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2020 Retail Energy Competition Review: Electric Vehicles

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thanks the Australian Energy Market Commission (AEMC) for the opportunity to provide comments on the AEMC's 2020 Retail Energy Competition Review: Electric Vehicles Issues Paper (the Paper).

Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program.

Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

Powershop broadly supports the intent of the Paper and the uptake of Electric Vehicles (EVs) across Australia and how they may influence the National Electricity Market (NEM). However, we believe this review needs to ensure that EVs remain a viable form of market and product and that no additional regulatory barriers are unnecessarily implemented.

Powershop notes the Issues Paper's assertion that "Sales in Australia have been modest relative to global trends, although the global trend of increasing EV and decreasing ICE (internal combustion engine) sales is also present. Australia sold 6,718 electric vehicles in 2019, a 203 per cent increase compared to 2018. Sales for all vehicles nationally in Australia over 2019 decreased by 7.8 per cent compared to 2018"[1]. This correlation indicates a strong shift in consumer attitudes to zero emissions from our motor vehicles of which we believe should be capitalised on by government and industry alike.

Powershop believes that both the state and federal government can assist with this trend, particularly when the market is transitioning to renewables rapidly and broad government policy and community sentiment is a carbon neutral position as soon as possible. If more EVs are purchased across Australia, not only does the environment benefit from reduced vehicle emissions, but more distributed energy could be available across the NEM as we become further educated and advanced on how to manage energy in a two-way scenario.

[1] AEMC, Electric vehicles in the retail energy market, 20 February 2020, page 1

Incentives

To assist customers accessing more affordable EVs, governments could seek to remove items such as relevant stamp duties and taxes or provide incentives to purchase by waiving registration fees. If the above trend continues and more EV purchases are encouraged, then average gap between and EV and ICE will also reduce significantly, making EVs more affordable.

We support the Australian Energy Council (AEC) and their submission that government fleets can invigorate the uptake of EVs with new fleet purchases. Not only will this eventually help bring down costs of EVs and associated equipment, but also subsequently creating a second market of EVs and thus creating a more normalised EV market, this can provide for an easier level of affordability at a private level.

With the amount of EVs in Australia, those investing in public charging infrastructure are expecting little or a very long payback period, so it would be reasonable to expect government funding would be required. In doing so, government endorsed standards could be introduced to support the end consumer and set minimum standards for charging network operators.

Smart charging – from our own research in New Zealand we believe that the premium that consumers will pay for a smart charging unit at home or work is greater than the direct benefit they receive. If there is additional benefit from managing electricity supply from regulators, retailers, generators, etc. then it is worthwhile considering if consumers should be incentivised to go smart. For example, in the UK the Government provides 500 pounds toward your charging station.

Fee Rebate Scheme – the New Zealand government is currently consulting on a scheme that would disincentive new ICE vehicles and incentive new EV vehicles (upon importation). This policy has been very successful in other countries and acts to move the price of EVs closer to parity. This should be considered in changing the current political climate.

Government should provide strong incentives for the continued uptake of EVs to ensure the private sector can adequately invest with greater confidence in fast charging infrastructure. Charging infrastructure will become critical as more and more electric vehicles are adopted as per the above trends.

Infrastructure

Powershop agrees with the submission made by the AEC in relation to fast charging infrastructure availability and the uptake of EVs. Powershop would also support and encourage for example, EV owners to charge outside peak demand periods.

The introduction of smart meters in Victoria changed the way infrastructure was viewed for electricity. This change then further introduced innovations developed by industry (particularly retailers) and adopted by consumers alike. Powershop has developed various products and applications (as per above) and believe if the infrastructure is provided and supported by government for EVs such as fast charging infrastructure, similar innovation to the benefit all consumers would occur.

Therefore, it is important for the Federal and State Governments to consider a strategy for the development of the nation's charging network and through this process help develop the framework to support the establishment of a functioning market. For example, it will be important not to promote or back a single charging network provider (like in New Zealand with ChargeNet), which would result in tax-payer dollars supporting one business. This does not support the required competitive marketplace. More funding and investment to open competition into the public charging market would be the ideal starting point, such incentive and competition would then create a more consumer friendly EV market.

Powershop as a retailer believes its role in the context of EVs is to continually provide innovative and market adaptive products and offers so that our customers can benefit economically and in a social context. The potential of EV products and offers naturally form part of the ongoing development and innovation as we transition to a renewable environment. This transition with the assistance of EVs however will rely heavily on sensible tariff reform, a strong reduction in regulatory barriers currently present (e.g. static retrospective billing).

Powershop believes that a strong EV market would form one part of the overall retail market as a new innovation, just as solar and batteries created new markets of which the NEM is fast adopting. Industry is already marketing

solar PV installations with storage devices and other smart appliances of the future. EVs should be seen as an extension of these packages.

However, Powershop believes that the only way for marketing of such products to continue is if the regulatory barriers are significantly reduced with increased commitments of government investment. EVs should be considered another energy product, rather than being a new 'fuel' that requires extensive, but unnecessary consultations and regulatory frameworks. Those associated costs potentially disincentive the initiative or the will to innovate moving forward.

Other obvious barriers that may help the transition to EVs would be to remove any regulations in the car industry that slows innovation, type of vehicles imported, or limited the supply into the country. Most countries are competing for supply, with high consumer demand, so without strong incentives or policy from Australia the EV industry could ignore our market and our renewable transition could lose a potentially valuable mechanism.

Many European countries have experienced success through the formation of EV associations. For example, the Norwegian EV Association has helped inform regulators and policy makers to ensure the customer is at the heart of the transformation to electric transport. These types of associations, when organised, can act to accelerate the uptake of EVs, raising awareness, familiarity and increasing those that will consider EVs as part of their next vehicle purchase. Powershop believes a similar lobbying body that works with the Federal and State Governments to place resources into marketing and other activities to raise awareness could be beneficial in order to encourage the introduction of incentives. Powershop will also assist in raising such awareness and consideration for customers moving forward.

Powershop is happy to further consult and discuss with the AEMC what future EV offerings and products are being considered, especially in the light of a Tier 2 retailer and our 100% carbon neutral position.

Yours sincerely,

Michael Benveniste
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