



AGL Energy Limited

T 02 9921 2999

[agl.com.au](http://agl.com.au)

ABN: 74 115 061 375

Level 24, 200 George St

Sydney NSW 2000

Locked Bag 14120

MCMC

Melbourne VIC 8001

Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
Sydney NSW 2000

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## Facilitating EV charging infrastructure rollout under Commonwealth grants

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Facilitating EV charging infrastructure rollout under Commonwealth grants rule change.

### Overview

AGL supports accelerating public EV charging infrastructure rollout and recognises its importance to transport electrification and the energy transition. However, the proposed rule would impose costs on all electricity consumers, including those who do not own or use EVs, while risking higher costs and poorer service outcomes by shifting delivery from competitive charging providers to regulated monopoly businesses.

The proposed rule would extend network participation into contestable markets, creating a precedent of allowing regulated, monopoly businesses to enter the competitive EV charging sector, using advantages not available to other participants, before these competitive markets have fully formed.

Although framed as a targeted and time-limited response to charging gaps, the proposal would allow DNSPs to select sites, own public charging assets and recover costs from all electricity consumers through the regulated asset base. That is not a proportionate response where public EV charging can be delivered by competitive providers, supported by targeted government funding and enabled by DNSPs.

AGL supports the alternative approach put forward by Nexa Advisory as a less distortive way to address identified connection, access, network information and site feasibility barriers. Under that approach, rollout would remain led by competitive charging providers, including site selection, ownership, operation and maintenance wherever possible. DNSPs would be limited to clearly defined network-enabling functions, such as providing network information, undertaking connection assessments, completing necessary connection and make-ready works, and streamlining approvals. This approach would target any public or regulated funding to demonstrated market gaps and avoid RAB recovery for contestable charger assets and charger-related operating costs. However, given the AEMC has indicated that it cannot redesign the Department of Climate Change, Energy, the Environment and Water program the rule change is intended to support, AGL considers the AEMC should not make the proposed rule.

## The proposed rule risks extending DNSP roles in contestable markets

As a retailer, AGL is focused on ensuring customers benefit from efficient, competitively delivered energy services at the lowest cost. AGL is concerned by the increasing participation of distribution network service providers in services adjacent to the regulated network, including EV charging, community batteries and other consumer energy resources. This trend is evident in a growing number of ring-fencing waiver applications and reform proposals that would extend DNSP roles beyond traditional monopoly network services.

While these developments may support aspects of the energy transition, they also have implications for the cost and efficiency of services ultimately borne by customers. In particular, they raise important questions about whether the current regulatory framework continues to support competitive neutrality and efficient investment, or whether regulated network involvement risks increasing long-term costs and limiting the benefits of competition for consumers.

A monopoly has strong profit-maximising incentives to overcharge customers and underinvest in service quality. EV charging does not have natural monopoly characteristics. A monopoly-led rollout risks being slower, more expensive and poorer for customers. EV charging also sits outside the current service and pricing framework for regulated distribution services, so there are limited regulatory incentives or constraints to prevent networks from using their inherent market power to the detriment of consumers.

Contestable markets deliver lower prices, better services, speed to market and innovation because participants can only win customers through price and service. The competitive market is delivering better, cheaper electric vehicles and a larger, more extensive EV charging network every year. The AEMC should ensure the rule change protects consumers and competition.

Competitive discipline and responsiveness to consumer need is undermined where a regulated monopoly is allowed to compete using advantages that exist only because of its monopoly position.

The risk is not limited to the immediate market in which network entry occurs. Each intervention creates precedent for similar interventions in other contestable markets. This increases risk, raises barriers to entry and weakens incentives for private businesses to invest in new products, services and business models.

The consumer detriment is often difficult to observe directly. It appears as investment not made, competitors not entering, products not developed and innovation that does not occur. That detriment can be significant and long lasting, even if the intervention is framed as narrow, temporary or targeted.

The fact that the proposed rule is time-limited does not remove these risks. Temporary DNSP participation can still influence investment decisions, establish early site control and shape expectations about future interventions. If investors form the view that contestable markets may be opened to DNSP ownership whenever deployment is considered too slow, the deterrent effect will not be confined to the duration of the rule.

### Private investment is expanding EV charging and should not be displaced

The proposed rule should be assessed against the private investment already occurring in the competitive EV charging market. Market participants are developing commercial models that respond to different charging needs, locations and customer segments. This demonstrates that EV charging infrastructure can proceed without DNSP ownership.

AGL's activities illustrate how competitive providers are investing, operating and partnering to deliver EV charging services. For example, AGL operates 240 public kerbside chargers in Sydney under arrangements where the charging assets are not recovered through the RAB. AGL is also integrating charging with customer-facing platforms, investing in EV charging software and energy management capability, and participating in a residential vehicle-to-grid trial involving major vehicle manufacturers and distribution networks. These activities demonstrate that competitive providers can support EV charging rollout and innovation without converting public charging infrastructure into regulated network assets.

This is consistent with broader market growth. The Electric Vehicle Council's State of EVs 2025 report identified 1,272 fast-charging locations nationally and at least 4,192 high-power public charging plugs of 24 kW DC or above, representing 20 per cent growth in locations and a 22 per cent increase in high-power plugs since June 2024.

DNSP-owned, RAB-funded assets would enter a market that is already investing and scaling. Introducing regulated monopoly assets into that market would create uncertainty about the role of private investment, weaken incentives for market-led deployment and risk replacing emerging competition with regulated delivery. It could also give DNSPs undue influence over emerging charging technologies. Regulation should remain technology neutral to support innovation, interoperability and customer choice.

### The features that make networks attractive for EV charger rollout also make them unsuitable

Network-led EV charger rollout can appear attractive to governments and regulators because DNSPs have existing infrastructure, pole access, connection capability, regulated returns and limited risk exposure. However, those features are monopoly-derived structural advantages that competitors cannot replicate.

Those advantages should not be leveraged in a contestable EV charging market. They are not efficiencies earned in the EV charging market. Relying on them would create a supply-led model based on expanding existing monopoly infrastructure, rather than a customer-led model based on what EV charging users need. They arise from a protected monopoly position that provides a lower cost of capital and access to infrastructure and data. If DNSPs can use those features in EV charging, competition is no longer based on price and service, but on access to monopoly-derived benefits.

By comparison, competitive charging providers must compete by improving price and service, including location, reliability, charging speed, customer experience and utilisation. A DNSP would not face the same discipline where it can rely on regulated cost recovery, existing network assets and its connection role. This could allow a DNSP to offer lower apparent prices or a more attractive customer offer without achieving lower underlying costs or delivering better service.

For example, a DNSP could offer lower charging prices without lower underlying costs if part of the cost is recovered from electricity consumers rather than charging-service users. It could also improve its apparent offer through preferential access to network information, assets or connection processes. This would weaken incentives for market participants to drive cost efficiencies, improve service quality and innovate, because a DNSP-supported offer could compete on terms that are not available to others.

### [The proposed rule risks lessening competition and raising barriers to entry](#)

The proposal risks lessening competition by weakening the incentives that a contestable market is intended to create. In a contestable market, charging providers invest and compete to win customers through lower prices, better locations, reliable service, convenient payment options and a better customer experience. Those incentives are distorted where DNSP-owned, RAB-funded assets can compete using regulated cost recovery and monopoly-derived advantages that other market participants cannot replicate.

The proposal also risks raising barriers to entry and expansion. Charging providers assess sites based on expected utilisation, customer demand, site quality, connection costs and the ability to recover costs from users. If a regulated monopoly business can later identify, fund or support nearby charging assets using advantages that competitors cannot replicate, market participants face a risk they cannot readily price or manage. That risk may be enough to defer investment, reduce rollout or shift investment away from the locations the program is intended to support. This could also slow adoption of rapidly developing charging technologies.

The proposal could reduce the commercial value of innovation. Market participants invest in better reliability, payment systems, pricing models, customer experience, maintenance performance and site utilisation because those improvements help them win and retain customers. That incentive is weakened if regulated assets can compete on terms that are not available to other market participants.

The proposal also risks undermining market-led growth. The EV charging market is still developing, and early utilisation, customer familiarity and network effects are important to the investment case for future sites. If regulated assets absorb demand in emerging charging corridors or kerbside locations, they may reduce the revenue base for further private investment and weaken confidence that the market will be allowed to develop on commercial terms.

These impacts would reduce competitive pressure over time, leading to fewer market-led sites, weaker service innovation and higher long-term costs for consumers.

These risks are not confined to funded sites and are not removed by the rule being time limited. A temporary intervention can still establish site control, embed regulated asset ownership and change investor expectations about whether contestable EV charging markets will remain open to private investment.

### [DNSP incentives are not aligned with customer-facing EV charging](#)

Even aside from competition impacts, DNSPs are not the right parties to own or locate EV charging infrastructure because their incentives are not aligned with customer-facing outcomes. Their regulatory framework is designed for essential network services, not

transport services. DNSPs are rewarded for prudent network investment and cost recovery, not for maximising charger utilisation, customer experience, site quality, pricing or service innovation.

This creates a mismatch between the objective of accelerating useful EV charging rollout and the incentives DNSPs face. Charging infrastructure needs to be located and delivered based on driver demand, accessibility, safety, amenity, pricing, reliability and likely utilisation. A technically convenient network location may still be a poor charging location if it is unsafe, inconvenient or not aligned with driver behaviour. If utilisation is low or the customer experience is poor, DNSPs would not face the same commercial consequences as competitive charging providers.

DNSPs have an important role in network feasibility, connection efficiency, make-ready works and technical information. However, they should not own, select sites for, or recover regulated costs for contestable EV charging assets.

### [The proposed rule is disproportionate and risks slowing market-led deployment](#)

The proposed rule is a material intervention in a contestable market. It would allow DNSPs to identify EV charging sites, undertake connection works, own charging infrastructure under the proposed funding models, and recover approved costs through the RAB as regulated network services. The concern is not simply that DNSPs would have a role in rollout, but that contestable charging functions would be converted into regulated network activities funded by electricity consumers.

This creates a risk that the proposed rule slows market-led deployment rather than accelerating it. That risk reinforces why any intervention should be clearly necessary, tightly confined and supported by evidence that less distortive alternatives would not address the identified problem.

The proposal would also set aside important protections in the existing framework, including connection service, dedicated connection asset and ring-fencing requirements that ordinarily preserve the boundary between regulated monopoly activities and contestable services. These protections also help protect customers from paying unnecessary costs. Those protections should not be disapplied unless clearly necessary, tightly confined and limited to genuine network-enabling works.

The consultation paper does not demonstrate that these interventions are necessary or proportionate. It identifies a potential “chicken and egg” dynamic between EV uptake and charging availability, but the evidence is high level and does not clearly establish the scale, persistence or location of the problem. Nor does it demonstrate that connection processes, site identification or facility access arrangements are the primary barriers to deployment, or that commercially driven rollout would not occur without DNSP ownership or RAB recovery.

A proposal of this kind should be supported by clear evidence that market-led deployment will not occur, that existing regulatory pathways are insufficient, and that the benefits of DNSP ownership and RAB recovery outweigh the competition and consumer cost impacts.

Even where a viability gap may exist for some sites, that does not justify DNSP ownership, DNSP-led site selection or regulated cost recovery for contestable assets. The proposal has not clearly identified the relevant market failure, where it exists, how material it is for

customers, or why DNSPs are better placed to address it than targeted government funding and competitive delivery.

For these reasons, AGL does not consider the proposed rule is likely to promote the National Electricity Objective. It risks replacing competitive investment with regulated delivery, socialising contestable infrastructure costs across electricity consumers and relying on a more intrusive intervention than is required. The emissions objective can be supported through less distortive models that preserve CPO-led delivery and limit DNSPs to genuine network-enabling functions.

### Partial government funding should not be a gateway to RAB recovery

Partial government co-funding should not be treated as evidence that RAB recovery is in the long-term interests of electricity consumers. The National Electricity Rules are not a mechanism for converting government funding programs into compulsory charges on electricity consumers. Governments can fund public policy objectives directly through grants, procurement, appropriations, tax concessions or explicit levies. RAB recovery is different because it requires electricity consumers to fund those objectives through their energy bills, without the same budget transparency or parliamentary accountability.

This distinction matters for the National Electricity Objective. DCCEEW funding decisions may reflect broader transport, climate or regional policy objectives. Those objectives may be legitimate, but they do not make public EV charging infrastructure an essential monopoly electricity network service.

If partial government funding were accepted as a gateway to RAB recovery, electricity bills could become a residual funding source for government programs that are adjacent to, but not part of, regulated electricity network services. That precedent risk is particularly concerning here because public charging assets are contestable transport infrastructure, not natural monopoly network services.

The RAB is designed to recover the efficient costs of essential monopoly network services used by all consumers. Even in that context, the history of network overinvestment shows that regulation is an imperfect substitute for competition. For example, IEEFA has noted that past overinvestment, or 'gold plating', of distribution networks increased the RAB per customer by 60 per cent between 2006 and 2015, contributing to large increases in customer bills.<sup>1</sup> Regulation can constrain monopoly outcomes where competition is not feasible, but it should not be extended to assets that can be delivered competitively.

EV charging infrastructure is different. It is a contestable downstream transport service used by a subset of customers. Recovering those costs from all electricity consumers would stretch the regulatory framework beyond its proper purpose to the detriment of all customers.

The proposed rule would require the AER to include DCCEEW-approved capex and opex in DNSPs' RABs, rather than applying the usual assessment of whether expenditure is prudent, efficient, necessary and properly classified. A competitive grant process may inform

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<sup>1</sup> Institute for Energy Economics and Financial Analysis, Reforming the economic regulation of Australian electricity distribution networks (May 2024)

value for money, but it is not a substitute for independent regulatory scrutiny under the National Electricity Rules, particularly where costs are recovered from electricity consumers.

For that reason, DCCEEW approval should not displace the ordinary assessment required under the National Electricity Rules. The long-term interests of electricity consumers must be assessed by reference to the National Electricity Objective, not broader policy considerations informing a government funding decision.

The proposal would require all electricity consumers, including renters, low-income households, households that do not own cars and households that cannot afford EVs, to fund infrastructure that primarily benefits a narrower group of transport users. That is fundamentally different from shared network expenditure, where costs are socialised because the service is universally used.

RAB funding would also weaken efficiency incentives by giving DNSPs regulated returns with limited exposure to utilisation, customer demand, service quality or competitive pressure. User-pays models, private investment and targeted government grants are more appropriate for contestable EV charging assets. DNSP funding should be limited to genuine network-enabling works that are necessary, efficient and subject to regulatory scrutiny.

#### [Viable alternative delivery models have not been properly explored](#)

AGL recognises that the AEMC cannot redesign the DCCEEW program in this rule change process. However, less distortive alternatives remain relevant to whether the proposed rule is necessary and proportionate. The consultation paper does not adequately assess whether EV charging rollout could be accelerated without DNSP ownership, DNSP-led site selection or RAB recovery for contestable charging assets.

AGL supports a DNSP-enabled, rather than DNSP-owned, model. Rollout should remain led by competitive charging providers, including site selection, ownership, operation and maintenance wherever possible. DNSPs should be limited to clearly defined network-enabling functions such as network information, connection assessments, necessary connection and make-ready works, and streamlined approvals.

This is consistent with the approach articulated in Nexa Advisory's submission which AGL supports. Nexa also proposes strict safeguards if the AEMC permits any DNSP ownership under the program, including limits on public or regulated funding, protections against RAB recovery for contestable charger assets and charger-related operating costs, market testing, ring-fencing, data access and cross-subsidy protections, and a requirement that any DNSP ownership be temporary and unwound at the end of the program.

In addition, funding could instead be directed to targeted shared network upgrades in genuine charging blackspots where this would remove network barriers to the competitive delivery of DC charging infrastructure.

Government funding should be limited to demonstrated viability gaps, including genuine regional journey-enablement gaps. This should occur through market testing, competitive processes, value-for-money assessment and clear eligibility criteria, rather than DNSP ownership or RAB recovery.

AGL therefore recommends that the AEMC not make the proposed rule and instead support approaches that preserve competitive delivery while enabling DNSPs to perform genuine network-enabling functions.

For questions about this submission, please contact Anton King at [aking6@agl.com.au](mailto:aking6@agl.com.au).

Yours sincerely,

Ralph Griffiths  
General Manager  
Policy & Market Regulation