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AusNet Response to Consultation Paper – Facilitating Electric Vehicle Charging Infrastructure Rollout under Commonwealth Grants

Introduction

AusNet welcomes the opportunity to respond to the AEMC's consultation paper on facilitating electric vehicle charging infrastructure (EVCI) rollout under Commonwealth grants.

As a Victorian DNSP committed to enabling electrification and delivering efficient outcomes for customers, we strongly support the intent of the proposed framework to accelerate EVCI deployment while leveraging the capabilities of distribution networks where appropriate.

AusNet is particularly supportive of the rural and regional black spot component of the EVCI program, given its extensive electricity distribution network across eastern Victoria, including alpine and tourism-dependent communities such as Bright, Mount Beauty, Falls Creek, Mansfield, and Omeo. These communities can experience significant seasonal fluctuations in population and transport demand associated with tourism, creating utilisation profiles that may not readily support commercial investment by Charge Point Operators (CPO) despite the strategic importance of charging availability for regional connectivity and economic activity.

AusNet supports a framework where DNSPs play an enabling role in EVCI rollout, including through facilitating connections, identifying technically suitable sites, and supporting efficient integration with the distribution network. As envisioned under the DCCEEW program, DNSPs can provide additional support for the roll-out where commercial investment may not arrive quickly enough, or in the locations where customers and communities most need charging access. In this respect, the proposed "market-first, DNSP-backstop" model represents an appropriate balance between accelerating deployment and preserving competitive outcomes.

In terms of cost recovery, AusNet contends that it would be more efficient to leverage the existing cost pass through framework in the Rules, while removing the materiality threshold for the purposes of this program so full cost recovery can be provided consistent with the intent of the proposed Rule. This approach would have the following advantages:

- better administrative efficiency given cost pass throughs are a known and heavily utilised process.
- better aligning the timing of costs being incurred under the program with recovery of those costs.
- better managing ex-post review risk exposure through adjusting the regulatory capex allowance.

If the alternative (proposed) cost recovery pathway is adopted, it should be adjusted to embed a consistent risk-return profile as provided by the broader regulatory framework. This includes:

- All efficient costs associated with participation in the program – including grant application preparation costs, tendering, procurement, design, and development costs – should be recoverable, consistent with the requirements of the Revenue and Pricing Principles under the broader regulatory framework. The definition of **Program adjustment amount** has not been included in the Rules drafting and should be clearly set out to provide certainty.
- Capex forecast or incurred under the program should not increase exposure to ex-post review. While this risk is mitigated via the Rules drafting making an adjustment to the RAB at the end of the regulatory period, the treatment of actual capex incurred for the purposes of regulatory reporting with respect to ex-post review should be clarified in the Final Rule. Providing for actual capex incurred as a result of this program to be assessed under the ex-post review framework with no corresponding adjustment to a networks' capital allowance would be a material disincentive for AusNet to participate in the program.
- Requiring the AER to approve opex costs for the subsequent regulatory period, as determined by DCCEEW to be an extension of the Program adjustment amount. This is necessary due to the AER's

strict step change assessment process, which could result in DNSPs being expected to absorb the cost within their base opex in the subsequent regulatory period. Uncertainty over whether additional opex is recoverable in the subsequent period would be a material deterrent to participation. Beyond the subsequent period, incurred opex would form part of a DNSP's base opex expenditure and therefore form part of allowed opex, so specific Rules requirements are not needed for future regulatory periods.

Without these changes, DNSPs may be less able to participate in the program. This could reduce the practical benefits customers receive from the grant program, particularly in regional areas where charging options are currently limited.

Detailed Responses to Consultation Questions

Question	AusNet Response
Q1: Problem statement	AusNet accepts that a coordination problem exists between EV uptake and infrastructure rollout, particularly for kerbside charging. We agree there is a real issue in regional areas where limited EV charging makes it harder for local customers, visitors and people travelling through those communities to confidently use or adopt electric vehicles. In our experience, connection processes are not the primary barrier to improved EVCI roll out. Constraints are more often driven by insufficient network capacity available in the desired location, resulting in augmentation requirements, which take varied lengths of time to address. Site identification inefficiencies are better addressed through DNSP work to provide better visibility and access to prospective EVCI connections via tools such as the AusNet GridView platform, where we are working on adding data layers to identify suitable poles for EVCI use.
Q2: Emissions reduction	The modelling of emissions benefits (≈9.8 Mt CO_2 reduction; ~$809m benefit) is directionally sound. However, these potential outcomes depend heavily on uncertain assumptions (EV uptake, utilisation). Accordingly, benefits should be treated as indicative rather than determinative.
Q3: Other benefits	AusNet agrees that the grant program is likely to deliver additional benefits including: • improved coordination between DNSPs, CPOs, local governments, and communities • improvements in EVCI connection timeframes • better network visibility. These learning and coordination benefits are potentially as important as increasing access to EV charging for customers and broad emissions benefits, especially for informing enduring EVCI market design. EVCI delivers broader public benefits beyond current EV users by supporting transport electrification and emissions reduction.
Q4: Contributions from all electricity consumers	AusNet believes that recovering most of the program's cost from electricity consumers is an acceptable outcome, given that: • there is clear system-wide benefit (e.g. emissions) • the grants will address genuine market failure (e.g. DNSPs acting as a 'backstop' where CPOs have not invested in regional and remote blackspots) • the success of the EV rollout across the NEM will be a key driver of additional electricity consumption, which will increase network utilisation and drive downward pressure on electricity prices for all consumers. In addition, due to the way costs are proposed to be rolled into the RAB, stakeholders will be able to understand the impact of the grant on customer bills.

Q5: DNSP recovery of residual costs	As mentioned above, the existing cost pass through regulatory framework may support cost recovery for this program if the materiality threshold is removed for EVCI installed under the DCCEEW program. If the alternative pathway suggested by DCCEEW is adopted, the changes described above will be required to maintain a risk-return profile commensurate with the broader framework. We also consider the opex recovery could be improved to separate the **Program adjustment amount** into a long-lived (capex) asset and a short-lived asset (representing the capitalised implementation opex) to better align cost recovery with the timing of the expenses incurred. We consider there should be a requirement on the AER to explicitly provide for opex associated with the program in the subsequent regulatory period, for the reasons explained in the introduction.
Q6: Timing of cost recovery	It may not be necessary to defer- cost recovery to the next pricing period if the cost pass through regime is leveraged. This minimises the timing mismatch between costs and recovery. For DNSPs at the commencement of a new regulatory control period, deferral to the next reset may create a funding lag of up to five years, which could materially reduce participation in the program and undermine the objectives of the Commonwealth grant.
Q7: Other NER changes	AusNet supports the proposed derogation for approved DCCEEW projects. However, the rule should clarify that: • all technical connection standards continue to apply. • site identification is not a connection guarantee. • normal connection arrangements continue to apply outside the program. • identification of a candidate site for kerb side charging by DNSPs under the DCCEEW program should not be interpreted as a guarantee of deliverability, timing, or cost. **Ring-fencing clarity:** We support the narrow ring-fencing exemptions that are envisaged by the program, which are restricted to provider-of-last-resort or market-failure circumstances, noting this is a practical approach which is not applied outside the Commonwealth-funded program. **Metering Contestability Exemption:** For clarity of interpretation, the rule change must also specify that EVCI installed under this program will have the relevant DNSP assigned to the Metering Provider, Metering Coordinator and Metering Data Provider roles and the associated connections will be exempt from metering contestability. Metering contestability would effectively require a separate meter enclosure and preclude a smaller charging appliance with a self-contained DIN rail meter. This exemption will avoid additional metering costs, size restrictions, and enable the optimal use of the metering equipment contained within the EVCI.

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Q8: Alternative solutions	AusNet believes that the following principles are key to enabling the DCCEEW EVCI program through DNSP participation: • focus on giving DNSPs sufficient regulatory certainty and coverage through targeted rule changes rather than relying solely on sandbox approaches. • establishing enhanced AER flexibilities where appropriate when assessing DNSP activities and funding related to EVCI. • promote staged implementation and trial-based deployment pathways where appropriate to reduce implementation risk. Other than the specific recommendations and notes we have set out in this response, alternative solutions are unlikely to improve outcomes.
Q9: End-of-life asset treatment	It is AusNet's view that DNSPs should be able to: • re-offer sites to the market • replace assets where appropriate. Subject to: • continued demonstration of need • preserving competitive neutrality. We recommend clear and explicit language in the rule change to give DNSPs the optionality to consider these options.

Summary

AusNet strongly supports the intent of the proposed rule change and the objective of accelerating EVCI rollout. Our network contains significant regional tourism locations which experience significant peak population booms on relatively few days a year, and many regional communities. The level of utilisation may be insufficient to attract purely commercial investment. The provider-of-last-resort model therefore has particular relevance in those parts of the AusNet network.

The grant program, if supported by the proposed Rules framework has the potential to deliver improved access to charging infrastructure, better utilisation of network capacity, and enhanced outcomes for customers.

The success of the regulatory framework and grant program, in practice, will depend on:

- a practical and proportionate approach to implementation
- establishing appropriate regulatory funding arrangements
- safeguards to preserve competition and avoid cross-subsidy.
- grant eligibility criteria and allocation process which promotes equity and fairness of EVCI roll out under the program and considers non-financial community benefits appropriately.

Please contact Anoop Nambiar (anoop.nambiar@ausnetservices.com.au) with any questions about our submission.

Sincerely,

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