

01 July 2026

Australian Energy
Market Commission

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RE: ERC0436 - Facilitating Electric Vehicle Charging Infrastructure under Commonwealth grants

Tesla appreciates the opportunity to provide this submission to the Australian Energy Market Commission's consultation on the proposed rule change to facilitate the Department of Climate Change, Energy, the Environment and Water's \$40 million Accelerating Electric Vehicle Charging Program.

The Commission faces two critical decisions: whether to classify electric vehicle charging infrastructure services as standard control services, thereby enabling DNSP ownership; and whether to allow electric vehicle charging infrastructure (EVCI) costs to enter the Regulated Asset Base (RAB). We urge the Commission to reject both proposals as they currently stand as they are fundamentally inconsistent with the National Electricity Objective.

While we strongly support the goal of accelerating public EVCI deployment to support Australia's emissions reduction targets, classifying a contestable service as a standard control service and allowing RAB treatment for competitive market assets sets a dangerous precedent. The Commission's role is not to assess the merits of DCCEEW's \$40 million program design, that is a policy decision for government. Rather, the Commission must determine whether amending the National Electricity Rules to enable monopoly ownership with guaranteed cost recovery will contribute to the achievement of the NEO. We submit that it will not.

Our fundamental concern is that the proposed rule change removes the competitive disciplines essential for efficient investment and operation. International evidence demonstrates this clearly. The Netherlands has successfully deployed extensive EV charging infrastructure through demand-driven, competitively-procured models that preserve competitive markets and deliver high utilisation. Conversely, Maryland's experience with utility-owned charging infrastructure resulted in catastrophically poor outcomes: 78 percent of program costs went to utility-owned chargers that achieved below 3 percent utilisation, generated less than 3 percent of costs in revenue, and delivered

uptime as low as 31 percent. The difference between these outcomes lies precisely in the question before the Commission: whether charging infrastructure should be deployed through competitive markets or through regulated monopoly ownership with RAB cost recovery.

The choice before the Commission will shape Australia's EV charging market for decades. If the proposed rule change proceeds, it will establish precedents for DNSP involvement in contestable consumer energy resource markets that will be nearly impossible to reverse. Once EVCI assets enter the RAB, the ostensibly time-limited program will become the foundation for permanent DNSP roles in what should be competitive markets, deterring private investment and foreclosing the development of innovative, competitive solutions.

Sincerely,

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Residential Energy Policy Lead

1. Why This Proposal Does Not Meet the National Electricity Objective

The Commission must assess whether the proposed rule change will contribute to the achievement of the NEO. We submit that it will not. The NEO requires that emissions reduction targets be pursued through promoting efficient investment and operation of electricity services for the long-term interests of consumers. The two critical decisions before the Commission, classifying EVCI services as standard control services and allowing costs to enter the RAB, directly contradict these requirements.

Classifying EVCI as Standard Control Services Fails the Efficient Investment Test

The proposal to classify EVCI services as standard control services for the purpose of enabling DNSPs to own and recover costs contradicts the NEO's requirement for efficient investment. Standard control services classification is designed for natural monopoly infrastructure where competition is not feasible and regulatory oversight substitutes for market disciplines. EVCI is explicitly not a natural monopoly. It is a competitive market where multiple providers can and should compete, as demonstrated by the thousands of privately-owned public chargers already operating across Australia and internationally.

By classifying a contestable service as a standard control service, the rule change removes the primary discipline that ensures capital is deployed efficiently: the need to compete for customers and recover costs through service revenues. Commercial charge point operators must carefully assess each potential site, considering likely utilisation, local competition, and revenue potential, because if they choose poorly, they absorb the losses. This creates powerful incentives to invest only where there is genuine demand and to maximize the value delivered per dollar of capital deployed. DNSPs operating under standard control services classification face none of these disciplines. Their investment decisions are guided by forecasts rather than tested through competition, and their costs are recovered regardless of utilisation or performance.

The Capital Expenditure Sharing Scheme provides some protection by requiring DNSPs to bear 30 percent of cost variances from forecast. However, without competitive benchmarks, there is no way to determine what constitutes genuinely efficient expenditure. When DNSPs compete against each other for DCCEEW grants, they are competing on forecasts, not proven delivery costs. When commercial operators compete for sites, they are competing on actual willingness to invest their own capital based on revenue expectations. These are fundamentally different disciplines, and only the latter ensures truly efficient investment.

The Maryland experience (as discussed below) provides empirical evidence of what happens when this discipline is removed. Utilities invested almost \$40 million in charging infrastructure under a program conceptually similar to what is proposed here. Yet this infrastructure achieved utilisation below 3%. For a commercial operator, such outcomes would represent catastrophic losses that would quickly force exit from the market. For utilities with RAB cost recovery, these outcomes simply resulted in higher electricity bills for all consumers. This is the opposite of efficient investment, and it is the predictable result of classifying contestable services as standard control services.

RAB Treatment Fails the Long-Term Consumer Interests Test

Allowing EVCI costs to enter the RAB fails the NEO's requirement to serve the long-term interests of consumers with respect to price. RAB treatment for contestable services is categorically more expensive than competitive procurement because it removes the performance disciplines that constrain costs and drive efficiency.

Consider how costs are recovered under each model. A commercial charge point operator must recover all costs, capital, operating, and profit margin, through charging revenues. This creates direct linkage between the operator's financial success and customer satisfaction. If chargers are unreliable, poorly located, or difficult to use, customers charge elsewhere and revenues fall. The operator must respond by improving performance or risk commercial failure. If capital costs are too high, the operator cannot earn adequate returns and must find ways to reduce costs or accept lower margins. These disciplines operate continuously throughout the asset life, creating constant pressure to maximize utilization, minimize costs, and maintain high service quality.

Under RAB treatment, these disciplines disappear. The DNSP earns a regulated return on asset value regardless of utilisation, performance, or customer satisfaction. If a charger sits idle 97% of the time, as Maryland's experience shows can happen with utility ownership, the DNSP still earns the regulated return. If customers complain about reliability, there are no immediate financial consequences. If operating costs are higher than a competitive operator would incur, those costs simply flow through to electricity consumers. The DNSP faces no risk of commercial failure and enjoys guaranteed cost recovery.

The proposal includes opex in the RAB for five years, which is particularly problematic. Operating expenditure for charging infrastructure, maintenance, customer support, network connectivity, payment processing, is inherently contestable. Commercial operators must continuously optimize these costs because they directly impact profitability. Including five years of opex in the RAB removes any incentive for operational efficiency. Even worse, treating ongoing opex in subsequent regulatory

periods as standard control services creates a pathway for permanent RAB treatment, transforming the ostensibly time-limited program into enduring monopoly ownership of contestable infrastructure.

The long-term price impact on consumers extends beyond the direct program costs. By establishing precedent that contestable CER services can be classified as standard control services with RAB treatment, the rule change opens the door for similar treatment of other emerging technologies, battery storage, demand response, vehicle-to-grid services. Each time the regulatory framework is amended to allow monopoly ownership of contestable services, it becomes easier to justify the next exception. We have seen this with the growth in regulatory trial waivers being applied for to the AER by DNSPs in recent years. The cumulative impact on long-term consumer costs could be substantial, as competitive markets that should be delivering innovation and efficiency instead become dominated by regulated monopolies with guaranteed returns.

2. The Proposal Risks Undermining Emissions Reduction Through Inefficient Operation

The NEO requires that emissions reduction targets be achieved through promoting efficient operation of electricity services. The proposed rule change risks undermining this requirement because it provides no mechanism to ensure infrastructure will be efficiently utilized.

The proponent's modeling assumes that program-funded infrastructure will support 423,000 EVs and deliver 9.8 million tonnes of CO₂ emissions reduction. These benefits depend entirely on chargers being used. If infrastructure sits idle, it delivers no emissions benefits regardless of how many chargers are installed. The modeling assumes utilisation rates that would be reasonable for competitively-deployed infrastructure where operators have strong incentives to maximize usage. However, it provides no binding performance requirements, no consequences for underutilisation, and no mechanism to reassess or reallocate assets that fail to deliver expected benefits.

The Maryland experience demonstrates this is not a theoretical concern. Utility-owned chargers achieved utilization below 3%, meaning they sat idle more than 97% of the time. If Australia's program delivers similar utilisation, the actual emissions reduction could be less than one-tenth of the modelled value, while consumers still bear the full cost through electricity bills. Infrastructure that sits idle 97% of the time does not meet any reasonable definition of efficient operation.

Commercial operators face powerful incentives to maximize utilisation because revenues depend on it. They will actively promote their chargers, ensure high reliability, price competitively, and integrate with user-friendly payment and navigation apps. DNSPs recovering costs through the RAB face no such incentives. The disconnect between cost recovery and utilisation creates risk that program-funded

infrastructure will underperform expectations, delivering less emissions reduction per dollar of consumer cost than competitively deployed alternatives.

Path Dependency Undermines Long-Term Consumer Interests

The NEO's focus on long-term consumer interests requires looking beyond the immediate program to the market structures it will create. Once EVCI assets are in the RAB, powerful path dependencies emerge that are extremely difficult to reverse.

DNSPs will have every incentive to argue for continued and expanded involvement, pointing to their installed base, operational experience, and integration with network infrastructure. When the ostensibly time-limited program ends, there will be no practical mechanism to transfer underperforming assets to competitive ownership, as discussed in detail below, commercial operators have no rational incentive to acquire assets that generate insufficient revenue to justify acquisition cost. The result is that temporary DNSP involvement becomes permanent by default.

More broadly, classifying EVCI as standard control services establishes precedent that will be cited in future debates about DNSP roles in other CER markets. Each precedent makes it easier to justify the next exception, gradually eroding the principle that contestable services should be delivered through competitive markets. The long-term interests of consumers are not served by establishing frameworks that entrench monopoly advantages in markets where competition is feasible and would deliver superior outcomes.

3. The Core Problem: Demand-Driven vs Supply-Driven Deployment

The consultation paper identifies a "chicken and egg" problem in EV charging deployment, where customers hesitate to purchase EVs without sufficient charging infrastructure, and investors hesitate to deploy infrastructure without sufficient EV uptake. This is a real coordination challenge in the early stages of the EV transition. However, the proposed solution fundamentally misdiagnoses the underlying problem.

The real barrier to charging infrastructure deployment is not a lack of commercial interest or capital. Rather, it is a series of DNSP-controlled barriers that artificially inflate deployment costs and timelines. These barriers include opaque hosting capacity information that makes site selection unnecessarily risky and expensive, inconsistent and unpredictable pole access charges that can range from zero to nearly \$300,000 for comparable installations, and connection approval processes that routinely take

six to twelve months, or even longer. These are systemic issues that DNSPs should address as part of their regulated service obligations, not problems that justify DNSPs owning competitive market assets.

The proposed rule change essentially allows DNSPs to bypass their own barriers for infrastructure they select and own, while leaving those same barriers in place for competitive market participants. This creates a two-tier market where DNSP-backed projects receive preferential treatment. A far more effective use of the \$40 million program funding would be to remove these barriers for all market participants, enabling efficient competitive deployment rather than circumventing competitive markets through monopoly ownership.

Moreover, the program takes a supply-driven approach where DNSPs select sites and install infrastructure based on their assessment of where charging is needed, rather than responding to demonstrated demand from EV drivers. This creates significant risk of stranded assets and poor utilisation. International evidence strongly suggests that demand-driven models, where infrastructure deployment is triggered by actual requests from EV drivers, deliver far superior outcomes.

4. Learning from International Experience

The Netherlands Model¹

The Netherlands demonstrates how government support for EV charging can work without utility ownership through a demand-driven model that puts consumers in control.² EV drivers can apply online for a charging station near their home or workplace if they meet eligibility criteria such as lacking off-street parking and not having a charger within 200 meters. Once municipalities validate requests, sites are opened to competitive tender and private operators install and maintain the infrastructure.

The outcomes are striking: stranded assets are avoided because chargers are only installed when there is validated local demand, capital is used efficiently because investments follow demonstrated user behaviour rather than forecasts, competition is preserved through third-party operation, and high reliability results from competitive service incentives. This stands in stark contrast to the proposed Australian program, where DNSPs select and own infrastructure ahead of proven demand with no process for EV drivers to trigger deployment or requirement to prove demand before installation. The risk is that public money will be spent installing infrastructure in locations that appear underserved on paper but where actual EV drivers may not materialize.

¹ Example for the Municipality of Rotterdam: <https://www.laadpaalnodig.nl/rotterdam>

A Cautionary Tale: What Happened in Maryland

Maryland's experience provides a stark warning of what happens when regulated utilities own and operate public charging infrastructure.³ In 2019, Maryland authorized utility investment in EV infrastructure similar to what is now proposed in Australia.

According to Maryland's ratepayer advocate, more than 78 percent of total EV program costs, almost \$40 million, went to utility-owned charging stations that demonstrated extremely poor utilization below 3% of capacity and generated less than 3% of costs in revenue.⁴ Operational performance was equally poor: Tesla-operated chargers delivered 99.6% uptime while utility-operated chargers delivered just 33% and 31% uptime. Maryland's ratepayer advocate concluded that utility ownership was not in customers' interests and recommended that utilities should instead support solutions that enhance third-party access and enable competitive delivery.

The parallels to the proposed Australian program are striking: both involve regulated utilities owning public charging assets with rate base cost recovery, both circumvent competitive procurement, both rely on utility forecasts rather than demonstrated demand, and both lack mechanisms to transfer assets to competitive markets if utilisation falls short. This is not a theoretical risk, it is what actually happened in a comparable jurisdiction with similar program structure.

4. The Structural Problem with DNSP Involvement

Beyond specific design flaws, there is a fundamental structural problem with DNSP ownership of public charging infrastructure. DNSPs are regulated monopolies with inherent advantages that cannot be replicated by competitive market participants: they control proprietary network data that enables efficient site selection but do not make it readily available to competitors, they have preferential access to their own pole infrastructure and can internally coordinate installation, and they control the connection approval process itself while simultaneously deploying competing infrastructure.

Even without intentional discrimination, this structural asymmetry undermines competitive neutrality. The risk is particularly acute in an emerging market like kerbside EV charging, where early investment decisions shape long-term competitive dynamics. While the program includes conditions such as CPO

³ https://marylandmatters.org/2025/04/19/time-to-pull-the-plug-on-utility-run-ev-charger-program/?__cf_chl_f_tk=d2RTDZlzM3nxAJSTJrn6bBf0P9V2Du27eHI08WHluQ-1782878402-1.0.1.1_o.cvxLsXj5MXtzcKR1JNah007Gim9MVGcYGV7bBeFuA

⁴ <https://content.govdelivery.com/accounts/MDOPC/bulletins/39a2744#:~:text=The%20utilities'%20EV%20pilot%20programs,customer%20pay%20for%20those%20losses>



right of first refusal and prohibitions on DNSPs selling electricity, these cannot overcome the fundamental structural advantages DNSPs possess. The only way to truly preserve competitive neutrality is to keep DNSPs focused on their regulated monopoly role, providing fair, efficient network access, rather than owning and operating infrastructure in contestable markets.

The Problem with Regulated Asset Base Treatment

RAB treatment is designed for natural monopoly infrastructure where competition is not feasible. EV charging infrastructure is explicitly not a natural monopoly—it is a competitive market where multiple providers already compete. Allowing EVCI costs to enter the RAB creates perverse incentives: DNSPs earn regulated returns on RAB assets, incentivizing them to maximize asset values rather than minimize costs. The Capital Expenditure Sharing Scheme provides limited protection, but without competitive benchmarks, there is no way to determine what constitutes genuinely efficient expenditure.

Maryland demonstrates how dramatically utility costs can exceed competitive operator costs when accountability is weak: utilities spent almost \$40 million to deliver charging infrastructure that generated less than 3% of that amount in revenue, a result inconceivable for competitive operators relying on commercial returns. Even more problematic, the proposal includes five years of operating expenditure in the RAB. Operating costs, maintenance, customer support, backend systems, are inherently contestable and should be competitively procured. Including them in the RAB removes incentives for operational efficiency and creates higher long-term costs with guaranteed cost recovery regardless of performance.

5. Responding to the Consultation Questions

The consultation paper poses ten detailed questions about the proposed program design, plus a supplementary question about the broader role of DNSPs in EV charging. While we have addressed many of these issues in the narrative above, it is worth directly engaging with several specific questions.

On the problem statement, the consultation asks whether we agree there is a "chicken and egg" problem in deploying kerbside EV charging infrastructure, whether there is market failure for deployment in regional and remote blackspots, and whether DNSP processes and prices create barriers to efficient deployment. We agree there is a coordination challenge in the early stages of EV transition, though we would characterize it as a temporary friction rather than a fundamental market failure.

More importantly, we strongly agree that DNSP connection processes, site identification processes, and facility access fees are significant barriers to efficient deployment. However, the logical response to DNSP-created barriers is to remove those barriers for all participants, not to fund DNSPs to bypass them for their own infrastructure while leaving them in place for competitors.

On the question of whether there is genuine market failure in regional and remote blackspots, we acknowledge that some locations may be genuinely uncommercial in the near term. However, the proposed program provides insufficient evidence of where these locations are and no framework for reassessing commerciality over time as EV uptake grows. A more rigorous approach would clearly define blackspot criteria based on demonstrated demand metrics, not just low population density, and would include sunset clauses requiring periodic reassessment.

On emissions reduction benefits, the consultation asks whether we agree with the methodology and assumptions in the proponent's modelling. The methodology appears generally sound in its calculation approach, multiplying EVs supported by emission differences and carbon values. However, the assumptions are optimistic. The model assumes 30 EVs per public charger based on US and Canada data, but Australia's geography and urban density differ significantly. More critically, the model assumes infrastructure will be utilised efficiently but provides no performance requirements or accountability mechanisms. The Maryland experience demonstrates that utility-owned chargers can deliver utilisation rates of 3% or less, which would mean actual emissions reduction benefits could be less than 10% of the modelled value. If the program proceeds, it must include binding utilisation and uptime requirements with asset transfer or removal obligations for underperforming sites.

On contributions from all electricity consumers, the consultation asks whether it is appropriate for the difference between total project costs and CPO payments to be funded through a combination of government funding and contributions from all electricity consumers. We support the principle that emissions reduction benefits can justify modest contributions from all electricity consumers. However, this is only appropriate when there is demonstrated market failure that competitive markets genuinely cannot address, when subsidies are competitively allocated rather than simply awarded to DNSPs, when there is robust performance accountability, and when cost recovery mechanisms create efficient incentives. The proposed program meets none of these criteria. Without demonstrated market failure, competitive allocation, and performance accountability, asking all electricity consumers to fund DNSP-owned charging infrastructure is simply not justified.

On DNSP recovery of residual costs through the RAB, we fundamentally disagree with allowing RAB treatment for contestable market assets. RAB treatment creates perverse incentives for DNSPs to maximize asset values rather than minimize costs. It removes competitive benchmarks for efficiency.



It establishes precedent for permanent DNSP involvement in what should be competitive markets. And it creates path dependency where once assets are in the RAB, they tend to stay there regardless of performance or commercial viability. If government funding is to be used, it should flow through competitive grants with transparent subsidies and performance requirements, not through RAB treatment that guarantees DNSP cost recovery regardless of outcomes.

On the proposal that EVCI connection works not be classified as connection services, we are deeply concerned that this creates a two-tier regulatory framework where DNSP-led projects are exempt from connection service regulations while competitive projects remain subject to them. This is the definition of an unlevel playing field. Instead of creating special exemptions for DNSP projects, the program should reform connection services to make them more efficient for all participants through standardized agreements, binding service level agreements, transparent cost estimation, and streamlined approval processes.

On what happens at the end of the program, this question highlights a fundamental flaw in, that there is no credible exit strategy. The proposal suggests assets will be "competitively reassessed" at program end but provides no mechanism for how this would occur, who would purchase assets that are in the RAB, what happens if assets are performing poorly, or how asset value would be determined. More fundamentally, the proposal ignores the basic commercial reality that competitive market participants have no rational incentive to acquire underperforming assets, particularly those installed in locations selected by DNSPs rather than in response to demonstrated demand.

Consider this scenario: DNSPs install chargers in locations they forecast will be needed, but without the commercial discipline of needing to recover costs through charging revenues, some significant portion will inevitably be placed in locations that prove to have insufficient demand. At program end, what competitive operator would bid to acquire underutilised assets? A commercial charge point operator must ensure each location can generate sufficient revenue to cover operating costs and a return on capital. An underutilised charger in a location with demonstrated low demand is not an asset, it is a liability.

The only way to make asset transfer viable would be to value assets at virtually zero or negative amounts. But this creates an impossible tension: consumers have paid full capital cost through electricity bills, yet receive no value if assets transfer for nominal consideration. Conversely, if assets are valued at book value, no competitive operator will acquire poorly-performing sites because acquisition cost would far exceed commercial returns.

In practice, once assets are in the RAB, they tend to stay there permanently because there is no practical mechanism for divestment. This fails the National Electricity Objective's requirement to

promote efficient investment for the long-term interests of consumers. Investment that cannot transition to competitive ownership and locks consumers into funding underutilised assets indefinitely is neither efficient nor in consumers' long-term interests. This is precisely why DNSPs should not own charging infrastructure in the first place, the exit strategy only works if assets perform well commercially, but if they were going to perform well commercially, there was no need for DNSP involvement to begin with.

On the broader question of the enduring role of DNSPs in EVCI, while this is stated to be out of scope for this specific rule change, the program will inevitably shape the enduring framework, so it is essential to articulate clear principles. DNSPs should be enablers of EVCI, not providers. Their appropriate roles include publishing hosting capacity maps and network constraint information, integrating EVCI forecasts into distribution planning, delivering timely and cost-effective connection services, offering standardized connection products, implementing binding service level agreements, and providing non-discriminatory access to poles and other distribution assets. DNSPs should not own or operate public EVCI, select and reserve sites for their own infrastructure, or sell electricity or charging services. Even in genuinely uncommercial regional blackspots, DNSP ownership is not the optimal solution, competitive tender with transparent subsidy is preferable, and if DNSP involvement is required, it must be subject to strict performance requirements, periodic reassessment of commerciality, and mandatory asset transfer when sites become commercial.

6. The Long-Term Stakes

This consultation is ostensibly about a specific, time-limited, \$40 million program. However, the decisions made here will shape Australia's EV charging market for decades to come. If the proposed rule change proceeds with classification of EVCI as standard control services and RAB treatment, it will establish precedents for DNSP involvement in contestable consumer energy resource markets that will be nearly impossible to reverse.

Once EVCI assets are in the RAB, DNSPs will have every incentive to argue for continued and expanded involvement.⁵ They will point to their experience, their installed base, their integration with network infrastructure. The temporary program will become the foundation for permanent DNSP roles in what should be competitive markets. And the opportunity to build a dynamic, innovative, competitive EV charging sector will be foreclosed.

⁵ <https://www.aemc.gov.au/rule-changes/enabling-distribution-network-service-provider-led-electric-vehicle-charging-infrastructure>



Conversely, if the Commission rejects the proposed rule change and signals that contestable services should be delivered through competitive markets, it will establish very different precedents. It will demonstrate that government support for EV infrastructure can be highly effective while preserving competitive markets. It will show that demand-driven models deliver better utilisation and avoid stranded assets. And it will create a foundation for ongoing competitive development as the EV market grows.

The question is not whether Australia needs more EV charging infrastructure, we do. The question is whether the National Electricity Rules should be amended to enable monopoly ownership with guaranteed cost recovery for a contestable service. International evidence provides clear answers. The Netherlands demonstrates that demand-driven, competitively-procured deployment works extremely well. Maryland demonstrates that utility ownership and operation works extremely poorly. Australia has the opportunity to learn from both examples and choose the path that leads to better outcomes.

7. Conclusion and Recommendations

Tesla supports the goal of accelerating EV charging infrastructure deployment to support Australia's emissions reduction targets and to provide Australian consumers with genuine choice in their transportation options. However, we urge the Commission to reject the proposed rule change as currently drafted.

The two critical decisions before the Commission, classifying EVCI services as standard control services and allowing costs to enter the Regulated Asset Base, we contest are both inconsistent with the National Electricity Objective.

Classifying EVCI as standard control services contradicts the NEO's requirement for efficient investment. Electric vehicle charging infrastructure is a contestable service where competition is not only feasible but already occurring. Classifying it as a standard control service removes the competitive disciplines that ensure capital is deployed efficiently, costs are minimized, and infrastructure is located where it will actually be used.

Allowing EVCI costs to enter the RAB fails the NEO's requirement to serve long-term consumer interests with respect to price. RAB treatment for contestable services is categorically more expensive than competitive procurement because it removes performance disciplines and guarantees cost recovery regardless of utilisation or service quality. It also creates path dependencies that will be nearly impossible to reverse, transforming an ostensibly time-limited program into permanent monopoly involvement in competitive markets.

Both decisions undermine the achievement of emissions reduction targets through efficient operation. Without competitive disciplines, there is substantial risk that program-funded infrastructure will be poorly utilized, delivering far less emissions reduction per dollar of consumer cost than the modeling assumes. DNSPs face no consequences for underutilisation because costs are recovered regardless of performance.

The Commission's decision should be guided by a simple test: if charging infrastructure can be competitively deployed, the National Electricity Rules should not be amended to enable monopoly ownership with guaranteed cost recovery. EVCI can be and is being competitively deployed. There are thousands of privately-owned public chargers operating across Australia. International evidence demonstrates that competitive procurement delivers superior utilisation, reliability, and value for money. The proposed rule change fails to meet the National Electricity Objective and should be rejected.

The question before the Commission is not whether the \$40 million program should proceed, that is a government policy decision. The question is whether the National Electricity Rules should be amended to enable monopoly ownership with RAB treatment for a contestable service. We submit the answer must be no, because such amendments are fundamentally inconsistent with promoting efficient investment and operation for the long-term interests of consumers.

If government funding is to be used to support EV charging deployment, it should flow through mechanisms that preserve competitive markets. The alternative program design (**Appendix A**) we have outlined demonstrates this is entirely feasible.

The choices made in response to this consultation will shape Australia's EV charging market for decades. The Netherlands has demonstrated that demand-driven competitive deployment delivers superior outcomes. Maryland has demonstrated that utility ownership with guaranteed cost recovery delivers catastrophically poor outcomes. The Commission has the opportunity to guide Australia toward the Netherlands path rather than the Maryland path. We urge the Commission to reject the proposed classification of EVCI as standard control services and the proposed RAB treatment, and to signal clearly that contestable services should be delivered through competitive markets, not through amendments to the NER that enable monopoly ownership with guaranteed returns.

We thank the Commission for the opportunity to provide this submission and would welcome further engagement through workshops or direct consultation as you consider these critical questions.

Appendix A: An Alternative - Restructuring the \$40 Million Program

Rather than funding DNSP ownership of charging infrastructure with RAB cost recovery, Australia should restructure the \$40 million to remove barriers and enable competitive, demand-driven deployment. We propose a three-component alternative that would deliver more infrastructure, better utilisation, and stronger competitive markets.

The first component would allocate \$10 million to fund DNSP process reforms that benefit all market participants, not just DNSP-selected projects. This would include developing and publishing dynamic hosting capacity maps that are publicly accessible through open APIs, showing available capacity at distribution substations and key network nodes. It would fund the development of standardized connection agreements and pre-approved connection designs for common EVCI configurations. It would establish fast-track connection pathways with binding service level agreements, such as 30-day approvals for standard configurations. And it would require publication of transparent facility access fee schedules with clear methodologies and dispute resolution processes.

These reforms would reduce costs and timelines for all EVCI deployment, not just subsidized projects. They would deliver enduring benefits that enable ongoing commercial deployment well beyond the program period. And they would address the actual root causes of slow deployment rather than simply allowing DNSPs to bypass their own barriers.

The second component would allocate \$25 million to implement a Netherlands-style demand-driven deployment program. This would establish an online portal system where EV drivers can request charging infrastructure near their home or workplace if they lack off-street parking. Municipal councils or designated state and territory agencies would validate requests and identify site clusters with sufficient demand. Sites with validated demand would be publicly tendered with transparent subsidy caps, and winning charge point operators would install, own, and operate the charging infrastructure.

Crucially, ongoing subsidies would be contingent on meeting performance requirements such as 95 percent uptime and minimum utilization thresholds.

This demand-driven model ensures that infrastructure is deployed where there is actual demonstrated need, not where DNSPs forecast it might be needed in the future. It preserves competition by requiring competitive procurement for all subsidized sites. It creates strong accountability for performance by linking ongoing subsidy to actual delivery of reliable charging services. And it avoids the risk of stranded assets by only funding infrastructure that EV drivers have actively requested.

The third component would allocate \$5 million to address genuinely uncommercial regional blackspot sites through competitive tender. This would require establishing transparent criteria for what constitutes a blackspot. Sites meeting these criteria would be publicly tendered with transparent subsidy requirements, and subsidies would decline over time on a published schedule as EV uptake increases. Periodic reassessment would determine whether sites remain uncommercial and require ongoing support, or whether they have become viable for unsubsidized operation.

This three-component alternative would deliver substantially more infrastructure than the proposed program. With reduced connection costs from DNSP process reforms and competitive procurement driving efficiency, the same \$40 million could potentially support more than the 13,720 chargers in the proposed program. More importantly, because deployment would be demand-driven, those chargers would achieve significantly higher utilisation from day one, delivering greater emissions reduction benefits and better value for money.

Critically, this alternative approach would also deliver systemic barrier removal that enables ongoing commercial deployment beyond the program period. The benefits would compound over time as market participants leverage improved processes, better data, and streamlined connections to deploy infrastructure in response to growing EV uptake. The program would be genuinely enabling and accelerating competitive markets rather than substituting government and DNSP activity for competitive deployment.