



19 March 2020

Samuel Martin
Australian Energy Market Commission

Lodged online: www.aemc.gov.au

Dear Samuel,

2020 Retail Energy Competition Review: Electric Vehicles

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on this issues paper which investigates electric vehicles and the retail energy market.

Origin is a large Australian integrated energy company with activities in energy retailing, power generation and natural gas production. Origin also has recent experience in exploring new product offerings and has focused on areas such as solar and storage and connected homes.

Whilst Australia is currently a laggard in the adoption of EVs, we believe there is an exciting opportunity for the nation to become a market leader in EVs powered by renewable energy sources. We suggest future policy should consider supply and demand side incentives to accelerate EV deployment in Australia as well as policies to raise awareness of the benefits of EVs.

Emissions from the transport sector are currently about 19 per cent of national emissions and growing steadily, driven by population and economic growth. The mass deployment of EVs could play a major role in reversing this trend and provide significant benefits in both improving local air quality and reducing greenhouse gas emissions. Whilst the states have so far offered most incentives, we generally support policies at either the national or state level which include:

- Further encouragement for aspirational targets for corporate fleets and other private vehicles
- Direct support for charging infrastructure (such as matched funding)
- Direct support to reduce the up-front costs of purchasing EVs

As an emerging technology with potentially significant benefits to consumers and society more broadly, we believe there is an important role for government to provide interim support to allow the EV market in Australia to develop. In particular, this could be aimed at addressing a number of current barriers to the greater uptake of EVs in Australia which include: up-front costs, model availability, supporting infrastructure and consumer awareness. This support should be clearly targeted and its impact regularly assessed. Such assistance can then be scaled back as the market in Australia matures.

On the supply side we suggest that it is important that manufacturers and developers of infrastructure are encouraged to offer new EV products and services in Australia. Generally, Australia is viewed as a small market and product offerings will lag other markets such as North America and Europe. One way to make Australia more attractive would be to drive faster uptake of EVs through strategies which support growth in Government and private fleet buyers. A focus on fleet buyers is suggested as these users are likely to recognise the lifecycle benefits available through EVs earlier than the broader

consumer market. Additionally, the recycling of vehicles into the resale market at the end of fleet leasing arrangements provides a lower cost entry point for the broader consumer market. State governments could play a key leadership role by setting targets for the uptake of EVs in their fleets, providing incentives such as reduced registration rates for EVs and by the implementation of mandatory vehicle emissions standards for government contracts.

We currently have over 1,100 vehicles in the Origin fleet, ranging from passenger vehicles right through to heavy duty trucks. We have decided to start by electrifying the small to medium sized passenger segment of our fleet (about 130 vehicles) with a target of having at least 50% of passenger vehicles replaced with EV's by the end of 2021.

Origin believes EVs have the potential to provide sustainable and cost-effective transport solutions and that this can be achieved with an evidence based approach to price signalling. Origin is currently collecting data on EV charging behaviour and has started transitioning its fleet of passenger vehicles to EVs. We are using hardware and software solutions which enables us to monitor charging habits and control charging. Origin will extend this work to our residential and business customers who are also transitioning to EVs.

Overseas markets, particularly in the UK, suggest that smart charging can encourage new customer propositions to lower the cost of energy to the customer and ultimately limit the need for expensive network upgrades. Currently the upfront cost of smart chargers deters Australian customers who typically utilise standard power points or charging stations without connectivity. As EV take-up accelerates this behaviour will result in increased grid investment.

If the domestic smart charging data is consistent with overseas experience then Origin would advocate for price signals and cooperation between retailers and network operators including:

- Subsidies from state/federal governments, as is currently the case in overseas markets such as the UK, to support take-up of smart charging.
- Cooperation between energy retailers and networks to secure controlled load network pricing for customers who sign up with retailers for managed charging.
- Sharing of network upgrade deferral benefits associated with demand response with those who can provide demand response via managing EV charging services.

We would welcome further discussion with the AEMC regarding the deployment of electric vehicles in the NEM. If you wish to discuss any aspect of this submission further, please contact Matthew Kaspura at matthew.kaspura@originenergy.com.au or on 02 9503 5178.

Yours sincerely,



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