25 June 2026

Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Lodged electronically

Dear Ms Collyer,

Facilitating electric vehicle charging infrastructure rollout under Commonwealth grants

Nexa Advisory welcomes the opportunity to respond to the AEMC's consultation on the proposed rule change submitted by the Commonwealth Government Department of Climate Change, Energy, the Environment and Water (DCCEEW) to enable its *Accelerating Electric Vehicle Charging (AEVC) Program* (ERC0436).

Nexa is an advisory firm with an unwavering focus to accelerate the clean energy transition in a way that provides secure, reliable, and affordable power for consumers of all types. Nexa Advisory is a team of experienced specialists in the energy market, policy and regulation design, stakeholder engagement, and advocacy. We work with public and private clients including renewable energy developers, investors and climate impact philanthropists to help them get Australia's clean energy transition done.

Introductory remarks

Nexa supports rapid, efficient and consumer-focused rollout of electric vehicle charging infrastructure (EVCI). This is particularly important for households without access to off-street parking, regional communities, fleet users, visitors and drivers undertaking longer journeys.

However, it is Nexa Advisory's strong view that the proposed rule change would not support this outcome. The rule change as proposed will enable regulated monopoly Distribution Network Service Providers (DNSPs) to play a central role in identifying sites, undertaking connection works and, in some cases, installing and maintaining electric vehicle (EV) charging infrastructure, with residual costs recovered from electricity consumers through the Regulatory Asset Base (RAB). This would risk embedding DNSPs in a contestable downstream market, socialising transport infrastructure costs through electricity bills, distorting competition and weakening ring-fencing protections.

DCCEEW has identified genuine barriers to EVCI deployment, including connection delays, limited network data transparency, facility access arrangements and uncertainty about site feasibility. These are legitimate issues. However, they do establish the case for requiring DNSP ownership, DNSP-led site selection or RAB-funded recovery of public charging assets.

Nexa submits that the AEMC should not make the rule in its current form.

The AEMC's assessment of any rule change proposal should be focus on whether it meets the National Electricity Objective (NEO). As an independent statutory body, it should not give any consideration to a policy objective of shifting the costs of transport sector electrification from

government budgets onto electricity consumers. This submission explains why the proposed rule change does not meet the NEO.

We consider the Commonwealth program (the Program), could be more appropriately delivered through legislative instruments; a national electricity rule change is not an appropriate vehicle for imposing an 'EV tax' to fund transport electrification.

If the AEMC proceeds with a rule change to facilitate the Program, it must clearly demonstrate, with evidence, how the rule change is consistent with the NEO and is not simply facilitating political objectives unrelated to the electricity framework. The AEMC should also require DCCEEW to publish all evidence relied on to justify the rule change, including behavioural research, modelling of net benefits and related assumptions, evidence of market failure and any other supporting analysis. A rule change that allows network investment in contestable services and socialises the costs should not proceed without transparent, independently testable evidence of net benefits, market failure, counterfactual delivery and distributional impacts.

If a rule change to facilitate the Program proceeds, it should be substantially narrowed and subject to conditions so that it:

- enables DNSPs to perform clearly defined network-enabling functions;
- preserves Charge Point Operator (CPO)-led site selection, ownership, operation and maintenance wherever possible;
- limits any public or regulated funding to demonstrated market gaps;
- excludes contestable charger assets and charger-related opex from default RAB recovery;
- requires transparent utilisation, uptime, cost and subsidy reporting;
- includes strict market testing, ring-fencing, restrictions on affiliate dealings, data access and cross-subsidy protections;
- prevents a time-limited program from creating an enduring DNSP role in EV charging.

This position is consistent with Nexa's broader rule change request on clarifying distribution ring-fencing in emerging energy markets. The AEMC has recognised that DCCEEW's rule change, Nexa's ring-fencing rule change and Energy Networks Australia's DNSP-led EVCI rule change raise related questions about the appropriate role of DNSPs, service classification and competitive neutrality in contestable markets.

Summary of key asks

1. The AEMC should not make the rule change in its current form.
2. AEMC must request and make public the information from DCCEEW regarding all the evidence it relied upon to justify the need for the rule change (behavioural study, modelling of net benefits and related assumptions, evidence of market failure, etc.).
3. If the AEMC proceeds to make a rule to facilitate the Commonwealth program, it must demonstrate clearly and provide evidence as to how this rule change is consistent with the NEO and not facilitating political aspirations. In doing so, the AEMC should consider any indirect costs of the rule, including distortions to competitive neutrality in the related contestable markets and resulting inefficiencies.
4. The scope of the rule change should also be narrowed and conditioned so that it:
   - enables DNSPs to perform clearly defined network-enabling functions;

- preserves CPO-led site selection, ownership, operation and maintenance wherever possible;
- limits any public or regulated funding to demonstrated market gaps;
- excludes contestable charger assets and charger-related opex from default RAB recovery;
- requires transparent utilisation, uptime, cost and subsidy reporting;
- includes strict market testing, ring-fencing, restrictions on affiliate dealings, data access and cross-subsidy protections; and
- prevents a time-limited program from creating an enduring DNSP role in EV charging.

Detailed submission

We do not support the overall rationale for the proposed rule charge

The proposed rule change seems to rely on the following line of argument:

1. Rapid decarbonisation of the transport sector is crucial for meeting the government's emission targets
2. Rapid EV uptake is constrained by the rollout of charging infrastructure. There is a 'chicken and egg' problem, as consumers 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
3. Therefore, there is a need for government intervention to help overcome barriers to wide-scale deployment of AC kerbside charging and address regional blackspots (DC charging)

While we support transport electrification as a necessary contributor to Australia's emissions reduction objectives, we have serious concerns with such framing of the issue:

- There is little evidence to suggest the 'chicken and egg' problem is real
- There exist some frictions and barriers that impede the EVCI rollout; these are largely due to monopoly provision of network services and related information asymmetries
- There are targeted policy tools to reduce these barriers that are effective and do not rely on allowing natural monopolies an advantage in contestable markets
- The proponent's analysis does not demonstrate that the Program would result in any significant greenhouse gas emission reduction
- The proposed rule change does not meet the National Electricity Objective

We address each of these points below.

QUESTION 1: PROBLEM STATEMENT

Do you agree with the problem statement as described by the proponent? If not, why?

1. Do you consider there is a "chicken and egg" problem in deploying AC kerbside EV charging infrastructure?
2. Do you agree that there is a market failure for deployment of EV charging in regional and remote blackspots?
3. Do you consider the following DNSP processes and prices to be barriers to efficient EVCI deployment:
   a. connection processes, including timeframes and costs?
   b. site identification processes?
   c. facility access fees?

QUESTION 8: ALTERNATIVE SOLUTIONS

Are there alternative solutions for integrating the proponent's funding program in the NER that you think we should consider?

Little evidence of 'chicken and egg' problem or market failure

DCCEEW suggests that there is a 'chicken and egg' problem, as consumers are hesitant to purchase EVs without sufficient EVCI, and investors are hesitant to deploy more EVCI with low EV uptake and associated low utilisation.

Available evidence on the current state of the EV and charging market does not support DCCEEW's concern.

Australia's EV market is growing materially. DCCEEW has reported that EVs accounted for 10.9 per cent of new light vehicle sales in FY2024/25. In June 2025 EV represented 15.8 per cent of new light vehicle sales, with total number of EVs on Australian roads reaching over 360,000.[1] DCCEEW has also observed significant growth in public fast and ultra-fast charging infrastructure. As of June 2025, there were 1,324 fast and ultra-fast charging sites, or 4,138 charging plugs, available, which represents a 21 per cent annual increase.[2]

The Electric Vehicle Council reports similar number for EVs sales and prevalence, with almost 370,000 passenger EVs on the road as of June 2025. The EV Council estimates around 1,272 fast-charging locations, or more than 4,192 high-power plugs, available as of mid-2025.[3]

More recent data indicate that in May 2026, EVs sales approached 30% of total new vehicles sales, with on average one battery electric vehicles being sold every 2 minutes.[4]

This evidence does not mean that there are no remaining barriers to rapid rollout of EV infrastructure, but it does suggest that broad 'chicken and egg' claims should not be given much weight. In our view, DCCEEW failed to demonstrate that EV uptake is constrained by EVCI supply.

[1] Department of Climate Change, Energy, the Environment and Water, National Electric Vehicle Strategy Annual Update 2024-25.
[2] Ibid.
[3] EV Council, State of Electric Vehicles 2025.
[4] The Driven, An EV is being sold every two minutes in Australia, ACT hits 36.5 pct electric share, 4 June 2026

Further, high-level observations do not constitute sufficient evidence to support the proposed rule change. By DCCEEW's own admission, EVCI is not a single market. DCCEEW distinguishes between metropolitan kerbside AC charging, metropolitan DC fast charging and regional blackspot DC charging. It also acknowledges that metropolitan DC fast charging is the most commercially viable charging sub-market, which is why DCCEEW is not seeking direct DNSP involvement in that segment.

Accordingly, more detailed evidence is required to justify and guide government intervention in kerbside AC charging and regional blackspot DC charging. DCCEEW should consult market participants, local councils and other relevant stakeholders in each sub-market to identify specific constraints on charging infrastructure deployment. It should then publish its analysis, including how it assessed whether those constraints relate to demand, utilisation, connection costs, site access, local approvals, network information, facility access pricing or early-stage market development.

The current rule change proposal relies on high-level statistics and broad assertions that do not establish market failure or provide the evidence needed to justify the proposed rule change.

The proposal also relies on broad categories that are not adequately defined or explained. For example, DCCEEW refers to DC charging for journey enablement in 'uncommercial regional blackspots', but does not explain who would determine whether a location is 'uncommercial', over what timeframe that assessment would be made, or what the term means in practice. Nor does it explain why intervention is needed in those areas, or why DNSPs, rather than CPOs, local businesses or councils, should be subsidised to own and maintain EVCI assets.

Deployment barriers are real, but require a different solution

Nexa considers DCCEEW has not demonstrated there is a market failure that would justify DNSP-led site selection, DNSP ownership, or RAB-funded recovery of public charging assets.

There are material barriers to faster public EVCI deployment. These include connection timeframes and costs, limited visibility of network capacity and likely connection costs, inconsistent DNSP requirements, unclear treatment of pole and facility access, uncertain make-ready arrangements, and long lead times for quotation, approval and energisation.

Through Nexa's advisory work, we understand that public charging connections can take up to 18 months to complete and often cost between $250,000 and $750,000, depending on the capacity and location of the site.[5] These barriers can make otherwise viable CPO-led projects slower, more costly and less certain.

DCCEEW has identified genuine deployment barriers, but those barriers are largely an artefact of monopoly provision of network services and information asymmetries. Allowing DNSPs to further encroach into the related markets where services can be provided on a contestable basis is not likely to provide a solution in the long-term interests of consumers and may lead to further inefficiencies. Instead, these identified barriers can be tackled directly with greater data transparency, connection reform, standardised access agreements and targeted grants.

[5] Nexa Advisory, Submission to the Inquiry into Electricity Supply for Electric Vehicles in Victoria, October 2025

Nexa notes that there are examples of successful government programs aimed to support the rollout of EV charging infrastructure in Australia that do not rely on DNPS ownership or RAB-based cost recovery.

For example:

- The $60 million Charger Grant and Charger Rebate streams[6] of the Commonwealth DRIVEN Program provide direct cash rebates and grants to automotive dealerships and EV repair workshops.
- Collaborative Charging the Regions (CTR) program, led by the Central Victorian Greenhouse Alliance (CVGA), works with local councils to accelerate the rollout of public EV chargers across regional Victoria.[7]
- State-funded Destination Charging Across Victoria program has provided over $5 million in grant funding to businesses, councils and community organisations to install fast-charging stations in key tourist destinations and regional towns across Victoria.[8]
- The $12 million Round 3 of NSW EV destination charging grant program[9] supports Charging Point Operators (CPOs) to install, own, and operate low-powered DC public EV chargers at eligible tourism and visitor sites.
- The WA Charge Up Workplace Grants Program[10] is designed to accelerate the uptake of EVs by co-funding up to 50% of the cost for eligible organisations to install EVCI. The program supports small to medium sized businesses, not-for-profit organisations, and local government agencies to deploy workplace, fleet, destination, and public EV charging solutions. A total funding pool of $15 million is allocated to Round 3.

Nexa considers that targeted grant programs as well as reforms aimed at removing roadblocks and encouraging competition are more effective and efficient tools for supporting the electrification of the Australian transport sector than the proposed rule change.

Consistent with this, in our 2026 rule change request[11] we propose a significant and necessary reform to the ring-fencing framework, designed to directly address existing deficiencies and emerging competitive challenges within the contestable energy service markets.

[6] DRIVEN Charger Rebate Stream | business.gov.au
[7] Charging the Regions
[8] Destination Charging Across Victoria Program
[9] Electric vehicle destination charging grants | NSW Climate and Energy Action
[10] Charge Up Workplace EV Charging Grants - Grants.com.au
[11] Nexa Advisory, Rule change request – Protecting Consumers by Enhancing Competition in Distributed/Consumer Energy Resources and Services in the NEM, March 2026.

QUESTION 2: EMISSIONS REDUCTION

Do you have any views on the proponent's assessment of the emissions reduction benefits?

1. Do you agree with the methodology of the proponent's modelling? If not, why?

2. Do you agree with the proponent's assumptions in the modelling? If not, why?

The cited behavioural research findings offer little support for the proposal

DCCEEW relies in part on behavioural evidence from the Behavioural Economics Team of the Australian Government (BETA). The rule change proposal states that a September 2025 BETA survey of more than 3,700 participants found that four out of ten consumers were concerned about the availability of public charging infrastructure, one in ten identified it as their main concern when considering an EV, and there was a strong positive correlation between noticing more public chargers in one's neighbourhood and EV consideration or purchase.

Nexa does not dispute that perceived charging availability can affect consumer confidence. However, the BETA research appears to have been cited selectively in the rule change request and not publicly accessible. We encourage the AEMC to be cautious in placing material weight on these findings, unless DCCEEW publishes the underlying research.

In any event, the reported BETA findings, at most, support a narrow proposition that consumer perceptions of charging availability may be relevant to EV consideration or purchase. This would be one of many factors potentially relevant to EV uptake. For example, recent US research indicates that for chargers to be most useful, EV drivers need to know in real time where the chargers are and whether they are working and available.[12]

We note that the cited BETA evidence does not shed light on any of the following questions that are relevant for evaluating the potential benefits of the DCCEEW Program and proposed rule change:

- Are visible pole-mounted charges the most cost-effective way to improve consumer confidence?
- How much EV uptake would installing one pole-mounted charger lead to? Would this vary by charger type? Would this vary by location and by how many other chargers are already available in that area?

Neither can these findings be used as evidence of a market failure for deployment of EV chargers or as justification for the regulated cost recovery from the electricity network customers.

We do not agree with the proponent's modelling and assumptions

Nexa supports transport electrification as a necessary contributor to Australia's emissions reduction objectives. However, the relevant question for this rule change is not whether further EV uptake would reduce greenhouse gas emissions, but whether *the* proposed rule change would result in material incremental emission reduction and whether it is a suitable tool for achieving this objective.

[12] Asensio, O.I., E. Buckberg, C. Cole, L. Heeney, C.R. Knittel, J.H. Stock, National Bureau of Economic Research, Charging Uncertainty: real-time Charging Data and Electric Vehicle Adoption, National Bureau of Economic Research Working paper 3342, January 2025.

DCCEEW's modelling estimates that the Program would support 423,000 EVs and 9.8 million tonnes of CO_2 emissions reduction. To arrive to this estimate, DCCEEW makes use of the following information and assumptions:

- the number of EVs per public charger in the US and Canada (International Energy Agency data) and the assumption that these are geographically comparable to Australia
- average distance driven in a vehicle in Australia (BITRE, 2025)
- average ICE emission intensity (National Transport Commission, 2025)
- EV electricity use (Electric Vehicle Council) and
- projected average yearly emission intensity of electricity from the NEM (ISP).

DCCEEW does not provide sufficient detail on its modelling or how the above assumptions are used. As such, Nexa recommends the AEMC require DCCEEW to demonstrate its analysis of the benefits of its proposal in relation to the NEO more fully and transparently.

At a high level, Nexa would suggest that, while the data show that different countries have different numbers of EVs per public charger, a causal relationship has not been established in the analysis.

As such, it should not be concluded that adding an extra EV charger under the Program would result in extra 30 EVs being purchased.

In addition, if the intent is to use the US and Canadian experience to inform the target for charger installations in Australia, i.e., by allowing for future EV growth, we would suggest that the analysis also needs to properly consider the counterfactual – it would need to identify the charger installation gap (in level and trajectory) if the Program does not go ahead.

Further, the potential benefit of an additional charger installation would likely vary for different types of chargers and their location. For instance, evidence suggests that provision of fast DC chargers have much greater EV market stimulating effect than provision of slow AC chargers.[13] It is not clear how and whether DCCEEW addressed this consideration in its modelling.

Based on the information shared about the modelling, Nexa has concerns that the analysis is overstating benefits of the proposal.

[13] See, for example, Verdant Vision, Charging Ahead: A Path Forward for Public EV Charging in Australia, November 2025, p.33.

QUESTION 3: OTHER BENEFITS

Do you have any views on the proponent's assessment of the benefits of the funding program beyond emissions reduction, including the potential for it to provide insights to inform an enduring market design for EVCI?

Other benefits and costs of the proposed rule change

DCCEEW has also suggested that there may be indirect benefits of the Program, due to learnings that could be applies to the rollout of other infrastructure that needs to be deployed at scale under the electricity framework. We consider that DNSPs should have limited role in any enduring market design or infrastructure rollout. For this reason, we suggest that transferability of the learning to other projects and therefore the value of the indirect benefits of the proposed rule change are likely to be low.

Nexa recommends that in addition to the benefits and the bill impact of the proposed rule change, AEMC should consider indirect costs of the rule change, including distortions to competitive neutrality in the related contestable markets and resulting inefficiencies. These are further considered in the next section.

In addition, Nexa recommends that AEMC takes into account that making the proposed rule change in its current form would create a dangerous precedent, by further eroding the barrier between regulated monopoly infrastructure and contestable energy services.

The proposal does not meet the National Electricity Objective

Nexa considers that the rule change proposal does not meet the National Electricity Objective (NEO).

As noted above, DCCEEW's quantification of benefits from potential emission reduction likely overstates the benefits.

Further, Nexa considers that DCCEW has not demonstrated that the rule change would promote efficient investment and operation of EVCI services.

DCCEEW suggests that the proposed approach 'mirrors the existing efficiency incentive framework properties that promote efficient investment by DNSPs'. However, the only similarly between the proposed approach and the standard regulatory framework is the 70%-30% expenditure split. The proposed expenditure approval process differs from the standard process under the NER in several important ways:

- DCCEEW proposed that the AER is required to include relevant capex and opex into a DNSP's RAB, once DCCEEW determines the amounts a DNSP is allowed to recover.
- The AER's ability to subject the EVCI expenditure to an ex-post review may be removed.
- A DNSP's connection policy would not apply to connection works completed by that DNSP.

Further, DCCEEW provided no detail on several other important elements of the decision-making process, instead indicating that those will become part of the Program guideline. For example:

- How will DCCEEW decide on the sites that receive the grants? How can we be sure that those choices would be driven by considerations of economic efficiency and not political considerations?
- What would be the tender process and payoffs under design 2?

- How would CPOs/EMSPs be appointed to operate 'uncommercial' sites and how much would they pay to DNSPs?

No detail was also provided on how DCCEEW arrived at 13,720-321-52 sites split and how this particular split would promote EV uptake.

In this context, it seems unlikely that DNSPs would face the same incentives as for other expenditure incurred in provision of standard control services. It is also not obvious why networks would have incentives to invest and operate efficiently under the proposed rule change.

It has also not been established how the proposed rule change would promote competition and therefore minimise consumer costs:

- Without further detail that has been deferred to the Program guidelines, it is impossible to confirm whether the Program would promote efficient allocation of resources.
- Further, while removing barriers to connection and access and increasing transparency are sound objectives, these outcomes can be achieved without the proposed rule change.

We also consider the proposed rule change is likely to have negative effect on competition and would, therefore, work to offset its supposed benefits.

The proposed rule change allows DNSPs to further encroach into contestable markets, which in turn, is likely to upset competitive neutrality and result in inefficient outcomes. For example, while DNSPs would be allowed to recover their residual costs of EVCI installation / connection as regulated revenue, CPOs wishing to install EVCI would bear greater commercial risk, which tilts the level playing field in favour of DNSPs and provides DNSPs with an incentive to overbuild or gold-plate.

In addition, connecting a new load affects the remaining network capacity and level of congestion and, as such, imposes a negative externality. While it may be possible to address this externality through pricing or access restrictions, DNSPs that both own EVCI and control network access may face perverse incentives. For example, they may allow preferential access to the network for the EVCI assets they own and deny or restrict network access for other customers. This would lead to crowding out or even foreclosing private investment, including into EVCI and DER. Such distortions would be made worse if a DNSP has control over network planning data and connection information or owns batteries and other DER connected to its network.

As we discuss below, the proposed RAB recovery also leads to cross-subsidisation across customer groups and across time and therefore results in allocative inefficiency.

In summary:

- We are concerned that the analysis supporting the rule change overstates its benefits
- It has not been established that the proposed rule change would promote efficient investment in, operation and use of EVCI and other electricity services
- The rule change would tilt the level playing field in EVCI provision further in favour of DNSPs, which would upset competitive neutrality and result in inefficient outcomes
- The rule change will result in cross-subsidisation and so, allocative inefficiency

Nexa concludes that, despite the suggested low bill impact, the rule change would not promote the NEO.

QUESTION 4: CONTRIBUTIONS FROM ALL ELECTRICITY CONSUMERS
Do you consider it appropriate for EVCI projects approved as part of the funding program to have a difference between the total project costs and the amount CPOs are willing to pay funded through a combination of government funding and contributions from all electricity consumers?
QUESTION 5: PROPOSED DNSP RECOVERY OF RESIDUAL COSTS
Do you agree with how the rule change request proposes that residual costs (i.e. net of government funding) for approved EVCI projects be recovered by DNSPs, including the proposals to: 1. Allow a DNSP's RAB to be adjusted to include capex for approved EVCI projects? If not, why? 2. Allow a DNSP's RAB to be adjusted to include opex for approved EVCI projects for the first five years? If not, why?

The DCCEEW Program should not be funded through electricity bills

The DCCEEW notes that the value of emission reduction represents a benefit to *all customers* and not only EV users. This is, presumably, offered as a justification of the proposed expenditure recovery from all electricity network customers. However:

- To the extent there are any emission reduction benefits from the Program, they would likely apply to a broader group than customers of any given distribution network. If DCCEEW considers that the cost of the Program should be recovered from those who benefits from it, then this would support a 100% government-funded Program.
- If the Program funding is split between distribution networks unevenly (which is likely to be the case), then customers of different DNSPs would end up paying different amounts – even though, as noted by DCEEW, everyone may enjoy similar benefits of emission reduction.
- The proposed expenditure recovery mechanism may also result in intertemporal cross-subsidisation. For example, if, as proposed, the recovery of the relative expenditure is postponed until after 2029, future customers would end up cross-subsidising current customers.

Based on the above issues, Nexa considers that RAB recovery of the Program cost does not promote an economically efficient outcome. Nexa instead supports a user-pays and targeted viability-gap funding model. Commercially viable infrastructure should be funded by CPOs and users. Public funding should be limited to demonstrated viability gaps, transparently assessed and competitively allocated.

The proposed cost recovery mechanism, essentially, acts like an 'EV tax' on electricity customers – though it lacks the transparency of usual taxes. It is not desirable and it is not in the long-term interests of consumers. Nexa suggests that the allocated $40 million are better spent on more targeted programs that do not rely on DNSPs ownership of charging infrastructure. However, if the Commonwealth Government considers it important for the Program to go ahead, there are pathways to accommodate for such an EV tax directly in the legislation.

QUESTION 6: PROPOSED TIMING FOR DNSPS COST RECOVERY

Do you agree with the proponent's proposal that DNSPs recover costs in the next regulatory control period? If not, should DNSPs instead be able to recover costs incurred in the current regulatory control period through a reopener?

We are concerned about proposal to postpone the Program cost recovery

As noted above, Nexa considers the proposed cost recovery mechanism should not be adopted as it creates distortions and inefficiencies and is not in the long-term interests of consumers. We have also identified further concerns with postponing cost recovery until the next regulatory period:

- To the extent that the EVCI is utilised in the current regulatory control period, postponing the cost recovery would lead to cross-subsidisation of the current customers by the future ones.
- Moreover, if the cost recovery is postponed until the next regulatory control period, there is no guarantee that the amount recovered from the future customer bills remains capped at the level estimated by DCCEEW as peaking at $0.70 - $1.44.

QUESTION 7: OTHER CHANGES TO THE NATIONAL ELECTRICITY RULES Do you agree with the proposals that: 1. EVCI connection works should not be classified as connection services under the NER? If not, why? 2. The restricted asset provisions should not apply where they would otherwise prevent or limit a DNSP from delivering an approved EVCI project? If not, why?
QUESTION 9: END OF ASSET LIVES What do you think should happen with the EVCI assets, that DNSPs may be responsible for installing under the different proposed funding models, at the end of the EVCI's life (e.g. should DNSPs be able to replace the EVCI)?

Streamlining connections and keeping monopolies out of contestable service markets

As discussed above, Nexa considers the AEMC should not make the rule change in its current form. As such, EVCI connections should continue being classified as connection services and the restricted asset provisions should continue to apply.

Consistent with the reasoning provided in our ring-fencing rule change request[14], Nexa does not support DNSPs owning or operating assets in competitive markets unless a clear market failure has been demonstrated. The rule change proposal has not established such a failure in the EVCI market segments covered by the Program. Accordingly, the restricted asset provisions should continue to apply to relevant EV charging infrastructure unless a compelling case is made for a different approach.

With respect to EVCI connections, they should continue to be classified as connection services, with costs recovered from connection users. Nexa also supports further streamlining of the connection framework to facilitate faster and more predictable connection processes.

If, despite Nexa's recommendation, the AEMC proceeds with the proposed rule change, Nexa recommends that DNSP ownership of any EVCI assets installed under the Program end when the Program concludes in July 2029. This would be consistent with the DCCEEW's stated intention that the rule change does not create an enduring change.

DCCEEW's reference to the 'chicken and egg' problem as the rationale for its proposed rule change implies that the issues it is concerned with are temporary in nature and can be addressed by the proposed rule change. The intent of the Program appears to be to give a 'nudge' to potential EV buyers. That is, any benefits of the Program would materialise once new EVCI assets are made operational. Therefore, network customers should not subsidise any non-commercial EVCI sites and DNSPs should not continue owning and operating any Program-related EVCI assets upon the Program's completion.

To give effect to this, DNSPs could be required to auction the EVCI assets at the end of the Program. Auction proceeds then would be treated as regulated revenue in the relevant regulatory period, and any residual EVCI asset value not recovered through the auction would

[14] Nexa Advisory, Rule change request – Protecting Consumers by Enhancing Competition in Distributed/Consumer Energy Resources and Services in the NEM, March 2026.

be written down from the DNSP's RAB. Such an approach would help ensure the Program does not impose an ongoing 'EV tax' on future customers after its termination.

QUESTION 10: SUPPLEMENTARY QUESTION

Broader considerations of the enduring role of DNSPs in rolling out EVCI are out of scope of this rule change request. The Commission will be consulting on these issues and asking related questions as part of the consultation for package 1 of the Electricity Network Regulation Review and related rule change requests. Consultation will be undertaken from June 2026. However, you may wish to share early views on the role of DNSPs in EV charging, including the roles as identified within this rule change request, namely:

- as provider of last resort for kerbside charging in metropolitan areas?
- as the provider of EV charging for uncommercial regional blackspots?

No enduring role in contestable markets for monopoly network service providers

Nexa does not support DNSPs having an enduring ownership-and-operation role in EVCI or other contestable markets, except for where a clear market failure has been demonstrated. Distribution networks' role in the rollout of EVCI should be limited to that of enablers, except in narrowly defined, temporary circumstances.

Public EV charging is a contestable market and DNSP ownership risk foreclosing competition, crowding out private investment and hampering innovation. Where competitive supply is available or feasible, DNSPs should be prohibited from owning and operation of EVCI. Any perceived gaps in EVCI provision should be first addressed through:

- streamlined grid connection process
- reducing information asymmetries
- removing access and tariff barriers for competitive providers
- market facilitation via better planning frameworks, access to kerb space, etc.
- targeted policy or funding mechanisms that leverage private sector delivery, rather than replace it

Direct competition by DNSPs in contestable markets should be permitted only under significantly tightened waiver conditions. Entry must be strictly limited to instances of demonstrated market failure, where the contestable market cannot supply the required service, and where the DNSP's involvement guarantees measurable, long-term benefits for consumers.

Conclusion

Public EV charging is primarily transport infrastructure delivered in a contestable market. While network connection works and efficient make-ready activities may involve legitimate DNSP functions, the public charger itself is not a natural monopoly network asset.

To the extent there are market imperfections and barriers to further development of the EV charging infrastructure, there are better alternatives that the proposed rule change to address them. Competitive CPOs grants, local-government kerbside programs, access-fee regulation, standard connection processes, hosting-capacity maps, reliability standards and targeted regional procurement would address the actual barriers with less distortion than DNSP RAB recovery.

Even though DCCEEW has shown that there will be a very small average consumer bill impact resulting from DNSP-led deployment under this program, we are not convinced that the benefits of the proposal outweigh the resulting inefficiencies, including distortions to the level playing field in related markets and cross-subsidisation. We consider that the proposed rule change does not meet the NEO. We are further concerned that the proposal creates a precedent of shifting contestable transport infrastructure costs into regulated electricity charges. We recommend that the AEMC should not make the rule change in its current form.

Thank you for the opportunity to provide input into the Consultation Paper. We welcome the opportunity to further discuss any aspect of our submission - please contact either myself on stephaniebashir@nexaadvisory.com.au or Dr Yuliya Moore, Director – Regulation and Policy Strategy, yuliyamoore@nexaadvisory.com.au.

Yours Sincerely

Stephanie Bashir
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Nexa Advisory