

Submission to the Australian Energy Market Commission

**Electricity Network Regulation Review -
Package 1 EPR0106; ERC0437; ERC0435
July 2026**



Executive summary

NECA welcomes the opportunity to respond to the Australian Energy Market Commission consultation paper for the Electricity Network Regulation Review Package 1 and the related rule change requests concerning distribution ring-fencing and DNSP-led electric vehicle charging infrastructure. Package 1 raises foundational questions about the boundary between regulated monopoly network services and contestable energy markets, including service classification, ring-fencing, connection and facility access, and treatment of assets used across regulated and unregulated services.

NECA supports the energy transition and the accelerated deployment of electrification infrastructure, consumer energy resources, batteries and electric vehicle charging infrastructure. However, the transition should be delivered through fair, open and competitive markets wherever competition is practicable. The proper role of DNSPs is to provide safe, reliable, neutral and efficient network access and system operation. It is not to become a consumer-funded competitor in adjacent contestable markets.

NECA strongly supports the Nexa Advisory rule change request to strengthen distribution ring-fencing. The present framework has not provided adequate practical protection against cross-subsidisation, discriminatory conduct or unfair competitive advantage in emerging energy markets.

NECA strongly opposes the ENA proposal to enable DNSP-led electric vehicle charging infrastructure as a regulated service. Electric vehicle charging infrastructure is a contestable market. . The appropriate reform response is to remove barriers faced by competitive providers, including connection delays, opaque facility access arrangements, inconsistent site information and energisation bottlenecks.

NECA recommends that the AEMC make the Nexa rule change in strengthened form, reject the ENA rule change in its current form, confirm that EVCI should remain contestable except in tightly constrained provider-of-last-resort circumstances, and reform connection and facility access arrangements so that DNSPs cannot use monopoly control points as barriers to entry.

NECA interest in this review

NECA is the peak national body for Australia's electrical and communications contracting industry. NECA members design, install, maintain and service electrical and communications infrastructure across residential, commercial, industrial, infrastructure, energy, transport and emerging technology markets. NECA members are central to the delivery of consumer energy resources, EV charging infrastructure, batteries, embedded generation, energy management systems, metering, communications infrastructure and electrification projects.

The outcomes of this review will directly affect NECA members. Where DNSPs are permitted to use regulated monopoly advantages to enter contestable markets, independent electrical contractors face distorted competition. These distortions may arise through access to regulated workforces, regulated systems, network information, internal processes, capital advantages, customer relationships and control over connection and facility access processes.

NECA therefore identifies itself as an interested party for the purposes of the issues considered in this review and associated rule change processes, including service classification, ring-fencing, connection, facility access, cost allocation and shared asset issues.

Response to consultation questions

Question 1: Prioritisation framework for the Review

1. Feedback on the approach to the Review and proposed prioritisation framework

NECA broadly supports the AEMC's prioritisation framework of materiality, implementation feasibility, other processes and separability. These criteria appropriately focus the Review on issues that are likely to have the greatest impact on consumers and on the future effectiveness of the regulatory framework.

However, competitive neutrality should be elevated as an explicit assessment criterion. The principal challenge in Package 1 is defining the boundary between monopoly network services and contestable markets. This is not merely a subcategory of economic efficiency. It is a foundational market design question that will influence investment incentives, competition, innovation and consumer outcomes for decades.

The prioritisation framework should also recognise evidentiary asymmetry. Independent contractors and competitive service providers often experience the practical effects of DNSP advantages but do not have access to internal DNSP information required to prove cross-subsidisation, preferential access and staff deployment.. The absence of proven enforcement action should therefore not be taken as evidence that ring-fencing is working effectively. It may instead indicate that the framework is too opaque to detect or prove harm.

Question 2: What network services should be subject to economic regulation and are changes to the service classification framework required?

1. Changes to service classification arrangements, including timing

NECA supports clearer NER guidance on the distinction between regulated monopoly services and contestable services. Direct economic regulation should be confined to services that exhibit genuine natural monopoly characteristics, cannot practicably be delivered through competition, or must be provided by the NSP for safety, security or system reliability reasons. The fact that a service uses, connects to or is located on the electricity distribution network should not be sufficient to justify regulated status.

The existing service classification process was developed for a more static environment. Emerging technologies increasingly blur the practical boundary between network functions, enabling platforms and customer-facing services. Classifications made through a framework and approach process may be several years old by the end of a regulatory control period. NECA supports consideration of mechanisms that allow service classifications to be revisited where market conditions materially change.

2. Are any circumstances in which it would be in the long term interests of consumers for NSPs to provide regulated services in contestable markets?

a. Circumstances in which NSPs should provide regulated services in contestable markets

NECA considers such circumstances should be rare and exceptional. NSP participation in a contestable market should only occur where there is independently verified market failure, no commercial provider is willing to provide the service on reasonable terms,

competitive provision is not reasonably expected to emerge within a meaningful timeframe, and consumer benefits demonstrably outweigh the likely competition harm.

b. How this should work in practice

Where NSP participation is justified, it should operate only through a provider-of-last-resort model. The intervention should be geographically targeted, limited in duration, approved by the AER, subject to periodic review and accompanied by clear exit arrangements. Competitive market testing should occur before intervention is approved, and there should be transparent reporting on costs, utilisation, service outcomes and competition impacts.

c. How monopoly leverage should be limited?

The framework should ensure that any exceptional NSP participation cannot rely on regulated monopoly advantages. This requires strict ring-fencing, staff separation, equivalent information access, audited cost allocation, transparent facility access arrangements and meaningful enforcement. NSPs should not use regulated revenue, regulated assets, regulated workforce capability, privileged operational information or control over network access processes to advantage themselves or affiliates in contestable markets.

3. Is additional guidance required in the NER?

a. on boundaries between regulated and contestable services

Yes. The NER should contain clearer principles for drawing boundaries between regulated and contestable services. The central questions should be whether the service exhibits natural monopoly characteristics, whether effective competition is practicable, whether consumers would benefit from competitive provision, and whether there are barriers to entry that justify targeted regulatory intervention rather than monopoly provision.

Electric vehicle charging infrastructure provides a clear example. An EV charger is not a monopoly distribution service merely because it connects to the distribution network or is mounted on network infrastructure. Many contestable services depend on network connectivity. This dependency does not transform them into regulated monopoly services.

b. How to accommodate the DSO role for DNSP's

Yes. The NER should make clear that DSO functions are neutral coordination functions. DNSPs may increasingly need to coordinate CER, flexible loads and two-way flows. However, that operational role strengthens the case for ring-fencing; it does not justify ownership or operation of customer-facing assets and services that can be competitively supplied.

4. Other service classification issues

The AEMC should consider whether the current classification cycle is sufficiently responsive to rapid market change. Emerging services can mature quickly, and arrangements that may appear immature at the beginning of a regulatory period may support competitive provision before that period ends. The framework should avoid locking in regulated monopoly status where competition is becoming viable.

5. Other changes required to support coordination

Efficient coordination will increasingly depend on transparent data-sharing, interoperability, open interfaces and neutral operational protocols. The regulatory framework should ensure that DNSPs performing DSO functions act as neutral facilitators of the market rather than gatekeepers with incentives to favour their own or affiliate services.

Question 3: Are changes required to the ring-fencing arrangements?

1. Effectiveness of ring-fencing obligations

NECA's answer is unequivocal: **the current ring-fencing obligations have not been effective** in preventing cross-subsidisation risk, discriminatory conduct risk or unfair competitive advantage in emerging and existing contestable markets. The problem is not merely that some obligations require refinement. The problem is that the framework permits DNSPs to present a formal compliance posture while retaining the practical advantages that ring-fencing was intended to neutralise.

The AER Ring-fencing Guideline identifies legal, accounting and functional separation obligations, including no-discrimination obligations, information restrictions, staff and office sharing restrictions, branding and cross-promotion requirements. The AEMC's consultation paper also records repeated stakeholder concerns in AER waiver processes about DNSPs favouring themselves in site allocation, access approvals, access fees, suitable-site information and connection processes.

This is an objective failure against the Guideline's own stated purpose. Section 1.1.1 of the Guideline is directed to the purpose and application of ring-fencing: to support competitive neutrality by separating regulated distribution services from contestable activities. Section 4.2.2(a) is central to that purpose because it requires staff involved in the provision or marketing of direct control services not also to be involved in the provision or marketing of contestable electricity services by a related electricity service provider.

NECA is seriously concerned that this objective is being defeated in practice by the unchecked use of exceptions in **clause 4.2.2(b)(i)(b) and clause 4.2.2(b)(iii)**. These exceptions appear to be relied upon by DNSPs to justify the sharing of significant quantities of trades, technical, field, design and engineering staff with RESPs on the basis that those staff either have access to electricity information but supposedly have "no opportunity" to use that information to discriminate, or are associated with regional office exceptions.

The practical effect is that RESPs can access the very categories of staff that provide a major competitive advantage in unregulated markets: linespersons, cable jointers, metering technicians, substation technicians, field construction officers, design officers, technical officers, engineers, project delivery personnel and specialist testing and maintenance staff. These are not generic corporate functions. They are the skilled workforce categories that independent electrical contractors rely on to compete in EVCI, contestable connections and infrastructure works, embedded generation, batteries, metering, telecommunications-connected energy infrastructure and other emerging energy services.

NECA does not accept that the repeated assertion that staff have "no opportunity" to use electricity information to discriminate is an adequate safeguard. More fundamentally, NECA submits that this test is misdirected when applied to frontline trades, technical, field and engineering staff. Whether a DNSP frontline worker is personally in a position to discriminate against a third party, or has a specific opportunity to misuse electricity information, is not the central issue. The central issue is that the worker is being diverted from their substantive regulated

role to provide labour, expertise, systems knowledge and delivery capability to a related entity that is supposed to be functionally separate from the DNSP's regulated network business.

This matters because the related electricity service provider is not merely obtaining incidental corporate or labour support. It is obtaining access to the DNSP's regulated operational capability: the know-how and output of tradespeople, technicians, engineers, field crews, project staff and specialist testing personnel whose roles have been developed, funded, trained and embedded within the regulated network business. That capability is itself a competitive input. It enables the related entity to scope, price, schedule, design, construct, test, maintain and troubleshoot contestable works with a level of practical network familiarity and workforce depth that independent contractors cannot obtain on equivalent terms.

In that context, reliance on clauses 4.2.2(b)(i)(b) and 4.2.2(b)(iii) is not merely a technical exception to a staff-separation requirement. It allows related entities to leverage far more than could reasonably have been intended by the objective expressed in clause 4.2.2(a). Clause 4.2.2(a) is directed to ensuring that staff involved in direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider. If broad categories of frontline and technical staff can nevertheless be permanently, routinely or project-specifically shared with the related entity, the functional separation objective is defeated in substance, even if the DNSP can assert that individual staff do not have an immediate opportunity to discriminate.

The competitive harm arises from the diversion and deployment of regulated-business capability itself. A related electricity service provider that can draw on DNSP staff is able to compete with the benefit of workforce scale, embedded network expertise, internal familiarity with DNSP standards and

processes, specialist equipment capability and operational credibility. That advantage exists regardless of whether any individual worker makes a discriminatory access decision or misuses a confidential document. It is the use of the regulated business as a technical and operational platform for contestable activity that distorts the market.

This is why NECA considers the current staff-sharing framework to be inconsistent with genuine functional separation. A functionally separate entity should stand on its own operational capability or procure services from the market on equivalent terms to its competitors. It should not be able to rely on the DNSP's regulated workforce as a reservoir of technical, trade and engineering support in the contestable markets it chooses to pursue. Where that occurs, independent contractors are no longer competing against a standalone related entity; they are competing against an entity able to leverage the depth, systems and workforce capability of the regulated monopoly network business.

NECA is particularly concerned about section 4.2.4 of the Guideline. The staff and office sharing register requirement gives the appearance of transparency, but the content required is too weak to



reveal the competitive significance of the sharing. Published registers may identify position categories, broad descriptions, exemptions and generic controls such as “ring-fencing training”, “information barriers”, “IT access controls”, “branding controls”, “contractual arrangements” and “appropriate cost allocation”. However, they do not provide competitors, consumers or the AER with sufficient visibility of the commercial reality of staff sharing.

The staff sharing registers of Ergon, Energex and Ausgrid, together with SA Power Networks’ office sharing materials, illustrate the problem. They show technical, trade, field, engineering and EVCI-related functions being shared or co-located under broad exceptions, while relying on generic assurances that there is no opportunity to discriminate or that information barriers and training are sufficient.

In NECA’s view, these examples demonstrate that section 4.2.4 does not provide effective transparency. It allows DNSPs to reduce the issue to a formal register entry rather than requiring a substantive demonstration that competition has not been harmed. A list of position descriptions and generic controls is not enough where the shared positions include linespersons, cable jointers, metering technicians, substation technicians, field construction officers, technical officers, renewable technical service staff, engineering staff and EVCI infrastructure development personnel.

The latest publicly available registers demonstrate the scale and seriousness of this issue. (see table 1 below)

Table 1 - Staff sharing Data

Technical staff substantive category disclosed	Nature of sharing	Exemption / basis relied upon	NECA concern
Ergon Q2 2026			
- General / Trade Skilled Worker roles - Technician / Technical Officer Examples - Designers / Design Officers - Engineer / Other Technical Professional - Supervisor / Team Leader	All staff - Permanently shared	Clause 4.2.2(b)(i)(b) and, for some staff, clause 4.2.2(b)(iii) regional office arrangements. Clause 4.2.2(b)(i)(b) and, for some staff, clause 4.2.2(b)(iii).	Technical and service delivery staff are being diverted from direct control services to RESP work solely on the context that are unable to discriminate against other parties. These are precisely the categories of workers that independent electrical contractors rely on to compete. Their permanent sharing gives a related unregulated business casual access to DNSP field capability and network know-how. Ergon simply update this register every quarter by changing the date
Energex Q2 2026			
- General / Trade Skilled Worker roles - Technician / Technical Officer Examples - Designers / Design Officers - Engineer / Other Technical Professional - Supervisor / Team Leader	All staff - Permanently shared	Clause 4.2.2(b)(i)(b) and, for some staff, clause 4.2.2(b)(iii) regional office arrangements. Clause 4.2.2(b)(i)(b) and, for some staff, clause 4.2.2(b)(iii).	Technical and service delivery staff are being diverted from direct control services to RESP work solely on the context that are unable to discriminate against other parties. These are precisely the categories of workers that independent electrical contractors rely on to compete. Their permanent casual sharing gives an RESP business casual access to DNSP field capability and network know-how. Ergon simply update this register every quarter by changing the date

Technical staff substantive category disclosed	Nature of sharing	Exemption / basis relied upon	NECA concern
Ausgrid Q2 2026			
[REDACTED]	Permanently shared	[REDACTED]	Staff described as having a dual reporting role with respect to BESS strategy and execution
[REDACTED]	Ad hoc / task specific		Staff whose substantive role (as described) obviously has at least the opportunity to discriminate against non-RESP providers.
Shared transmission mains technicians on RESP jobs for maintenance on specialised equipment and direction of technical issues relating to specific tasks and projects.	Project / task specific	4.2.2(b)i.b. - No opportunity to act contrary to Guidelines	This demonstrates selective use of DNSP technical staff capability on RESP work and diverted away from direct control work. NECA's concern is not limited to permanent sharing; project-specific sharing can still deliver substantial competitive advantage.
SA Power Networks Q2 2026			

Technical staff substantive category disclosed		Nature of sharing	Exemption / basis relied upon	NECA concern
- Trade Skilled Worker/General Skilled Worker - Electrical Designers/ Design Officers - Electrical Technician/ Technical Officer - Engineer/ Electrical Engineer - Supervisors / Team Leaders		Ad-hoc, task specific	4.2.2(b)(i)(b), staff members have access to confidential electricity information but do not have, ..., any opportunity to use that confidential electricity information.	Technical and service delivery staff are being diverted from direct control services to RESP work solely on the context that are unable to discriminate against other parties. These are precisely the categories of workers that independent electrical contractors rely on to compete. Their casual sharing is inconsistent with the objectives of the Guidelines and 4.2.2 (a)
Endeavour Energy				
2025 Q4	Technologist (Protection, Testing, substations)	45 staff	Employee has access to electricity information but no opportunity to discriminate by using the electricity information (4.2.2(b)(i)(b)).	Significant quantities of technical and service delivery staff are being routinely diverted from direct control services to RESP work solely on the context that are unable to discriminate against other parties. These are precisely the categories of workers that independent electrical contractors rely on to compete. Their casual sharing is inconsistent with the objectives of the Guidelines and 4.2.2 (a) These entries are just subsets of the registers declared at the time.
	Engineer or Engineering Officer/ Designer / Senior	14 staff		
	Development Engineer / Specialist – Secondary Systems	2 staff		
	Integration Engineer/ Specialist	3 staff		
2025 Q1	Lineworker	4 staff		
	Leading Hand Live Lineworker	10 staff		
	Live Lineworker	13 staff		
	Distribution Powerline Worker	4 staff		
	Technologist (Protection, Testing)	30 staff		
	Engineer or Engineering Officer/ Designer / Senior	25 Staff		

NECA is especially concerned that the phrase “no opportunity to use electricity information to discriminate” has become an assertion rather than a tested proposition. The relevant question is not merely whether a staff member had access to a particular confidential document. The relevant question is whether sharing that staff member confers any practical advantage on the

related entity that would not be available to an independent contractor operating at arm's length.

NECA further submits that the current reporting framework focuses on the wrong risk. It asks whether the staff member can use electricity information to discriminate, but it does not adequately ask whether the related entity is obtaining the benefit of regulated workforce capability. In contestable markets, access to skilled labour, field experience, project delivery capability, network standards expertise and specialist testing capability can be just as valuable as access to information. Section 4.2.4 reporting should therefore require DNSPs to disclose not only information-access controls, but also the extent to which regulated staff time, regulated technical capability and regulated operational systems are being used to support related unregulated businesses.

NECA therefore submits that section 4.2.4 should be replaced or supplemented by NER-level obligations requiring granular disclosure, independent audit and enforceable consequences. Where a DNSP relies on clause 4.2.2(b)(i)(b) or clause 4.2.2(b)(iii), the register should disclose the number of staff shared in each position category, the hours worked for the RESP or contestable activity, the specific contestable service categories supported, the categories of electricity information accessed, whether equivalent information was made available to competitors, the projects or project classes supported, the cost allocation methodology, and whether staff had any involvement in network access, facility access, site assessment, connection approval, energisation or technical approval processes relevant to a contestable market.

The disclosure should also identify whether the arrangement is permanent, recurring, project-specific or genuinely exceptional, and whether an independent auditor has tested the claim that the staff have no opportunity to discriminate. The AEMC should not accept the existence of a register as evidence that ring-fencing is working. The registers show the opposite: the exceptions to staff separation are being used broadly and repeatedly to support the use of regulated-business technical capability in unregulated business activity.

2. Effectiveness of ring-fencing waivers

Ring-fencing waivers have become normalised and have weakened the framework. Waivers were intended to provide flexibility in limited situations, but recent decisions involving community batteries and EVCI demonstrate that waivers can allow DNSP participation in contestable markets even where third-party providers raise significant concerns about competition impacts.

NECA considers waivers should be available only as a genuine last resort. The AER should require independently verified market failure, measurable consumer benefit, clear competition safeguards, independent audit, periodic review and sunset arrangements. Claims of convenience, efficiency or faster delivery should not be enough, because those claims often simply describe the advantages DNSPs possess because they are regulated monopolies.

3. Other problems with ring-fencing arrangements or waivers

Additional problems include excessive reliance on broad staff-sharing exemptions, insufficient transparency of affiliate dealings, weak disclosure of the commercial significance of shared resources, waiver creep, information asymmetry and limited visibility of enforcement activity.

Together these issues create a framework that may show formal compliance without demonstrating genuine competitive neutrality.

4. Impact of clearer service classification on waiver applications

Clearer classification would likely reduce some waiver applications by removing uncertainty about whether particular services are distribution services. However, classification clarity alone will not resolve the problem. Some waiver applications arise because DNSPs seek to enter contestable markets, not simply because of uncertainty about service classification. Stronger ring-fencing obligations remain necessary.

Question 4: Are changes required to the connection and/or facility access arrangements?

1. Are current arrangements acting as barriers to entry

Yes. NECA considers connection and facility access arrangements to be among the most significant barriers to competition in emerging energy markets. The issue extends beyond EV charging infrastructure and affects batteries, distributed energy resources, embedded generation, flexible load projects and contestable connection services.

DNSPs control many gateway functions required for market participation. These include connection approvals, energisation processes, access to poles and related infrastructure, technical acceptance requirements, network information and facility access arrangements. Where the same DNSP or an affiliated entity seeks to participate in adjacent contestable markets, a clear conflict risk arises.

NECA members consistently report lengthy approval processes, inconsistent requirements between DNSPs, limited transparency about site suitability, protracted energisation timeframes and complex facility access agreements. These matters impose time, cost and uncertainty on competitive providers. Even where there is no deliberate discrimination, the result can be delayed projects, reduced investment confidence and higher costs for consumers.

The NSW Accredited Service Provider Scheme provides a useful counterexample. It demonstrates that connection-related services can be safely delivered through accredited, competitive arrangements while maintaining technical and safety standards. In NECA's experience, mature contestability in connection-related work supports customer choice, more competitive quoting, improved scheduling flexibility and more efficient delivery.

2. Changes to the regulatory framework for negotiating connections and facility access

NECA considers the regulatory framework requires reform to provide greater transparency, consistency and accountability. The current reliance on bespoke negotiations with individual DNSPs creates uncertainty and inconsistent outcomes. Market participants should not face fundamentally different access processes depending on the DNSP territory in which they operate.

The AEMC should consider nationally consistent facility access agreements, standardised connection processes, clearer technical requirements and transparent charging methodologies. DNSPs should publish information about facility access pricing, connection timeframes, application requirements and hosting capacity where practical. This would allow competitive providers to plan investments more efficiently and reduce transaction costs.

The current dispute resolution framework should also be strengthened. Smaller market participants frequently lack the commercial resources to engage in prolonged negotiations or formal disputes with monopoly network businesses. A faster, more accessible dispute resolution

mechanism would improve confidence in the framework and reduce the risk that market power is exercised through delay, complexity or uncertainty.

Operational separation should also be required between personnel responsible for connection decisions or facility access and any personnel involved in DNSP or affiliate contestable market activities. This separation is necessary to maintain confidence that access decisions are being made neutrally.

3. Other service regulation issues associated with connection and facility access

Information asymmetry is becoming increasingly important as DNSPs acquire expanded DSO responsibilities. Network information, hosting capacity information, constraint information and operational insights may materially influence the viability of commercial investments. Where such information affects market participation, it should be available to third parties on equivalent terms, subject to appropriate confidentiality and security protections.

The interaction between facility access and DSO functions also warrants close scrutiny. DNSPs with increased coordination responsibilities may make operational decisions that affect the commercial viability of downstream services. The framework should therefore include clear neutrality obligations so that DNSPs act as market enablers, not market participants with privileged positions.

More broadly, connection and facility access arrangements should be viewed as competition policy issues, not merely operational matters. Investors are unlikely to commit capital where connection pathways are slow, opaque or potentially discriminatory. Reforming these arrangements is likely to deliver greater consumer benefits than expanding DNSP participation in contestable markets.

Question 5: Are changes required to cost allocation and/or shared asset arrangements?

NECA adopts a neutral position on the specific reforms raised in Question 5. The issues associated with cost allocation and shared assets are complex and continue to evolve as new technologies and multi-service assets emerge. NECA considers the AEMC should give significant weight to the evidence and analysis provided by Nexa Advisory, the AER, network businesses, consumer representatives and other market participants. Any reforms should be guided by the long-term interests of consumers, while promoting transparency, efficient investment and competitive neutrality.

1. Do you think that changes should be made to the cost allocation and/or shared asset arrangements?

NECA does not support a particular reform option at this stage. However, the emergence of increasingly complex multi-service assets may warrant further consideration of whether the current arrangements remain fit for purpose. Any changes should be supported by a clear evidence base demonstrating net benefits to consumers.

2. How do you think the costs and benefits associated with assets, such as community batteries, should be accounted for when making cost allocation decisions?

NECA does not advocate a specific methodology. As a general principle, cost allocation frameworks should appropriately reflect the services being provided and minimise the risk of inappropriate cross-subsidisation. The AEMC should be guided by the detailed views of stakeholders with direct expertise and experience in these arrangements.

3. Do you think that the allocation of costs for shared assets should be revisited over time?

NECA does not hold a firm view on whether periodic reassessment should occur. While there may be benefits in reflecting changing asset utilisation over time, these need to be balanced against increased complexity and regulatory burden. The merits of any reassessment mechanism should be informed by further stakeholder consultation and evidence.

4. Do you think that the current approach to cost allocation and shared asset arrangements, if maintained, should extend to negotiated services?

If the current shared asset framework is retained, equivalent principles should apply to negotiated services. Similar cross-subsidisation risks arise whether a secondary use is unregulated or negotiated. Consistency of treatment is important to avoid classification-driven distortions.

Question 6: Nexa rule change request - Do the ring-fencing arrangements in the NER need to be strengthened?

1. Nexa's framing of the issues

NECA agrees with Nexa's framing. The current framework has not provided sufficient durable protection for competitive neutrality as DNSPs and affiliates become more active in emerging energy markets. The growth of waivers, trials and incremental relaxations has weakened safeguards intended to prevent monopoly leverage into contestable markets.

2. Are there any deficiencies in any of the following areas of the distribution ring-fencing arrangements that need to be addressed?

a. Ring-fencing waiver conditions

Waiver conditions are currently insufficiently stringent. NECA supports a last-resort waiver test based on independently verified market failure, measurable consumer benefit and clear evidence that competition will not be foreclosed. Waivers should include sunset dates, independent audits, annual reporting and exit plans.

b. Affiliate dealings and data access

Deficiencies in affiliate dealings and data access are material. DNSP affiliates may receive advantages through earlier access to information, internal knowledge of network conditions, informal channels, preferential interfaces or operational familiarity. The framework should require equivalent access to information and auditable evidence that affiliates and third parties are treated on equal terms.

c. Branding and cross-promotion

Branding and cross-promotion obligations should be strengthened. Shared or similar branding can create consumer confusion and imply endorsement or preferred status for affiliate services. This is particularly problematic in markets where customers may assume the network business is a neutral authority. Clear separation of branding and stronger disclaimers are necessary.

d. Financial resilience ring-fencing

NECA supports stronger financial ring-fencing where necessary to ensure that regulated consumers are not exposed to risks arising from unregulated commercial ventures. Regulated network revenues and assets should not underwrite contestable activity or give affiliates a financial resilience advantage over independent competitors.

e. Reporting, complaints and enforcement transparency

Reporting, complaints and enforcement transparency represent one of the most significant weaknesses of the current framework. Existing public reporting often shows procedural compliance rather than substantive competitive neutrality. Staff-sharing registers may disclose role categories and exemptions but do not provide enough detail to assess the scale, duration, cost allocation, project relevance or competitive significance of the sharing.

NECA recommends NER-level requirements for more granular disclosure. Where DNSPs rely on staff-sharing exceptions, reporting should disclose the number of staff shared, role categories, hours worked, contestable services supported, project classes supported, cost allocation methodology, information access and whether any staff were involved in connection approval, facility access, site assessment, energisation or technical approval processes relevant to a contestable market.

Independent assurance should become a central requirement. Compliance should not depend solely on self-reporting by entities that benefit from the arrangements being reported. External audits should test the substance of ring-fencing controls, including information access, affiliate dealings, cost allocation and staff-sharing arrangements. Audit findings should be published, subject only to genuinely confidential information.

NECA also supports a formal complaints mechanism. Market participants, employees, contractors and consumers should be able to raise ring-fencing concerns confidentially, including anonymously where appropriate. The process should include clear investigation obligations, protection against retaliation where relevant, and transparent reporting of aggregate outcomes.

Finally, the AER should publish annual ring-fencing compliance and enforcement reports. These should identify investigations commenced and completed, breach categories, enforcement actions, enforceable undertakings, infringement notices and systemic compliance themes. Greater visibility would strengthen confidence that ring-fencing is actively monitored and enforced, not merely recorded.

3. Application to transmission arrangements

Although most immediate concerns arise at the distribution level, the core principles also apply to transmission. As TNSPs undertake evolving roles in system security, connections, non-network solutions and potentially market-facing activities, similar risks may arise. Competitive neutrality, transparency and enforceability should therefore apply consistently across both distribution and transmission arrangements, while recognising differences in market context.

Question 7: Nexa rule change request - Would Nexa's proposed solution address the identified problem?

1. Whether Nexa's proposal is efficient

Yes. NECA considers Nexa's proposal would materially improve the framework and is more consistent with the long-term interests of consumers than the current arrangements. It addresses structural weaknesses arising from waiver normalisation, broad staff-sharing exceptions, insufficient transparency and growing DNSP involvement in contestable markets.

2. Views on Nexa Advisory proposals to :

a. Elevating core ring-fencing obligations and waiver conditions into the NER

NECA strongly supports elevating core obligations and waiver principles into the NER. The Guideline should retain an important role in implementation, but core protections should not depend primarily on administrative discretion. Legal separation, accounting separation, functional separation, no-discrimination, no cross-subsidy and waiver principles should have Rules-level status.

b. Waivers as a last resort

NECA supports limiting waivers to last-resort circumstances. Waivers should not operate as a routine mechanism for DNSPs to enter contestable markets. A last-resort test would provide market participants with greater confidence that competitive provision will not be displaced unless there is a demonstrable failure that cannot be addressed through less distortive means.

c. Other deficiencies

NECA supports stronger obligations relating to affiliate dealings, data access, branding, cross-promotion, financial resilience and compliance transparency. These issues are especially important as DNSPs acquire more operational data and greater influence over distributed energy resources and flexible loads.

3. What should be specified in the NER and what should remain in Guidelines

The NER should specify the core obligations and decision principles, including legal separation, accounting separation, functional separation, no-discrimination, no cross-subsidisation, equivalent information access, waiver criteria, audit, reporting and complaint requirements. The AER Guideline should provide implementation detail such as reporting formats, operational processes and technical guidance.

4. Implementation matters

Existing waivers should be reviewed against any strengthened framework. Transitional arrangements may be needed, but existing waivers should not be grandfathered indefinitely. DNSPs should be given reasonable implementation periods for systems, reporting and compliance changes, but the reform should not be delayed in a manner that preserves present weaknesses.

5. Should transmission networks be included

NECA considers the principles should apply to both distribution and transmission. The immediate concerns are more acute in distribution because of EVCI, CER and community battery markets. However, the underlying principles of monopoly separation and competitive neutrality are not distribution-specific.

6. Alternative solutions

Guideline reform alone would not be sufficient. The deficiencies are structural and concern the appropriate allocation of obligations between the NER and subordinate instruments. NECA therefore considers Rules-level reform necessary, supported by guideline updates rather than replaced by them.

Question 8: Nexa rule change request - What are the costs and benefits of Nexa's proposed solution?

1. Costs and benefits

The benefits of Nexa's proposal are substantial. Stronger ring-fencing would improve competitive neutrality, encourage private investment, reduce cross-subsidy risk, reduce discrimination risk, improve confidence in emerging markets and protect consumers from funding inefficient contestable-market entry.

The costs are likely to be reasonable and proportionate. DNSPs already claim to comply with ring-fencing obligations. If that is correct, elevating core obligations into the NER should not impose disproportionate incremental costs. If DNSPs argue that stronger obligations would materially constrain current practices, that would support NECA's concern that those practices are inconsistent with genuine functional separation.

Question 9: ENA rule change request - Do you agree with ENA that there is a problem with the rollout of EVCI?

1. Do you think that there is a 'chicken and egg' problem with EVs and kerbside EVCI?

NECA accepts that there are EVCI deployment challenges and that public charging availability is important to EV uptake. However, the problem is not uniform across Australia. It is more material in regional areas, lower-utilisation locations and high-density urban areas where many households lack off-street parking.

a. Materiality of the chicken-and-egg problem

The ENA submission overstates the extent to which a lack of public EV charging infrastructure—and particularly slow kerbside AC charging—is holding back EV adoption. While localised public charging availability matters for some households, the evidence suggests that EV uptake is driven primarily by vehicle affordability, model availability, policy incentives and access to home charging, not by the density of public AC chargers.^{1,2}

A central weakness in the ENA argument is that it treats the observed correlation between EV numbers and public chargers as evidence of causation. Countries with high EV adoption tend to also have more chargers, but both outcomes are largely driven by broader factors such as vehicle taxes, incentives, fuel prices and emissions policies. The fact that chargers and EVs grow together does not prove that charger deployment is the primary cause of EV uptake.³

International evidence also shows that home charging remains the dominant mode of charging. The IEA states that home charging is the preferred option for EV owners globally and is expected to remain so. It estimates more than 43 million private chargers worldwide, compared with around 5 million public chargers. Similarly, US Department of

¹ <https://www.iea.org/reports/global-ev-outlook-2025/electric-vehicle-charging>

² <https://www.iea.org/reports/global-ev-outlook-2026/electric-vehicle-charging-chap-6-and-10>

³ <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/what-norways-experience-reveals-about-the-ev-charging-market>

Energy forecasts suggest that around 92% of charging ports required by 2030 will be private residential chargers, with only around 1% being public fast chargers.⁴

Norway provides perhaps the strongest counterexample to the claimed “chicken-and-egg” dynamic. Norway has achieved the world’s highest EV adoption rates, with EVs accounting for more than 90% of new vehicle sales, yet its public charging network has lagged EV growth. Around 73% of EV kilometres are charged at home, and Norway still has more than 30 EVs per public charging point. In other words, EV adoption surged ahead of public charger deployment rather than the reverse.^{5, 6}

The ENA submission also fails to distinguish between fast charging and slow kerbside AC charging. Consumer concerns about charging are often linked to range anxiety and long-distance travel. These concerns are addressed far more effectively by reliable DC fast-charging networks than by widespread installation of low-powered residential-style kerbside chargers.

This does not mean public charging is unimportant. For apartment dwellers, renters and households without off-street parking, access to public charging can be essential. However, that is a targeted equity issue rather than evidence that mass EV adoption depends on extensive kerbside AC charging infrastructure. The weight of evidence suggests public charging supports adoption at the margin, but the ENA’s broad “chicken-and-egg” framing materially overstates its causal importance.

b. Permanent or temporary

NECA considers the challenge is primarily transitional rather than permanent. As EV uptake grows, utilisation rates improve and technology costs decline, commercial investment incentives are expected to strengthen. Transitional market-development challenges do not justify permanent regulated monopoly participation.

Demand for slow kerbside charging is also likely to be lower than ENA assumes because apartment charging solutions are improving rapidly. New building standards, EV-ready parking requirements, smart load-management systems, shared chargers and strata reform are making it increasingly feasible to provide charging directly within multi-unit residential buildings.

The IEA and ICCT both identify expanding apartment charging capability as a major focus of policy and technology development internationally. As these solutions become more widespread, many apartment residents who currently lack charging access are likely to charge where they park overnight, reducing reliance on public kerbside AC charging and potentially limiting utilisation of extensive kerbside charging networks.^{7,8}

⁴ <https://www.energy.gov/cmei/vehicles/evgrid-assist-charts-and-figures>

⁵ <https://www.rolandberger.com/en/Insights/Publications/EV-Charging-Index-2025-Expert-insights-from-Scandinavia.html>

⁶ https://www.rolandberger.com/publications/publication_pdf/roland_berger_ev_charging_index_deep_dive_norway.pdf

⁷ <https://www.iea.org/reports/global-ev-outlook-2026/electric-vehicle-charging-chap-6-and-10>

⁸ <https://theicct.org/publication/promoting-equity-ev-transition-barriers-and-solutions-to-charging-at-multi-family-homes-us-apr24>

c. Is the problem limited to

i. kerbside AC slow charging or broader EVCI

The challenge appears most relevant to lower-utilisation kerbside AC charging and some public-access charging locations. It is less evident in many DC fast-charging contexts, where private investment is already developing. A single regulatory response should not be applied across all charging segments without regard to market maturity.

ii. Geographic locations

Deployment challenges are likely to be most acute in regional and remote areas, low-utilisation corridors and selected metropolitan areas with limited off-street parking. This supports targeted interventions and appropriate solution selection rather than permitting DNSPs to deploy regulated assets as default response and recover from all consumers.

d. How the problem should be addressed and funded

Deployment challenges should be addressed through targeted government funding, competitive grants, local-government coordination, planning reform, connection reform, facility-access reform and limited provider-of-last-resort mechanisms where competitive provision demonstrably fails. Broad socialisation of EVCI costs through regulated electricity charges should not be the default response.

The most effective way to accelerate deployment of public EVCI is not to expand DNSPs' role into ownership of regulated charging infrastructure, but to address the well-documented barriers that currently impede efficient and timely connections between DNSPs and charge point operators (CPOs). Both the NSW and Victorian EV charging inquiries identified shortcomings in connection processes, information transparency, technical requirements and coordination between network businesses and charging developers. Reform efforts should therefore focus on streamlining connection approvals, improving network data access, standardising technical requirements, reducing connection timeframes and providing greater certainty around augmentation costs. Addressing these existing market and regulatory frictions would directly improve the ability of private-sector CPOs to deploy charging infrastructure where it is needed, without introducing the risks associated with regulated network ownership of charging assets.

Where genuine market gaps remain—particularly in locations that are unlikely to attract commercial investment despite a demonstrated public need—targeted government funding should be used to support deployment. However, such funding should be guided by robust needs assessments and prudent planning processes that identify specific underserved user groups and locations, rather than broad assumptions about a systemic shortage of public charging. This approach would ensure that public resources are directed to genuine market failures, while preserving competition, innovation and efficient investment by charging providers.

2. Other barriers for third-party providers

Third-party providers face barriers including connection delays, facility-access constraints, non-standard contracts, limited site information, uncertain energisation timeframes, planning approvals and inconsistent access charges. These barriers should be addressed

directly. DNSP ownership of EVCI does not solve the conflict created where DNSPs control the barriers faced by competitors.

3. Whether DNSPs could roll out kerbside EVCI faster or at lower cost

DNSPs may claim cost or speed advantages, but those advantages arise from diverting monopoly effort, plant, resources, and workforce capability away from their primary tasks to distort services that are not a natural monopoly. These advantages are precisely the source of competitive-neutrality concern. They should not be converted into justification for regulated market entry.

With respect to the concept of lower cost – the DNSPs may actually be able to deploy at a lower cost per unit, but if their deployment strategy is high volumes of very low utilisation sites on the RAB with significant risk of obsolescence within their functional life then the costs to energy consumers is unjustified compared to the appropriate discipline of the competitive markets.

4. Likely evolution of public EV charging markets

NECA expects EV charging markets to mature rapidly as EV adoption increases and utilisation improves. Private investment is already occurring across multiple charging segments. The AEMC should avoid regulatory choices that crowd out or chill investment during this formative period.

Question 10: ENA rule change request - Would ENA's proposed solution address the identified problem?

1. Whether ENA's proposal is the most efficient solution

No. NECA does not consider DNSP ownership and operation of EVCI to be the most efficient long-term solution. The proposal risks crowding out private investment, distorting competition, increasing cross-subsidisation risk and weakening incentives for innovation.

The risk of lumbering energy consumers with additional costs for stranded assets is also quite substantial.

The more efficient solution is to remove barriers faced by competitive providers.

2. Whether ENA's identified EVCI service should be a distribution service

No. EVCI does not become a distribution service merely because it is connected to, or located on, the distribution system. The appropriate test is whether the service exhibits monopoly characteristics that justify economic regulation. EVCI is capable of competitive provision and should remain contestable wherever practicable.

3. Deployment strategy requirement

If DNSPs were permitted any role in EVCI deployment, a deployment strategy would be necessary but not sufficient. The strategy should be publicly consulted on, independently reviewed and subject to AER oversight. It should demonstrate why competitive provision is not feasible in the identified locations and how competition impacts will be minimised.

4. Constraints or time limits

Any DNSP participation should be tightly constrained to independently identified non-commercial locations where competitive market testing has failed. Participation should be time-limited, subject to review and accompanied by an exit strategy. Permanent or broadly available DNSP participation would be inconsistent with competitive neutrality.

5. Reopener cost recovery

NECA opposes reopener cost recovery for EVCI in the current regulatory control period. Reopeners would bypass the ordinary scrutiny of regulatory determinations and risk transferring contestable-market risks to electricity consumers. Contestable-market expenditure should generally be funded by investors or targeted government programs, not through regulated network charges.

6. Service standards and outcomes

Economic regulation can establish service standards, but service standards do not require DNSP ownership. Reliability, accessibility and performance requirements can be achieved through licensing, procurement conditions, technical standards, grant conditions and competitive tendering. These mechanisms preserve competition while addressing service-quality concerns.

7. Alternative solutions

Superior alternatives include connection-process reform, facility-access reform, competitive tendering, targeted grants, planning reform, local-government coordination, ASP-style contestable delivery mechanisms and provider-of-last-resort arrangements in defined non-commercial areas. These options address the identified barriers directly while preserving market development.

Question 11: ENA rule change request - What are the costs and benefits of ENA's proposed solution?

1. Direct and indirect costs and benefits

The claimed benefits of ENA's proposal include faster deployment, improved charging availability and potentially lower deployment costs. NECA considers these benefits have not been sufficiently demonstrated and should be weighed against substantial direct and indirect costs.

Those costs include crowding out private investment, reducing innovation, increasing regulatory complexity, creating cross-subsidisation risk, reducing opportunities for independent contractors, weakening competitive neutrality and increasing long-term consumer costs. The risk is not merely short-term distortion. Early regulatory choices may shape the structure of the EVCI market for decades.

2. Standard control versus alternative control classification

The risks would be materially greater if EVCI were classified as a standard control service because costs would be recovered broadly from electricity consumers regardless of use or benefit. Alternative control classification would reduce some concerns because costs may be more targeted, but it would not remove crowding-out, information advantage or monopoly leverage risks.

3. Other interdependencies

The AEMC should take into account Commonwealth and state EV strategies, emissions targets, grant programs, local-government planning frameworks, transport electrification policies and consumer energy resource reforms. These policy instruments can support EVCI deployment without requiring broad regulated DNSP ownership. The existence of public policy support for EVs should not be treated as support for monopoly provision of charging assets.

Question 12: Assessment criteria

1. Proposed assessment criteria

NECA broadly supports the proposed assessment criteria of consumer outcomes, market efficiency, innovation and flexibility, emissions reduction and good regulatory practice. However, the criteria should expressly include competitive neutrality, preservation of contestability, consumer funding discipline, transparency and enforceability, and impacts on independent contractors and competitive service-provider markets.

These additional criteria are consistent with the National Electricity Objective. Long-term consumer interests are best served by efficient investment, operation and use of electricity services. That objective will not be achieved if regulated monopolies are permitted to expand into contestable markets using consumer-funded advantages.

NECA recommendations

NECA recommends that,

1. the AEMC make the Nexa Advisory rule change in strengthened form, including Rules-level ring-fencing obligations, last-resort waiver criteria, stronger affiliate dealings controls, equivalent data access obligations, branding restrictions, financial resilience safeguards and transparent reporting and complaint mechanisms.
2. the AEMC reject the ENA DNSP-led EVCI rule change in its current form. EVCI should remain contestable, with DNSP participation permitted only in independently established non-commercial provider-of-last-resort circumstances.
3. the AEMC prioritise reforms to connection and facility access arrangements, including standardised access processes, transparent pricing, objective timeframes, faster dispute resolution, equivalent information access and separation of DNSP access functions from affiliate contestable activities.

Conclusion

The energy transition requires more electrification infrastructure, more EV charging infrastructure, more consumer energy resources and more coordination. It does not require monopoly distribution businesses to become publicly underwritten competitors in emerging markets.

The correct policy choice is to preserve the boundary between regulated monopoly functions and contestable services. DNSPs should provide safe, reliable, efficient and neutral network access. Competitive markets should deliver customer-facing infrastructure, technology, services, innovation and choice.

NECA urges the AEMC to strengthen ring-fencing in the NER, reject general DNSP-led regulated EVCI, reform connection and facility access arrangements, and ensure that the benefits of electrification are delivered through fair, open and competitive markets.

To arrange a meeting or discuss this submission further, please contact:

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