Climateworks CENTRE

Level 8, 750 Collins Street,
Docklands VIC 3008
Wurundjeri Country

P: +61 3 9902 0741

info@climateworkscentre.org

climateworkscentre.org

22 June 2026

To whom it may concern,

Climateworks Centre submission to AEMC consultation: Facilitating electric vehicle charging infrastructure under Commonwealth grants

Climateworks Centre welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation on facilitating electric vehicle charging infrastructure (EVCI) under Commonwealth grants. Australia's EV fleet is growing faster than its public charging network and this rule change is an opportunity to close that gap before it becomes a structural barrier to decarbonisation.

Climateworks bridges the gap between research and climate action, operating as an independent not-for-profit within Monash University. Climateworks accelerates ambitious, evidence-based action for net zero in Australia and Southeast Asia. The rapid decarbonisation of Australia's electricity system will play an important role in supporting its commitments under the Paris Agreement. Increasing renewable electricity generation and coordinated electrification across transport, buildings and industry can support Australia to meet its emissions reduction targets.

In this submission, we urge the AEMC pursues EVCI rule changes to maximise whole-of-system benefits.

Submission summary

Climateworks supports the premise behind EVCI under Commonwealth grants because it enables emissions reductions by supporting the electrification of transport. The empirical data generated by this pilot directly intersects with the AEMC's current Electricity Network Regulation Review (package 1) consulting this month. Climateworks recommends that the AEMC establish a formal mechanism to funnel insights from these grant-funded projects directly into that review, ensuring immediate trials inform the long-term regulatory boundaries of network businesses.

In addition, the grants support the development of EVCI in the most effective way for the electricity system and economic transition. Evaluating how these pilots perform, and what they reveal about effective rule design, can deliver long-term value to consumers, lower overall system costs, optimise network asset utilisation, and smooth the integration of Consumer Energy Resources (CER).

A formal evaluation framework with transparent reporting milestones, success metrics, and formal review points will make best use of this pilot. Publishing findings from such an evaluation provides the AEMC with the evidence base required to design enduring arrangements for EVCI and broader CER integration. Data generated by the program could contribute to Integrated System Plan (ISP) assumptions regarding transport electrification demand, managed charging behaviour, and low-voltage network utilisation.

Climateworks' recommendations:

- Utilise the grant program to explore deployment barriers and resolve investment uncertainty in public charging markets.
- Use the program to estimate emission reductions from grid-integration co-benefits.
- Use the program to establish formal evidence for enduring market design.
- Support cost socialisation for system-wide benefits, subject to robust transparency and reporting conditions.
- Structure that DNSPs recover residual costs through established regulatory mechanisms to maintain independent oversight in limited circumstances.
- Align cost recovery with standard regulatory determination processes and reopener mechanisms in special circumstances.
- Enact time-limited rule modifications to streamline connection classifications and restricted asset provisions.
- Use the program to learn about non-network alternatives to network augmentation.
- Design for end-of-life asset replacement to foster competitive market development.
- Define DNSP roles as provider of last resort in competitive markets and primary provider only in uncommercial regional blackspots.

Recommendations

Recommendation 1: Utilise the grant program to explore deployment barriers and resolve investment uncertainty in public charging markets *Responding to AEMC Question 1: Do you agree with the problem statement?*

Climateworks agrees that a 'chicken-and-egg' situation currently suppresses the kerbside charging market: drivers hesitate to buy EVs without visible infrastructure, while charging providers hold back capital due to low initial utilisation. The program is well positioned to overcome this problem.

Protracted connection timeframes and high network costs remain the most significant hurdles to efficient EVCI deployment. Distribution Network Service Provider (DNSP) connection processes, including timeframes, costs, site identification, and facility access fees, impose real transaction costs on the market. Adopting a 'program of works' connection delivery model, with DNSPs leading site identification using their network insight, is an innovative approach that can substantially reduce these costs and shorten deployment timelines.

Market failure is most acute in regional and remote blackspots, where thin utilisation rates cannot attract private capital despite the clear public benefit. These deployments can strengthen regional and remote electricity systems beyond simply providing charging services. EVs can operate as highly flexible Consumer Energy Resources (CER) rather than static electrical loads. Understanding how charging demand shifts in response to price and network signals will help design and implement future market architecture. This program also offers an opportunity to better understand challenges in overcoming low-voltage infrastructure pinch points and the data transparency needed to address them.

Recommendation 2: Use the program to estimate emission reductions from grid-integration co-benefits *Responding to AEMC Question 2: Do you have any views on the proponent's assessment of the emissions reduction benefits?*

Climateworks agrees with the broad methodology and finds the underlying assumptions reasonable. The modelling approach linking EVCI volumes to EV uptake, and EV uptake to emissions reductions valued against Australian Energy Regulator (AER) guidance, reflects sound practice and provides a credible baseline.

The modelling is conservative by design: it excludes indirect market-stimulation effects and replacement vehicle cycles. We support this conservative framing for a rule change submission, while noting that the true system value is likely higher through effects such as:

- Managed charging and demand flexibility which have the potential to reduce electricity infrastructure spending that would otherwise be required. Public EVCI is a new electrical load and also a flexible resource capable of absorbing surplus daytime

solar, reducing curtailment, and materially deferring the need for network augmentation.
- V2G and grid-supportive tariffs. These will take time to implement and may not be ready for this program, but are a valuable addition to the modelling.

We suggest that this program can enable exploration of how to capture emissions reduction grid integration co-benefits.

Recommendation 3: Use the program to establish formal evidence for enduring market design *Responding to AEMC Question 3: Do you have any views on the benefits beyond emissions reduction, including the potential to provide insights to inform an enduring market design?*

The enduring value of this program lies in the transparent information and insights it generates while it operates. Commonwealth grants are valuable far beyond the physical infrastructure they deliver. They provide a pilot to test whether and how flexible, electrified demand can be integrated.

This program is also a way to stress-test regulatory innovations in a controlled environment, while enduring connection reform for third-party CER remains the ultimate objective. To maximise this learning, we recommend the AEMC map a clear transition pathway linking these temporary measures to permanent market designs to test outcomes against. This program will be most useful if its design, and the temporary rule changes that allow it, are explicitly intended to provide insights into permanent rule changes and how EVCI is regulated in the electricity system and market.

A well-designed assessment framework would require participating projects to provide standardised data, including:

- real connection costs and processing timeframes
- hourly charger utilisation patterns and load profiles
- localised network constraints and flexibility responses.

The Parliament of Victoria's recent Inquiry into Electricity Supply for Electric Vehicles (Victorian Inquiry),(Parliament of Victoria 2026) identified a lack of granular, low-voltage (LV) network data as a primary roadblock for efficient infrastructure planning. Climateworks recommended the program require DNSPs to provide hosting capacity data during the rollout of infrastructure under Commonwealth grants. This can begin to demonstrate what data is helpful and how it can be provided to reduce transaction costs and allow the market to deploy solutions where the grid actually needs them.

Recommendation 4: Support cost socialisation for system-wide benefits, subject to robust transparency and reporting conditions *Responding to AEMC Question 4: Do you consider it appropriate for EVCI projects to have residual costs funded through a combination of government funding and contributions from all electricity consumers?*

Climateworks supports the program's planned fiscally responsible co-funding model, which socialises only the genuinely uncommercial residual costs across the broader consumer base, provided the funded projects deliver demonstrable system-wide benefits.

The program's cost-sharing structure is appropriately sequenced to minimize consumer risk. Charge Point Operators contribute first, either through connection fees under Design 1 or competitive tender bids under the kerbside Design 2 model. The 30% Commonwealth grant is then applied to the remaining balance. Crucially, for viable Design 2 sites, the assets transfer entirely to private operators, ensuring zero ongoing capital exposure for energy consumers. Regulated consumer funding is strictly reserved for the genuinely uncommercial residual costs under Design 1 after all private contributions and federal grants have been exhausted. Climateworks supports this layered structure because it protects the broader consumer base while preserving competitive tension in the kerbside charging market. Transparency and reporting can make these individual cost layers clearly visible to the AER and consumers across every funded project.

The case for socialising residual costs rests on the breadth of the system-wide benefits transport electrification delivers. Widespread EV adoption lowers economy-wide emissions and introduces flexible demand that can flatten demand profiles, improve grid utilisation, and drive down wholesale energy prices over time. These benefits extend to all energy consumers, not just EV drivers, which justifies a proportionate contribution from the broader consumer base to the uncommercial component of deployment costs.

However, consumer contributions require accountability. Climateworks recommends co-funded projects be required to publicly report on:

- CPO connection fee and tender bid contributions per site, to confirm the commercial viability test is functioning as intended and that consumer exposure is limited to genuinely residual costs.
- Connection timelines and actual utilisation rates against forecast.
- Charging profiles and localised hosting capacity constraints.
- Deferred grid upgrades and evidence of improved asset utilisation over time.
- Demonstrated assessment of demand-side flexibility and non-network solutions ahead of any network augmentation.

This transparency will allow networks, the AER, and the AEMC to verify that cost socialisation remains targeted at genuinely uncommercial deployment gaps, rather than subsidising projects that CPOs would have funded commercially. It will also allow DNSPs to prioritise cheaper demand-side flexibility options ahead of expensive network upgrades, protecting consumer affordability over the life of the program. Lessons from this reporting framework can help DNSPs, the AER, and the AEMC evaluate non-network solutions as a standing alternative to network augmentation.

Recommendation 5: Structure that DNSPs recover residual costs through established regulatory mechanisms to maintain independent oversight in limited circumstances
Responding to AEMC Question 5: Do you agree with how the rule change request proposes that residual costs for approved EVCI projects be recovered by DNSPs?

Climateworks supports allowing networks to recover approved capital expenditure and bounded operational costs through existing regulatory channels. Allowing a DNSP's Regulated Asset Base (RAB) to be adjusted to include approved capex and opex amounts for EVCI projects (net of the Commonwealth grants) provides a stable pathway to build out the network while the market gathers live data on utilisation and grid impacts.

This mechanism is a sensible way to unlock immediate deployment. The data gathered during the program will ultimately inform how the next generation of EVCI and flexible CER assets are treated under permanent regulatory determinations.

This mechanism will require strict accountability. This includes mandating independent oversight by the AER and AEMC, including the AEMC's ability to consider overall expenditure caps as a safeguard in cases when DCCEEW's RAB adjustment process removes normal AER ex-post review.

Recommendation 6: Align cost recovery with standard regulatory determination processes and reopener mechanisms in special circumstances *Responding to AEMC Question 6: Do you agree with the proposal that DNSPs recover costs in the next regulatory control period? Or should DNSPs recover costs incurred in the current period through a reopener?*

Funnelling cost recovery through standard regulatory determination processes ensures the necessary transparency, oversight, and alignment with multi-year planning cycles. The default position of recovery in the next regulatory control period is appropriate for the majority of program projects.

Nevertheless, we recommend the AEMC incorporate a tightly bound reopener mechanism as an exception for critical projects. This is particularly important across regional and remote charging blackspots where market gaps are most acute and administrative delays could stall critical

deployments. Without this safety valve, the rigid timing of regulatory control periods could prevent timely delivery where public interest is highest.

Any reopener mechanism requires operationalisation through the existing cost pass through framework under Chapter 6 of the NER rather than through a new or discretionary mechanism. To be eligible, a project must satisfy all of the following: it is a verified regional or remote blackspot deployment where mid-period cost recovery would prevent a deployment delay of no less than 12 months; the incremental cost exceeds the 1 per cent of annual revenue materiality threshold under the NER's pass through provisions; and the AER retains full ex-post review rights over costs claimed, consistent with its standard pass through assessment powers. This would safeguard against locking in a general pathway for advancing cost recovery outside normal determination cycles.

Recommendation 7: Enact time-limited rule modifications to streamline connection classifications and restricted asset provisions *Responding to AEMC Question 7: Do you agree with the proposals that EVCI connection works should not be classified as connection services, and that restricted asset provisions should not apply?*

Temporarily exempting approved grant projects from standard connection classifications and restricted asset provisions is justified by the urgent need for transport decarbonisation.

On connection services classification: treating DNSP-initiated EVCI connection works as outside standard connection services (under Chapter 5A of the NER) is necessary because the program reverses the process; DNSPs lead site identification ahead of Charge Point Operator (CPO) appointment, which means there will not be a Connection Applicant at the time works are scoped and undertaken.

On restricted asset provisions: allowing DNSPs to install and maintain EVCI assets without breaching ring-fencing guidelines is a modification that removes a genuine barrier while preserving competitive neutrality in the retail charging market. This neutrality is maintained because the modification does not permit DNSPs to act as a CPO or sell electricity directly to EV consumers. The retail charging role therefore remains open to commercial market participants.

Western Australia's repeated extension of licence exemptions for EV charging station operators under the *Electricity Industry Act 2004* up to 30 June 2027 shows that time-limited regulatory carve-outs are a workable and precedented mechanism for supporting EVCI deployment while the market develops, and provides a practical model for the proposed temporary NER modifications (Energy Policy WA 2024).

These adjustments are designed to complement the broader principles of open competition and efficient investment. Both modifications are explicitly time-limited and program-specific, ensuring they cannot set precedents that could be used to justify broader departures from the regulatory framework.

Recommendation 8: Use the program to learn about non-network alternatives to network augmentation *Responding to AEMC Question 8: Are there alternative solutions for integrating the proponent's funding program in the National Electricity Rules (NER) that you think we should consider?*

Climateworks suggests non-network solutions are assessed when network augmentation is explored. Within the current program design, we recommend: DNSPs assess non-network alternatives when nominating network augmentation as part of program applications; and the program embeds criteria to reward applications that demonstrate network augmentation deferral and non-network solutions.

For example, international evidence demonstrates that integrating flexible charging with smart grid architecture yields significant network benefits. In the United Kingdom, the implementation of the 2022 Smart Charge Points Regulations, which mandated that new chargers default to off-peak hours alongside the widespread rollout of dynamic Time-of-Use tariffs, proved highly effective at shifting vehicle charging demand away from peak periods without compromising driver utility. By embedding

similar data tracking into this grant program, the AEMC can gather the empirical low-voltage network insights required to design cost-reflective Australian tariffs that optimise grid capacity and drive down whole-of-system costs.

This approach aligns with the Parliament of Victoria's recent inquiry recommendation to prioritise bidirectional charging (V2G) and grid-supportive network tariffs. While full market deployment of V2G will scale incrementally, this program provides the immediate testing ground needed to capture the utilization and capacity data required to enable these technologies.

Recommendation 9: Design for end-of-life asset replacement to foster competitive market development *Responding to AEMC Question 9: What should happen with EVCI assets that DNSPs may be responsible for installing, at the end of their life?*

The core objective of this Commonwealth program must be to break the initial vehicle-and-charger deployment deadlock, rather than to establish a permanently regulated, network-owned charging service. To support a competitive market and protect energy consumers, distribution network service providers should only be permitted to include end-of-life charging asset replacement in their regulatory asset base under exceptional, verified market-gap circumstances. Restricting replacement funding in this way ensures public and regulated resources are tightly targeted, preventing long-term consumer cost-burden while building a self-sustaining commercial charge point operator market. To achieve this, the program must establish explicit, front-ended transition pathways toward commercial operation rather than deferring these choices to future regulatory periods.

Under Design 2, where networks transfer infrastructure assets to successful charge point operators upon program completion, a clean structural handover is achieved. Operators assume all ongoing capital and maintenance costs, which removes operational liabilities from the consumer base while appropriately ending the network's role at the point of installation. Climateworks supports this as the default model for viable kerbside sites because it effectively aligns asset ownership with commercial risk. To inform future net-zero infrastructure policy, Climateworks recommends that the program evaluation framework explicitly track the uptake of this model against Design 1, measuring whether private ownership drives superior utilization and customer outcomes.

Where assets instead remain with the network under Design 1, Climateworks recommends codifying a mandatory re-commercialisation obligation at the end of the asset's life, rather than leaving it to future regulatory discretion. As electric vehicle adoption accelerates across the economy, sites that are uncommercial at the program's inception will likely become commercially viable by the early 2030s as initial assets depreciate. A mandatory operator right-of-first-refusal ensures that these improving market conditions reduce regulated consumer exposure without requiring subsequent rule changes.

For regional blackspot sites, the AEMC paper leaves open whether access fees paid to networks by mobility service providers are netted off the regulatory asset base. Climateworks recommends this be resolved in the affirmative and embedded in the program rules from the outset, rather than deferred to regulatory determination. Requiring commercially benchmarked access fees and netting that revenue against the RAB reduces the residual cost burden borne by energy consumers and introduces an early commercial signal into regional segments. As regional electric vehicle density grows, this revenue-netting mechanism creates a predictable, market-led pathway for eventual full commercial takeover without further regulatory intervention. Ultimately, program success should be measured not just by the volume of chargers deployed, but by the progressive transfer of financial responsibility to the competitive market. Without a mandatory revenue-netting mechanism, consumers risk overpaying for assets while DNSPs double-recover costs through both regulated tariffs and commercial access fees.

Recommendation 10: Define DNSP roles as provider of last resort in competitive markets and primary provider only in uncommercial regional blackspots *Responding to AEMC Question 10: Early views on the enduring role of DNSPs in EV charging*

The guiding principle for DNSP roles in EVCI is straightforward: regulated monopoly intervention should occur where the market fails, and open data should underpin every intervention. While broader considerations of the enduring DNSP role are out of scope of this rule change request and will be addressed in the Electricity Network Regulation Review, Climateworks offers the following early views to inform that process.

DNSP as Provider of Last Resort: Noting the metro DC fast chargers are excluded by the program, the program's design, giving CPOs right of first refusal or conducting competitive tenders before DNSP installation, reflects the principle that regulated monopoly intervention would only occur where competitive alternatives fail.

DNSP as Primary Provider for uncommercial regional blackspots: For uncommercial regional blackspots, a stronger and more durable DNSP role is appropriate. Where the prospect for commercial competition is genuinely unlikely (due to low utilisation, high connection costs, and thin or absent private capital) DNSPs are well-placed to leverage their existing assets to deliver DC fast-charging infrastructure that would otherwise not exist.

Planning Data for Both Roles: Whether acting as a provider of last resort or as the primary provider in regional blackspots, DNSP interventions are most efficient when guided by open data and clear market metrics. Publicly supported deployment is designed to lay the groundwork, de-risk the asset class, and build market data. Over time, this can give way to a competitive, privately-led marketplace.

The program's evaluation framework would ideally track not only charging outcomes but also market development indicators such as the number of sites transitioning to CPO operation, CPO investment in adjacent locations, and changes in commercial viability thresholds. This will enable evidence-based calibration of DNSP roles over time.

Conclusion

This program is more than an infrastructure funding mechanism, it is the AEMC's best near-term opportunity to generate the empirical evidence base that EVCI market design will require. A formal evaluation framework with public reporting, standardised data collection, and explicit transition metrics will ensure the program delivers value well beyond the physical assets it funds.

The findings can be formally channelled into the Electricity Network Regulation Review (package 1), so that temporary rule modifications made for this pilot translate into permanent, well-calibrated market design rather than regulatory uncertainty. Climateworks looks forward to contributing to that next phase of reform.

Sincerely,

Glen Currie
Program Impact Manager - Energy System
glen.currie@climateworkscentre.org

References

Energy Policy WA (2024), *Extension of licence exemptions for electric vehicle charging station services – 2024 to 2027*, Government of Western Australia, accessed 19 June 2026,

Parliament of Victoria (2026), *Inquiry into electricity supply for electric vehicles [PDF]*, Legislative Council Economy and Infrastructure Committee, Parliament of Victoria, accessed 19 June 2026.