through innovative regulatory approaches

This program contains innovative regulatory approaches to drive efficiency and in turn minimise consumer cost. This includes:

- The program will require DNSPs to publish EVCI-suitable sites publicly to facilitate CPO EVCI deployment even if the DNSP is not selected to be part of the program. It is expected that this process will result in enduring benefits such as data transparency, making it easier for CPOs to identify suitable sites for EVCI outside of this program into the future.
- In the absence of this program, we consider it probable that the cost of deploying EVCI would be higher. This program leverages the relative advantages of DNSPs and CPOs to accelerate, but also reduce the cost of, deploying EVCI by:
 - **adopting innovative ‘program of works’ connection delivery models** – this program will tranche connections and deliver them as a package of works, which is expected to significantly reduce connection costs through coordinated planning and deployment.
 - **deploying more timely network connection identification models** – this will be achieved through the development of a more efficient model for connections compared to the current practices. The typical roles of DNSPs and market participants applying for connections will be reversed with DNSPs to lead the site identification process using their network insight to optimise connection locations. Connection timeframes will be substantially reduced through DNSPs pre-identifying appropriate sites and not requiring CPOs to go through the standard connection process (which can take 6-12 months) for each site. DCCEEW will also play a role in site selection including by promoting alignment with DCCEEW’s Electric Vehicle Charging Infrastructure Mapping Tool that has been developed in partnership with state and territory governments to help drive efficient site selection in underserved uncommercial areas.¹⁴
 - **leveraging broader DNSP practice improvements** – capping Facility Access Fees that CPOs must pay to DNSPs for use of their poles.

In addition to the direct benefits flowing from these innovations for the program, we consider the learnings could be applied to the rollout of other infrastructure that needs to be deployed at scale under the electricity framework.

Price and bill impact

The proposed rule would allow EVCI-related costs to enter DNSPs’ RABs and be recoverable from electricity consumers.

We have modelled expected maximum RAB additions from this program, and the consequential bill impact. Our modelling approach is as follows:

- EVCI and EVCI-related (e.g. site selection, site preparation) costs for each program design have been forecast from a combination of commercial-in-confidence cost information provided by CPOs, DNSPs and collected from other government supported EVCI programs.

¹⁴ DCCEEW <<https://evciroadmap.evenergi.com/>> Note, we also expect CPOs and Councils to play a role in this process.

- Relevant contributions, such as CPO connection fees and government grants have been netted from these costs to determine the value to be included in DNSPs' RABs (outlined further in *Appendix B: Program designs*)

The modelled maximum capex and opex addition from this program is shown in table 4.

Table 4: Capex and opex impact

Metric	Value
Maximum capex addition across the program (for all participating DNSPs) (\$, million)	85.4
Forecast opex cost over 5 years across the program (for all participating DNSPs) (\$, million)	11.8

We note in the absence of this program, we expect the transition to a low carbon transport sector will still occur and that EVCI would ultimately be deployed, only slower.¹⁵ As such, the market will incur the costs of deploying EVCI under the baseline without this program, so the true cost of this program is the cost of bringing forward EVCI, which is lower than the direct program costs (shown above). Furthermore, under this program, the Australian Government will provide a 30% contribution to offset price impacts to electricity consumers, further reducing the cost compared to a BAU scenario.

We have translated this into the expected bill impact as follows:

- Converting the forecast capex additions into an annual allowable revenue figure using a straight-line depreciation method as adopted in the AER's Post Tax Revenue Model and an average DNSP regulated WACC, and then adding opex to determine the total revenue allowance.
- Determining the percentage increase to DNSPs' annual revenue requirement (**ARR**) that this represents from their most recent regulatory determinations. Then, using information published by the AER on the percentage of a retail electricity bill that is made up by DNSP costs, determined the percentage increase to retail electricity bills from the ARR additions.
- Applied the percentage increase to the average market retail offer within DNSPs' networks to determine the retail consumer bill impact.¹⁶

Using this approach we calculated the peak (in 2029) electricity bill impact, which is a high side estimate because this:

- assumes 100% of available grant funding is used (i.e. full program subscription)

¹⁶ St Vincent de Paul Society < <https://www.vinnies.org.au/national-council/advocacy/energy/tariff-tracking> >

- assumes partial DNSP participation—if more DNSPs participate, the individual bill impact of the program will be lower because the program will be more geographically spread
- shows the highest bill impact year, noting assets will depreciate and bill impact will reduce
- takes the full cost rather than the cost of bringing forward EVCI connection costs that would have been included in a DNSPs’ RAB under a business-as-usual rollout.

This is modelled to have a peak residential consumer bill impact with the range indicating the modelled impact within different networks.

Table 5: Peak residential consumer bill impact in 2029

Metric	Value
Bill impact (\$)	\$0.79-1.44
Bill impact (%)	0.03-0.07%

Importantly, this bill impact is not expected to be realised until 2029 so is not expected to impact on Australian cost of living pressures during the current global fuel supply chain disruptions. This is because the program costs do not form part of the current regulatory determination forecasts and so assets will not be rolled into the RAB until these reset.

To note, the value of emissions reductions from this program exceeds consumer costs by a factor of more than 8 times.

Appropriateness of socialising costs

This program seeks to recover approximately 70% of incurred costs from electricity consumers. We consider this acceptable because:

- This program is not about serving the immediate needs of existing EV users. It is seeking to accelerate the uptake of EVs by kickstarting the EVCI market to support current and future users, and with the key benefit from this program being driving emissions reductions.
- Emission reduction is a common benefit that justifies modest RAB additions.

This is discussed further in section *Consistency with the regulatory framework*.

Alignment with the Revenue and Pricing Principles

We understand the AEMC will take account of the revenue and pricing principles (RPPs) in considering this application.¹⁷ Our consideration of these principles as reflected in the program design is as follows:

- Reasonable opportunity to recover at least efficient costs—under this program, DNSPs will be fully compensated for their efficient costs (as determined by a competitive grants program) via a combination of RAB adjustment, Australian Government grants and CPO connection fees. DNSPs

¹⁷ National Electricity Law, s88B.

may voluntarily elect to participate in the competitive grants program and are given reasonable time to determine a competitive cost level to deliver the EVCI.

- Effective incentive to promote economic efficiency—economic efficiency will be promoted via a competitive grants program and a mirroring of existing efficiency incentives within the program, as discussed within this application.
- Regard to RABs—upward adjustments to DNSPs’ RABs are proposed to be permitted to compensate them for the EVCI works they conduct under the program.
- Allow for a risk adjusted return—DNSPs will be eligible to apply their regulated WACCs, as set by the AER, on EVCI assets that enter their RABs. We consider the risk profile of this program to be consistent with that of delivering existing network services and note that participation in the program is optional.
- Potential for under and over investment—the program will mirror the existing efficiency incentives within the NER (such as the Capital Expenditure Sharing Scheme).
- Under and over utilisation of the network—the program has been designed with this in mind. DNSPs will be asked to identify suitable sites to host EVCI. A key principle of this program is that by making this a DNSP function (compared to BAU where CPOs make connection applications, sometimes without full network knowledge), this will result in fewer network constraints and lower costs.

Proposed rule change

Existing NER barriers

Changes are required to the NER to implement the program and achieve its objectives because:

- 1) DNSPs may not be entitled to recover their efficient costs of carrying out EVCI projects under the program from electricity consumers through the NER regulatory framework. This is because the services involved in carrying out EVCI may not be classified as standard control services by the AER, and potentially also due to the restricted asset provisions.
- 2) To the extent the services are standard control services, forecast capex and opex allowances for provision of those services have not been included in DNSPs' current or upcoming revenue determinations.
- 3) To the extent services forming part of EVCI projects are connection services, the provision of those services by a DNSP under the NER would need to be initiated by a connection applicant.
- 4) DNSPs are restricted from investing in EVCI projects and/or provide the services required to deliver them due to the operation of the ring-fencing guidelines made by the AER under the NER.

Approach to developing the proposed rule

To overcome these barriers, we are proposing a new rule to allow DNSPs to add the costs incurred by them under this program to their opening RAB for the next period. The RAB adjustment amount would be determined by the program, which would mirror the incentives already in the NER (including the CESS). Then at the commencement of the next regulatory determination, the services would be regulated in accordance with the AER's determination. This rule would be time bound and limited to EVCI supported by the program which will conclude on 30 June 2029 (noting some regulatory adjustments made in accordance with the rule will need to occur after this date and so the rule will expire afterwards).

We are seeking this rule to apply throughout the NEM and in the Northern Territory.

Interaction between the program and the NER regulatory framework

The program guidelines will set limits on recoverable capex

If a DNSP is appointed to carry out an EVCI project under the program, DCCEEW will determine the related amount that will be included within a DNSP's RAB. DCCEEW will run a competitive grant process to assist with ensuring efficiency of these costs.

Depending on the scope of the approved EVCI project, capex may include, for example, site selection costs, connection works and EVCI capital works. The incentives provided for efficient expenditure under the program are intended to mirror those under the NER regulatory framework.

All capex under the program is expected to be incurred in DNSPs' current regulatory control periods or regulatory control periods that will commence before the program commences (**the first Program RCP**), as the program will commence in 2026 and conclude on 30 June 2029.

The policy intent is that the amount of capex determined by DCCEEW within the first Program RCP will be included in the relevant DNSP's RAB at the beginning of the next regulatory control period or as soon as the final amount can be determined by DCCEEW.

Feature 1: the AER will be required to include approved capex amounts for EVCI projects in a DNSP's RAB

The proposed rule will specify that when adjusting a DNSP's RAB at the beginning of the regulatory control period immediately after the first Program RCP (**the subsequent RCP**), and at the beginning of any regulatory year of the subsequent RCP, the AER will be required to adjust the DNSP's RAB by:

- increasing the RAB by the capex amount for approved EVCI projects notified by DCCEEW within specified timeframes under the proposed rule.

To give effect to this proposed change:

- the services provided by the DNSP in carrying out the EVCI services will be taken to be standard control services in the first RCP period for the purpose of enabling the RAB adjustment, and
- any assets used to provide EVCI services will be excluded from the definition of restricted assets in the NER.

The effect of this proposed change is intended to be that DCCEEW, rather than the AER, determines the capex related to approved EVCI projects that should enter the RAB. This reflects DCCEEW's role under the program to:

- assess the merits of proposed EVCI projects including assessing forecast capex (including via a competitive grants program process)
- apply incentives to encourage DNSPs to efficiently deliver EVCI projects that mirror the NER incentives, and
- adjust capex amounts to reflect revenue received from DNSPs from users of EVCI projects (e.g. CPOs).

The program guidelines will set limits on recoverable opex

If a DNSP is appointed to carry out an EVCI project under the program, DCCEEW will determine the amount of opex the DNSP may recover for the first 5 years. For the remainder of the subsequent RCP, the rule will specify EVCI services to be standard control services for the purpose of the AER setting an opex allowance. The incentives provided for efficient expenditure provided under the program are intended to be similar to those under the NER regulatory framework.

The policy intent is that the amount of opex determined by DCCEEW for an approved EVCI project for the first 5 years will be included in the relevant DNSP's RAB at the beginning of the next regulatory control period. This treatment as a RAB adjustment differs to typical opex treatment as revenue but is considered administratively simpler to implement (i.e. by treating it in the same manner as capex) noting that on a net present value basis, the outcome is the same.

Feature 2: the AER will be required to include approved opex amounts for EVCI projects in a DNSP's RAB

The proposed rule will specify that when adjusting a DNSP's RAB at the beginning of the regulatory control period for the subsequent RCP, the AER will be required to adjust the DNSP's RAB by:

- increasing the RAB by the opex amount for approved EVCI projects notified by DCCEEW

The effect of this proposed change is intended to be that DCCEEW, rather than the AER, determines the opex related to approved EVCI projects for the 5 years that should be recoverable by the DNSP. This reflects DCCEEW's role under the Program to:

- assess the merits of proposed EVCI projects including assessing forecast opex (including via a competitive grants program process)
- apply incentives to encourage DNSPs to efficiently deliver EVCI projects that mirror the NER incentives, and
- adjust opex amounts to reflect revenue received from DNSPs from users of EVCI projects (e.g. CPOs).

Ongoing opex related to the program will be subject to the NER regulatory framework

The policy intent is that opex incurred under the program such as for maintaining EVCI assets and customer support after the first 5 years will be recovered under the NER regulatory framework. This will be supported by deeming the program's EVCI services to be standard control services for the purpose of forecasting and recovering opex. This will enable DNSPs apply for an opex allowance to maintain the program EVCI for the remainder of the subsequent RCP. At the end of the subsequent RCP, opex will be managed entirely within the BAU rules framework prevailing at that time.

Feature 3: in the subsequent regulatory control periods opex required for approved EVCI projects will be treated the same way as opex for standard control services under the NER

The proposed rule will specify that services provided to carry out EVCI projects are classified as standard control services for any residual years in the subsequent RCP that are not captured by the first 5 years' opex approved as part of the program.

The effect of this proposed change is intended to be that:

- a DNSP's regulatory proposal may seek opex required to carry out approved EVCI projects in accordance with the opex objectives under the NER
- the AER must assess and determine the allowed opex in accordance with the NER, and
- the EBSS will apply to the approved total opex allowance (including the EVCI amounts).

The incentives for efficient expenditure under the program are intended to mirror those under the NER regulatory framework

The program guidelines will specify an incentive framework that applies to DNSPs' expenditure on EVCI projects approved under the program.

The incentives for efficient expenditure provided under the program are intended to mirror those under the NER regulatory framework.

Note, further detail on how these amounts will be determined for each program design are included in *Appendix B: Program designs*. This section broadly outlines the operation.

Capex

- DNSPs participating in the program will provide forecasts of capex of carrying out EVCI projects in the first program RCP to DCCEEW.
- If an EVCI project is approved, the policy intention is that the recoverable capex amount determined by DCCEEW will be:
 - 70% of the capex forecast in the grant application process (with 30% of forecast costs being provided by DCCEEW as a grant contribution to reduce consumer costs).

- *To the extent actual expenditure exceeds forecast*, an addition of 70% of the excess expenditure (to mirror the CESS guideline incentive whereby 70% of cost overruns are recoverable)¹⁸
- *To the extent actual expenditure is below forecast*, a negative adjustment of 70% of the saved expenditure meaning the DNSP will retain 30% of the underspend (to mirror the CESS guideline incentive whereby DNSPs retain 30% of cost underspends as an incentive to deliver efficiently)

Opex

- DNSPs participating in the program will provide forecasts of opex of carrying out EVCI projects in the first 5 years to DCCEEW.
- If an EVCI project is approved, the policy intention is that the recoverable opex determined by DCCEEW will be:
 - 70% of the opex forecast in the grant application process (with 30% of forecast costs being provided by DCCEEW as a grant contribution to reduce consumer costs).

To the extent actual opex deviates from forecast, there will be no changes to the RAB adjustment made as part of the program. That is, if a DNSP overspends / underspends it would bear 100% of this cost / benefit. This departs from the operation of the EBSS but has been proposed because:

- Opex amounts related to this program are expected to be relatively minor.
- There is more complexity in determining actual opex related to EVCI compared to capex due to the nature of opex. In particular, time spent by DNSP employees on each activity are not necessarily recorded against that activity (e.g. it is impractical to seek a DNSP to record the actual time that their contact centre spends answering EVCI related queries), as well as the incremental nature of the opex and the way overheads are allocated to opex.

No changes to the NER are considered necessary to give effect to the program incentive framework. Rather, the program will apply incentives and calculate incentive amounts, which will then be reflected in the RAB adjustment value.

Given this rule may remove the AER's ability to subject the EVCI expenditure to an ex-post review, the AEMC may wish to consider a mechanism such as an overall cap (e.g. 50% of expenditure greater than forecast) that may not be included in the program's adjustment.

Works to connect EVCI under the program will be initiated by the DNSP

To the extent that the services provided by a DNSP under the program fall within the definition of connection services, the policy intention is that they are not treated as connection services under the NER regulatory framework. The reason for this is that DNSPs carrying out approved projects will be required to initiate connection works, which will occur prior to the appointment of a CPO in some cases.

¹⁸ This typically takes the form of 100% of actual costs being rolled into the RAB (subject to AER ex-post review) less a 30% revenue adjustment from the CESS. This program intends to instead roll 70% of the costs into the RAB which on an NPV basis, is broadly equivalent.

This means there will not be a “Connection Applicant” as envisaged by the NER, Chapter 5A, at the time the connection works are scoped and undertaken.

Feature 4: Provision of EVCI connection works will not be considered connection services under the NER

The proposed rule will specify that, to the extent that a DNSP is required to provide any works under an approved EVCI project that would otherwise fall within the definition of a connection service, the relevant services are excluded from that definition for the purposes of connection process and charging arrangements under chapter 5A and 6.

The effect of the proposed change is intended to be that:

- if the scope of an approved EVCI project includes connection works, a DNSP can undertake those works without a connection applicant seeking those services under chapter 5A.
- if connection works are completed by a DNSP, the DNSP’s connection policy does not apply, and the relevant CPO is not required to make a connection enquiry under chapter 5A for a new connection. Instead, the connection point is treated as an existing connection under the NER and NERL/NERR framework.
- any charges levied on a CPO in respect of the relevant connection are not considered connection charges under Chapter 6. As noted, the program guidelines and terms and conditions will require DNSPs to account for amounts received by DNSPs for EVCI services provided to users and these amounts will be accounted for in recoverable capex and opex.

The program guidelines will require DNSPs to account for amounts they receive for EVCI services and these amounts will be deducted from recoverable capex and opex

Under the program, DNSPs will be required to deduct amounts they receive from CPOs or other parties utilising the services of an EVCI project from any permitted capex and opex (other than for facility access fees¹⁹). The policy intention is that to the extent electricity consumers bear costs associated with the program, these costs are offset by amounts received by DNSPs from users of the relevant services, reducing costs to consumers and mitigating the potential for double recovery by DNSPs.

The types of amounts that will be offset against permitted capex and opex are intended to include connection charges and tender bid prices paid by CPOs.²⁰ Under the program, connection charges will be set by DCCEEW at a level that is intended to mirror the average charge a connection applicant would pay for NER basic connection services.

No changes to the NER are considered necessary to give effect to this feature of the program. Instead, DCCEEW will account for payments that have been or will be received by DNSPs at the time DCCEEW determines the capex and opex amounts that are to be recoverable by DNSPs. This has been reflected in Feature 4.

¹⁹ These fees are levied by DNSPs for the use by CPOs of the DNSP’s assets. These are subject to the share asset guideline (and are intended to continue to be so) but are not netted off recoverable costs. Note, the program guidelines intend to cap these fees for participating DNSPs.

²⁰ And any payments made by EMSPs to DNSPs when they are appointed to a DNSP owned EVCI site (note, whether such payments will be made is subject to program design consultation).

Participation in the program will require DNSPs to undertake activities that would be ring fenced under ‘business as usual’ arrangements

If an EVCI project is approved under the program, a DNSP will be required to invest in assets and undertake activities that would be ring fenced under ‘business as usual’ NER arrangements. However, the program terms and conditions would specify limits on those activities, including prohibiting a DNSP or any related entity from selling electricity to EV consumers as a CPO or EMSP within the DNSP’s own network.

The policy intention is that DNSPs would be required to carry out activities for EVCI projects approved under the program, without breaching the distribution ring-fencing guidelines or the restricted asset provisions in the NER.

Feature 5: the ring-fencing guidelines and restricted asset provisions will not apply to the extent that their application would prevent or restrict the ability of a DNSP to carry out an approved EVCI project

The proposed rule will specify that:

- for the purposes of the distribution ring-fencing guidelines, the services provided to carry out EVCI projects must be treated as standard control services,
- the treatment of EVCI services as standard control services under the distribution ring-fencing guidelines does not apply if and to the extent that those services include the sale of electricity

Investment in EVCI projects will not be subject to investment tests under the NER

The program will provide DNSPs with an opportunity to carry out approved EVCI projects, subject to the program guidelines and terms and conditions. It is not expected that the RIT-D will bind as individual sites are not expected to reach the threshold amount, and the works are not expected to constitute a work program and be considered together for the purpose of the RIT-D because the works are augmentation, not replacement works.

Consistency with the regulatory framework

The rule change described above enables costs of EVCI to be recoverable from electricity consumers. The factors listed in clause 6.2.2 of the NER are used by the AER when determining whether a service should be classified as standard control, which makes such costs recoverable from electricity consumers. Although when making a rule on the service classification of EVCI the AEMC is not bound by these factors, we consider it useful to set out our considerations against them in support of our view that such a rule would not be inconsistent with the principles in the NER.

These factors along with our preliminary considerations on whether they support a rule to classify EVCI is outlined below:²¹

the potential for development of competition in the relevant market and how the classification might influence that potential

²¹ NER, 6.2.2

This program is only allowing a direct role for DNSP involvement (installation and maintenance of EVCI) in uncommercial sites where there is currently no prospect for competition. This is supported by the program designs which put kerbside EVCI sites out to market ahead of allowing DNSP direct involvement. Further, we consider a standard control classification actively promotes competition in the kerbside EVCI market:

- The program's intent is to break the chicken and egg problem and support the EVCI market to operate competitively by increasing EV uptake.
- The preliminary program designs enhance market competition by reducing connection costs (allowing more commercial EVCI to be developed) and, particularly with respect to Kerbside design 2, directly allowing for CPO competition to install EVCI on sites that in the program's absence, would not be developed.

the possible effects of the classification on administrative costs of the AER, the Distribution Network Service Provider and users or potential users of the relevant service

We do not foresee this creating a significant administrative burden for the AER because we are not seeking a re-opening of expenditure forecasts. However, the AER would need to give effect to the DCCEEW-determined RAB adjustment at the commencement of the subsequent RCP and may need to assess a DNSP's subsequent proposed opex related to EVCI as part of its BAU assessment during the regulatory determination.

the regulatory approach (if any) applicable to the relevant service immediately before the commencement of the distribution determination for which the classification is made

These services are currently unclassified which has not led to a well-functioning market. Through consultation it has become clear that only single digit numbers of EVCI kerbside charging have been rolled out by the market within each DNSPs' network, and no DC blackspot charging, unless these have been directly financially supported by government programs.²²

the desirability of a consistent regulatory approach to similar services (both within and beyond the relevant jurisdiction)

The rule is intended to make EVCI that is part of the program to be recoverable in all NEM jurisdictions, including NT.

the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided

This program is not about serving the immediate needs of existing EV users. Rather, it is seeking to accelerate the uptake of EVs by kickstarting the EVCI market. The key benefit from this program is emissions reduction. Therefore we consider the benefits to be common benefits.

²² Such as the DCCEEW / NRMA program < <https://minister.dcceew.gov.au/bowen/media-releases/electric-vehicle-charging-network-connect-all-australia>>

Consideration of alternative pathways

Ahead of submitting this rule change request, we engaged with the AER on alternative regulatory pathways. The AER confirmed to us that it did not have the ability to use its regulatory levers to enable the program to proceed through:

- A regulatory sandboxing trial waiver—the AER’s legal powers are limited to exempting an innovator from having to comply with specified laws and rules for a period of time to allow a trial to proceed.²³ However, for this program new rules are required.
- A waiver from ring-fencing restrictions alone is insufficient to enable the program to proceed.

For these reasons, DCCEEW is submitting this rule change application.

²³ AER, <https://www.aer.gov.au/about/strategic-initiatives/energy-innovation-toolkit>

Appendix A: Requirements for a rule change request checklist

All rule change requests must contain certain information prescribed by the regulations.²⁴ Table 6 outlines where each requirement is set out in this document.

Table 6 Rule change request checklist

Requirement	Section of this document
The name and address of the person making the request	See covering letter
A description of the rule that the proponent proposes be made	See <i>Proposed rule change</i> section
A statement of the nature and scope of the issue concerning the existing rules that is to be addressed by the proposed rule change request and an explanation of how the proposed rule change request would address the issue	See <i>Proposed rule change</i> section
An explanation of how the proposed rule change request will or is likely to contribute to the achievement of the relevant energy objective	See <i>Meeting the NEO</i> section
An explanation of the expected potential impacts of the proposed change to the rules on those likely to be affected including costs and benefits	See <i>Meeting the NEO</i> section

²⁴ Information is outlined by the AEMC at <https://www.aemc.gov.au/our-work/changing-energy-rules-unique-process/making-rule-change-request>

Appendix B: Program designs

The three program designs being contemplated under the program are described below.

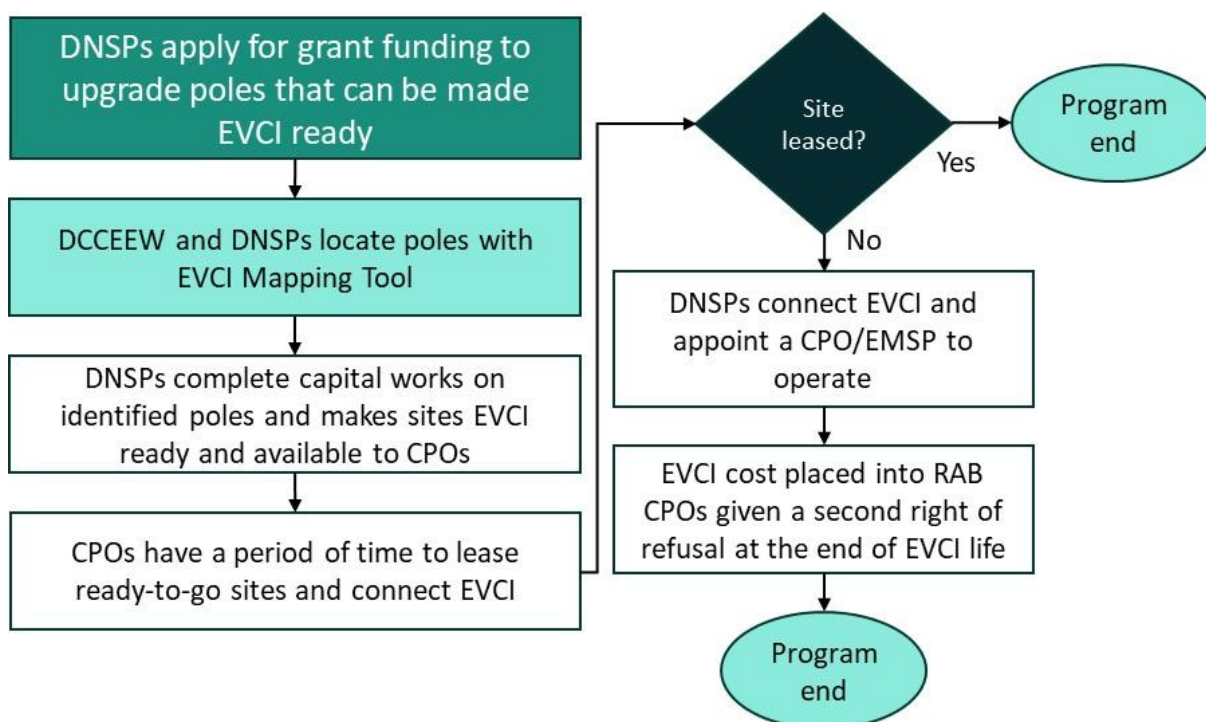
Kerbside Design 1 – CPO First Right of Refusal

This program design supports the installation kerbside AC EVCI.

DNSPs will identify suitable poles for hosting EVCI and will perform the connection works. DCCEE will have oversight of these sites and will include eligibility criteria within the grant application guidelines. CPOs will have a right to select any site, pay a standard connection fee, enter a (likely capped) facilities access agreement and install EVCI. After a suitable period, DNSPs will then be required to install EVCI conforming to the program requirements on any sites where CPOs have elected not to install EVCI. DNSPs will appoint an EMSP to operate the site.

The AER would determine what would happen with the site after it is fully depreciated during its next regulatory determination for the DNSP. One option could be that a DNSP would be required to again make the site available to the market for a CPO to select, and if not selected, the DNSP would have the ability to install another EVCI asset.

Figure 2: Simplified program flowchart – design 1



Costs for this design will be funded in accordance with table 7.

Table 7 Kerbside Design 1 funding sources

Cost type	Funding source*
Site selection (capital cost) and Connection cost (capital cost)	DNSP RAB – 70%, Australian Government – 30% to offset electricity consumer costs

Connection fee	Paid by CPO to DNSP and net off costs included within DNSPs RAB. Connection fee calculated under the program based on existing basic connection fees
EVCI cost (capital cost)	CPO to fund if site selected by CPO DNSP RAB – 70% and Australian Government Grant – 30% if site not selected by CPO to offset electricity consumer costs
Maintenance (opex cost)	CPO to fund if site selected by CPO DNSP revenue (via positive RAB adjustment) – 70% and Australian Government Grant – 30% to offset electricity consumer costs
Deviations from forecast	Capex cost overruns – 70% included in DNSP RAB. No Australian Government grant compensation for residual 30% but rather this cost is borne by the DNSP. Capex cost underruns – a reduction to the adjustment amount of 70% of the saved expenditure meaning the DNSP will retain 30% of the underspend. ²⁵ Forecast opex included as a RAB adjustment meaning DNSP bears / receives 100% of deviations.

*outlines the way in which forecast (not actual) costs are recovered, except in the ‘Deviations from forecast row’.

An illustrative example of how this would work in practice is shown below. Fictitious values have been used to demonstrate the concept because forecast cost information is confidential and we do not want to anchor expectations of EVCI costs ahead of the program opening.

Illustrative example

A DNSP makes an application for 50 kerbside EVCI sites.

For sites where the DNSP develops the EVCI, the forecast capex is \$100 (site selection, connection and EVCI cost) per site and forecast opex is \$10 over 5 years per site

For sites that CPOs select and develop, the DNSP forecasts capex of \$70 (site selection and connection cost) per site and no opex.

The application is successful for inclusion in the program. The *maximum forecast costs* a DNSP can incur is \$5,500, 50 sites x (\$100 capex + \$10 opex) based on a scenario where no sites are selected by CPOs. Therefore, DCCEEW reserves grants payment of \$1,650 (\$5,500 x 30%) for this DNSP.

²⁵ Note, actual grant payments to DNSP will be calculated after the volume of sites selected by CPOs is known. For example, if a site is selected by a CPO, the DNSP will receive a grant payment of 30% x (forecast connection cost – connection fee received from the CPO). If a site is not selected by a CPO, the DNSP will receive a grant payment of 30% x (forecast connection cost + forecast EVCI cost + 5 years forecast maintenance cost).

The DNSP publishes the sites and 25 of them are selected by CPOs. CPOs pay a connection fee (that will be set by DCCEEW based on existing regulated connection fees for a basic connection) of \$20 per site. This connection fee will offset the RAB adjustment for which the DNSP is eligible. CPOs also enter into a facilities access agreement with the DNSP for leasing their poles for five years. These fees are capped under the Program and amount to \$5 per pole per annum. Consistent with the current regulatory framework, facility access fees are not expected to offset the RAB adjustment and they are treated as unregulated revenue.

The EVCI works are completed for the forecast cost.

For the sites where EVCI is installed by the DNSP, DCCEEW pays to the DNSP \$825, $30\% \times 25 \text{ sites} \times (\$100 \text{ capex} + \$10 \text{ opex})$. DCCEEW will also calculate a positive RAB adjustment that the DNSP will receive of \$1,925, $70\% \times 25 \text{ sites} (\$100 \text{ capex} + \$10 \text{ opex})$.²⁶

For the sites where EVCI is installed by the CPO, DCCEEW pays to the DNSP \$375, $30\% \times 25 \text{ sites} \times (\$70 \text{ capex} - \$20 \text{ connection fees})$. DCCEEW will also calculate a positive RAB adjustment that the DNSP will receive of \$875, $70\% \times 25 \text{ sites} \times (\$70 \text{ capex} - \$20 \text{ connection fees})$. CPOs pay to the DNSP \$500, $25 \text{ sites} \times \$20 \text{ connection fees}$.

Amounts recoverable from all sources for the DNSP is \$4,500 (RAB adjustment \$2,800, grants \$1,200 and connection fees \$500) and total costs incurred is \$4,500. Note, DNSPs will also retain the facilities access fees subject to any existing arrangements (e.g. the shared asset guideline) that already apply in the NER.

Cost overrun

Assume now that instead of delivering the sites in line with forecast, the DNSP had an actual cost overrun of \$100 capex and \$50 opex in total across the whole program.

As outlined above, had the DNSP costs been the same as forecast the total RAB adjustment would have been \$2,800, \$1,925 for sites not selected by CPOs + \$875 for sites selected by CPOs.

The capex cost overrun will result in an additional \$70 being added to the RAB, 70% sharing ratio (per the CESS) x \$100 capex overrun. DCCEEW grant amounts remain unchanged.

The opex overrun will not result in any change to the RAB adjustment. Instead, this is borne by the DNSP in full. DCCEEW grant amounts remain unchanged.

The RAB adjustment is now \$2,870, \$2,800 original RAB adjustment + \$70 for the capex overrun.

Amount recoverable from all sources for the DNSP is now \$4,570 and total costs incurred is \$4,650. Note, DNSPs will also retain the facilities access fees subject to any existing arrangements (e.g. the shared asset guideline) that already apply in the NER.

Kerbside Design 2 – DNSP Tenders

This program design also supports the installation kerbside AC EVCI.

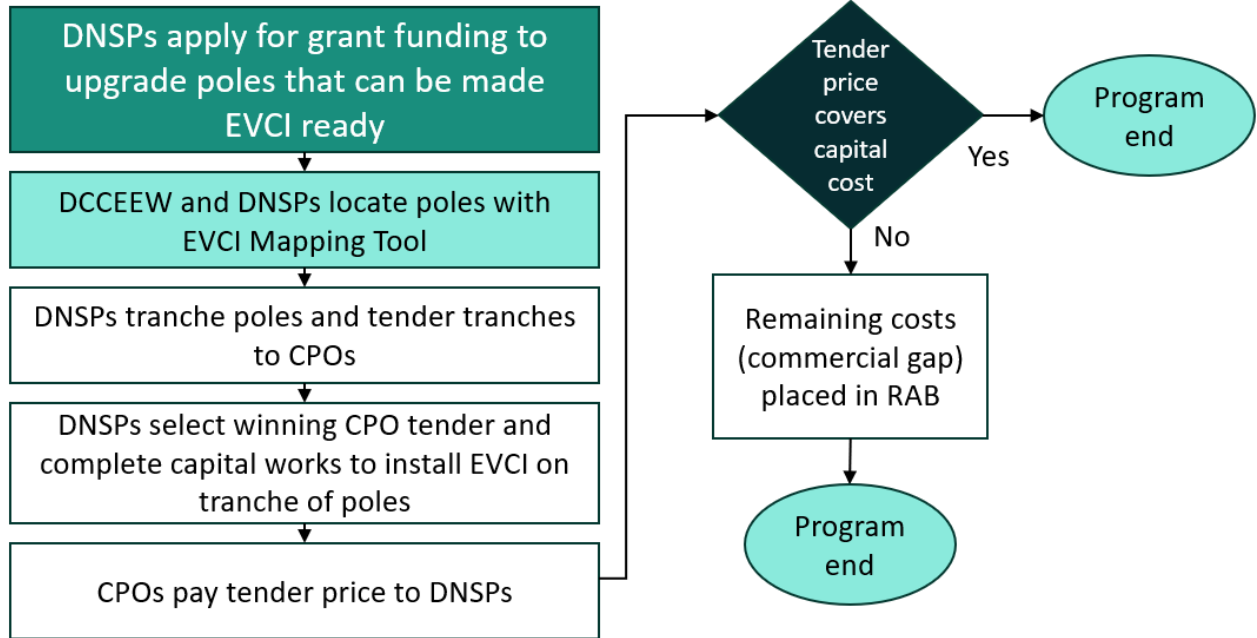
Participating DNSPs from across Australia will identify suitable poles for hosting EVCI and will tender out access to these sites to CPOs in tranches via a competition auction process. DCCEEW will have oversight of these sites and will include eligibility criteria within the grant application guidelines.

Upon a successful tender process, DNSPs will perform connection works and install EVCI on all identified sites in line with the winning bid. DNSPs will gift the EVCI assets to the winning CPO and the CPO will take

²⁶ Any revenue received by a DNSP from an EMSP for having the right to operate at these sites would also net off the RAB. Whether there will be any such revenue is being consulted on.

responsibility for operations and maintenance thereafter. Uncommercial costs – being the difference between total capital expenditure incurred by the participating DNSP and the successful bid price received will be added to the DNSP’s RAB.

Figure 3: Simplified program flowchart – design 2



Costs for this design will be funded in accordance with table 8.

Table 8: Kerbside Design 2 funding sources

Cost type	Funding source*
Site selection (capital cost), Connection cost (capital cost) EVCI cost (capital cost)	CPO to pay winning tender price to DNSP Remaining costs (i.e. costs net of CPO payment) are funded through the DNSP RAB – 70% and Australian Government Grant – 30% to offset electricity consumer costs
Maintenance (opex cost)	CPO to fund
Deviations from forecast	See <i>Kerbside 2 further design detail</i> below for more detail. Capex cost overruns – 70% included in DNSP RAB. No Australian Government grant compensation for residual 30% but rather this cost is borne by the DNSP. Capex cost underruns – a reduction to the adjustment amount of 70% of the saved expenditure meaning the DNSP will retain 30% of the underspend. Forecast opex included as a RAB adjustment meaning DNSP bears / receives 100% of deviations.

*outlines the way in which forecast (not actual) costs are recovered, except in the 'Deviations from forecast row'.

An illustrative example of how this would work in practice is shown below. Fictitious values have been used to demonstrate the concept because forecast cost information is confidential and we do not want to anchor expectations of EVCI costs ahead of the program opening.

Illustrative example

A DNSP makes an application for 50 kerbside EVCI sites which they intend to auction as a single tranche.

The forecast capex is \$70 for site selection and connection per site, \$30 capex for the EVCI cost per site (\$100 capex in total per site) and forecast opex is \$10 over 5 years per site.

The application is successful for inclusion in the program. The *maximum forecast costs* a DNSP can incur is \$5,500, 50 sites x (\$100 capex + \$10 opex) based on a scenario where CPOs bid (almost) nothing for the tranche. Therefore, DCCEEW reserves grants payment of \$1,650 ($\$5,500 \times 30\%$) for this DNSP.

The DNSP runs an auction and the winning CPO pays agrees to pay \$3,375 for the tranche.

The EVCI works are completed for the forecast cost.

The winning bid of \$3,375 needs to be split up into the equivalent of a connection fee (which will offset the RAB) and a facilities access fee payment (which will not offset the RAB) on a prorated basis.²⁷ This is equivalent to a connection fee of \$2,750 (50% of total cost; or equivalent to a CPOs selecting 50% of sites under the kerbside 1 design), and a total facilities access payment of \$625 (being equivalent to a CPO selecting 50% of sites and paying access fees on these of \$5 per annum over 5 years).

Given the winning bid price of \$3,375 represents a connection fee of 50% of total costs (being \$2,750), DCCEEW will pay to the DNSP \$825, $30\% \times (\$5,500 - \$2,750)$

DCCEEW will also calculate a positive RAB adjustment that the DNSP will receive of \$1,925, $70\% \times (\$5,550 - \$2,750)$.

Total amounts recoverable for the DNSP is \$5,550, \$2,750 connection fee + \$825 grants payment + \$1,925 RAB adjustment. And the DNSP's total costs incurred is \$5,550. Note, DNSPs will also retain the facilities access fees (\$625) subject to any existing arrangements (e.g. the shared asset guideline) that already apply in the NER.

Cost overrun

Assume now that instead of delivering the sites in line with forecast, the DNSP had an actual cost overrun of \$100 capex and \$50 opex in total across the whole program.

The DNSP will need to provide receipts for the cost of the EVCI (which was selected by the CPO). If it is found that the source of the cost overrun is that a more costly than expected EVCI technology was selected (i.e. the EVCI capex is \$22 rather than \$20), then the DNSP will be eligible to add 100% of the capex cost overrun to the RAB.

However if the source of the cost overrun was in the other capex works, the calculation outlined for cost overruns under the kerbside 1 worked example will be adopted. Opex overruns will also be treated in the same way as outlined in the kerbside 1 example.

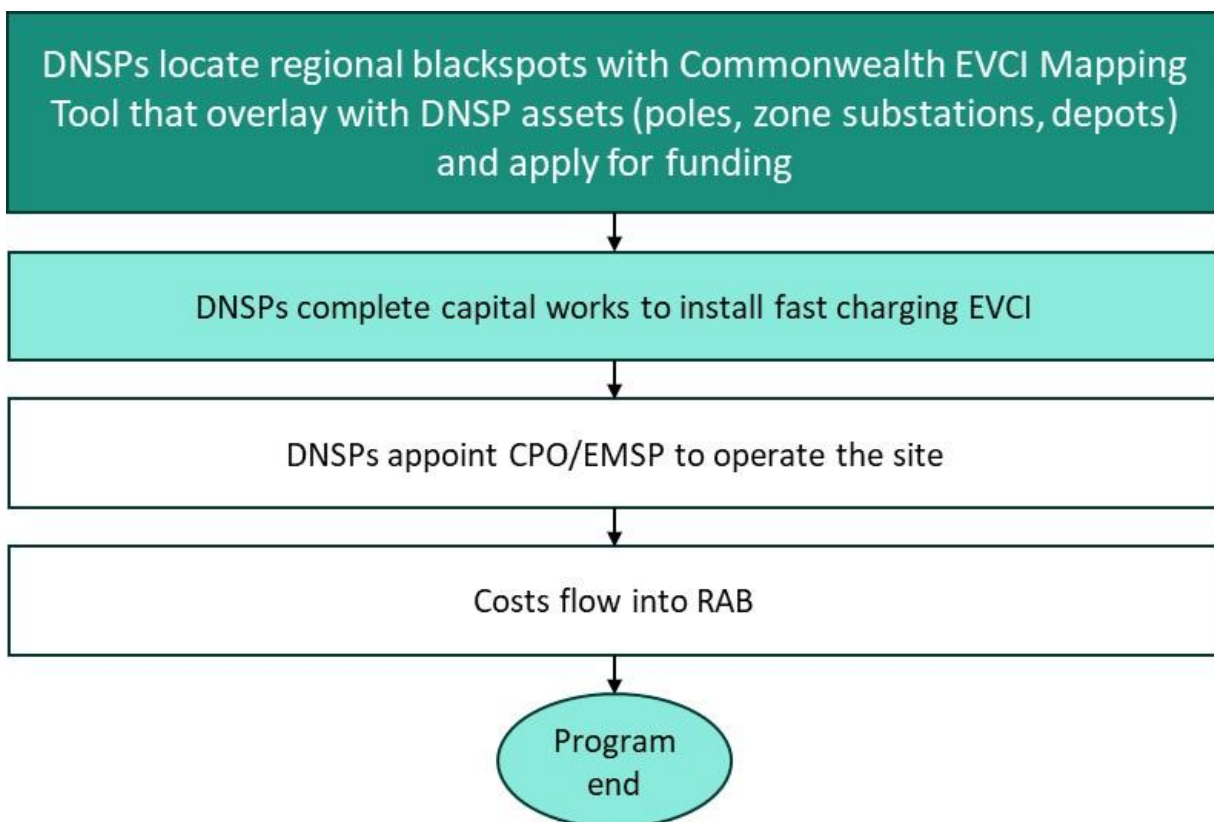
²⁷ If the facilities access fee was charged on top of the winning auction price, this would likely push down the tender price meaning the DNSP would receive 100% of its facility access fees but consumers would have less RAB offset, which is not the desired policy outcome. Therefore, facility access fees must be taken out, on a prorated basis, from the winning tender fee.

Regional Blackspot Design

This program design supports the installation of high-voltage DC fast-chargers located in underserved regional charging blackspots.

DNSPs will identify areas they have existing assets suitable for hosting DC fast-chargers which are expected to include zone substations, depots and poles. Sites will be eligible for the program were these identified areas overlap with blackspot areas of need identified in DCCEEW’s Electric Vehicle Charging Infrastructure Mapping Tool.²⁸

Figure 4: Simplified program flowchart – design 3



Costs for this design will be funded in accordance with table 9.

Table 9: Regional Blackspot Design funding sources

Cost type	Funding source*
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²⁸ DCCEEW <<https://evciroadmap.evenergi.com/>>

Site selection (capital cost), Connection cost (capital cost) EVCI cost (capital cost), supporting civil works for basic amenities (capital cost).	DNSP RAB – 70%, Australian Government – 30% to offset electricity consumer costs
Maintenance (opex cost)	DNSP revenue (via positive pricing adjustment) – 70% and Australian Government Grant – 30% to offset electricity consumer costs
Deviations from forecast	<p>Capex cost overruns – 70% included in DNSP RAB . No Australian Government grant compensation for residual 30% but rather this will be borne by the DNSP.</p> <p>Capex cost underruns – a reduction to the adjustment amount of 70% of the saved expenditure meaning the DNSP will retain 30% of the underspend.</p> <p>Forecast opex included as a RAB adjustment meaning DNSP bears / receives 100% of deviations.</p>

*outlines the way in which forecast (not actual) costs are recovered, except in the ‘Deviations from forecast row’.

An illustrative example of how this would work in practice is shown below. Fictitious values have been used to demonstrate the concept because forecast cost information is confidential and we do not want anchor expectations of EVCI costs ahead of the program opening.

Illustrative example

A DNSP makes an application for 5 regional blackspot EVCI sites.

The DNSP forecasts capex is \$100 (site selection, connection, civils and EVCI cost) per site and forecast opex is \$10 over 5 years per site. The application is successful for inclusion in the program.

The EVCI works are completed for the forecast cost.

DCCEEW pays to the DNSP \$165, 5 sites x 30% x (\$100 capex + \$10 opex)

DCCEEW will also calculate a positive RAB adjustment that the DNSP will receive of \$385, 5 sites x 70% x (\$100 capex + \$10 opex).²⁹

Total amount recoverable for the DNSP is \$550 and total costs incurred is \$550.

Cost underrun

Assume now that instead of delivering the sites in line with forecast, the DNSP had an actual cost underrun of \$100 capex and \$50 opex in total across the whole program.

²⁹ Any revenue received by a DNSP from an EMSP for having the right to operate at these sites would also net off the RAB. Whether there will be any such revenue is being consulted on.

The capex cost underrun will result a reduction to the RAB of \$70, -\$100 in capex savings x 30% sharing ratio (per the CESS). DCCEEW grant amounts remain unchanged.

The opex overrun will not result in any change to the RAB adjustment. Instead, this benefit will be kept by the DNSP in full. DCCEEW grant amounts remain unchanged.

The RAB adjustment is now \$315, \$385 original RAB adjustment - \$70 for the capex underrun.

Total amount recoverable for the DNSP is now \$480 and total costs incurred is \$400.

Market consultation

A significant consultation process preceded the government's announcement of the \$40 million program and has ramped up further during the current, preliminary program design phase. As part of designing the program we consulted with:

- Almost every DNSP across the NEM, and WA and NT
- 13 CPOs
- Energy Consumers Australia, EV Council and Energy Networks Australia
- AER and AEMC
- Market commentators.

The purpose of these engagements was to:

- Convey the intent of the program and timelines
- Seek ideas for program designs
- Test preliminary program designs with all sides of the market

Many of these stakeholders have been engaged multiple time and have provided written feedback and information to support the program's development.

The relatively positive feedback reflects our belief that we have achieved the right balance of accelerating the EVCI rollout, leveraging both the strengths of DNSPs and CPOs. Engagement has also assisted with further development of the program design parameters.

Concurrently with submitting this rule change request proposal, DCCEEW is further engaging with the market to finalise details of the designs outlined in this proposal prior to commencing the program.

Kerbside 2 further design detail

Kerbside 2 Design is more challenging to implement than the other designs subject to this program. This section outlines some of the implementation issues and our preliminary thoughts on managing them.

This design relies on CPOs outlining to DNSPs the type of EVCI infrastructure they would like to be installed at a site during the DNSP run tender. This means a DNSP will not be able to accurately forecast its costs during the grant application process which gives rise to two potential issues:

1. Results in DCCEEW facing an uncapped liability, which is not possible under a grants program. DCCEEW must ensure it has sufficient funds available to pay the DNSP 30% of the forecast capital costs it will incur as part of the program, however, DNSPs will not be able to forecast EVCI costs (as distinct from connection costs) because they will not know the type of EVCI to be installed.

2. DCCEEW will not be able to differentiate between a legitimate cost change (against forecast) based on EVCI costs or a cost overrun. DCCEEW intends to only compensate DNSPs for 30% of their forecast cost so that they still provide an incentive (mirroring the CESS) to deliver the infrastructure efficiently and not overspend in practice. However without knowing the EVCI type and in turn cost, it will be difficult to determine whether an increase in cost from forecast is due to a 'more expensive than expected' EVCI type being selected or whether it was due to a cost overrun on works within the DNSPs' control (such as selection costs, connections works, installation cost).

We intend to resolve these issues by:

1. In their grant applications, requiring DNSPs to split their forecast by works within their control (site selection costs, connections works, installation cost) and separately forecast EVCI costs. This will form an overall cap with any tranche of poles that costs more than the capped amount (once the tender has been concluded and the total cost of the EVCI known) not being eligible to proceed; and
2. Requiring DNSPs to provide evidence (i.e. a receipt) of the EVCI cost. In so doing, DCCEEW will be able to provide a grant of 30% of the *actual* incurred EVCI capital cost based on the outcome of the tender (subject to the cap), and 30% of *forecast* costs for those the DNSPs control (site selection costs, connections works, installation cost) as specified in their grant application.

Appendix C: Proposed Rule Drafting

Part ZZZZZK 2026 Savings and Transitional Rules

11.1xx Giving effect to the accelerating electric vehicle charging program in the regulatory framework

11.1xx.1 Definitions

For the purposes of this rule 11.1xx:

approved Program activity means an activity carried on by a Program DNSP under a Program contract.

commencement date means [the date the rule is made].

first Program regulatory control period mean, for a Program DNSP, the *regulatory control period* in which a Program contract was executed.

initial Program adjustment amount means a Program adjustment amount notified by the Program coordinator to the *AER* under clause 11.1xx.2(c).

further Program adjustment amount means a Program adjustment amount notified by the Program coordinator to the *AER* under clause x 11.1xx.2f).

Program means the Australian Government’s \$40 million Accelerating EV Charging Program, announced in September 2025 and described in the Program guidelines, being a competitive grants program in which *Distribution Network Service Providers* are eligible to participate.

Program adjustment amount has the meaning given in clause 11.1xx.2(b)(3).

Program adjustment notification has the meaning given in clause 11.1xx.2(b).

Program activities may include, but are not limited to, the installation, maintenance and operation of electric vehicle charging infrastructure and works to connect that infrastructure to a *Distribution Network Service Provider’s distribution system*.

Program contract means a contract between the Australian Government and a Program DNSP under which the Program DNSP agrees to carry out specified Program activities under the terms and conditions of the Program, including the Program guidelines.

Program coordinator means the Department of Climate Change, Energy, the Environment and Water.

Program DNSP means a *Distribution Network Service Provider* awarded a Program contract.

Program guidelines means the guidelines for the Program published in [xx] 2026.

Program expiry date means [xx].

subsequent Program regulatory control period means, for a Program DNSP, the *regulatory control period* immediately following the Program DNSP’s first Program regulatory control period.

11.1xx.2 Establishing the regulatory asset base

Regulatory asset base

- (a) For the purpose of clause 6.5.1(a) and S6.2 of these *Rules* as they apply to the making of a *distribution determination* for a Program DNSP's subsequent regulatory control period:
 - (1) Program activities are taken to be *standard control services*; and
 - (2) any assets used to provide Program activities are taken not to be *restricted assets*.

Program adjustment notification

- (b) A Program adjustment notification is a notice in writing from the Program coordinator to the *AER* in relation to a Program DNSP that includes the following:
 - (1) the name of the Program DNSP;
 - (2) that the Program DNSP has or will carry out approved Program activities under a Program contract;
 - (3) the date of the Program contract;
 - (4) a copy of the Program contract;
 - (5) the amount by which the Program DNSP's *regulatory asset base* is to be adjusted to reflect provision of approved Program activities by the Program DNSP (**Program adjustment amount**); and
 - (6) any other information reasonably required by the *AER* and notified to the Program coordinator before the date of the notification.

Opening regulatory asset base for a regulatory control period

- (c) Paragraph (d) applies if the *AER* receives a Program adjustment notification (**initial Program adjustment notification**) from the Program coordinator:
 - (1) before the Program expiry date, and
 - (2) no later than [x] *business days* before the commencement of a Program DNSP's subsequent regulatory control period.
- (d) If the *AER* receives an initial Program adjustment notification from the Program Coordinator under paragraph (c) in respect of a Program DNSP, the Program adjustment amount specified in that notice is binding on the *AER* and clause S6.2.1 applies as modified by paragraph (e).
- (e) Paragraph S6.2.1(e)(1) is modified by the inserting, after paragraph S6.2.1(e)(1)(i):
 - “(iA) increased by the Program adjustment amount specified in a Program adjustment notification received by the *AER* in accordance with clause 11.1xx.2(c); and”.

Roll forward of regulatory asset base within the same regulatory control period

- (f) Paragraph (g) applies if the *AER* receives a Program adjustment notification (**further Program adjustment notification**) from the Program coordinator:

- (1) before the Program expiry date, and
 - (2) no later than [x] *business days* before the commencement of a *regulatory year* of a Program DNSP's subsequent regulatory control period.
- (g) If the *AER* receives a further Program adjustment notification from the Program Coordinator under paragraph (f) in respect of a *Distribution Network Service Provider*, the Program adjustment amount specified in that notice is binding on the *AER* and clause S6.2.3 applies as modified by paragraph (h).
- (h) Paragraph S6.2.3(c) is modified by the inserting, after paragraph S6.2.3(c)(1):
“(1A)increased or decreased by the Program adjustment amount specified in a further Program adjustment notification received by the *AER* in accordance with clause 11.1xx.2(f); and”.

AER may request information

- (i) Before making an adjustment to a Program DNSP's regulatory asset base under this clause 11.1xx.2, the *AER* may:
- (1) request information from the Program coordinator; and
 - (2) consult with the Program coordinator in respect of the Program and Program adjustment amount.

11.1xx.3 Operating expenditure in subsequent regulatory control period

For the purposes of the subsequent regulatory control period of a Program DNSP only, Program DNSP's Program activities are taken to be *standard control services* for the purposes of clause 6.5.6 of these *Rules*.

11.1xx.4 Ring-fencing

For the first Program regulatory control period and subsequent regulatory control period for a Program DNSP only, Program DNSP's Program activities are taken to be *standard control services* for the purposes of Part H of these *Rules* and *Distribution Ring-Fencing Guidelines* made under Part H.

11.1xx.5 Connection services

Despite any other provision of these *Rules*, for a Program DNSP, *connection services* do not include that Program DNSP's Program activities.