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Australian Energy Regulator

Submitted via email: AERexemptions@aer.gov.au

### **Review of the AER exemptions framework for embedded networks**

Ampol Limited (**Ampol**) welcomes the opportunity to review the Australian Energy Regulator's (**AER**) *Review of the AER exemptions framework for embedded networks – Draft Decision* published on 17 March 2025 (**Draft Decision**) and to contribute our input to help determine whether regulatory changes are required.

Connecting e-mobility infrastructure to the electricity network is critical for Ampol to effectively support our existing and future electric vehicle (**EV**) charging sites. While the AER's review primarily focuses on residential consumers, we see three key elements that are particularly relevant in circumstances where Ampol is installing EV infrastructure for public use at non-residential locations:

#### **Condition 5.1. Summary of pricing (Appendix A-2, Part 2)**

Under the current AER guidelines, large customers of exempt networks can mutually agree commercial terms with embedded network operators (**ENOs**) under Charge Group C and, if no mutual agreement is reached between the parties, then large customers can fall back to Charge Group B. Charge Group B affords these customers regulatory pricing protections and mitigates the risk of unfair charges (including overcharging and unexpected network charges).

The Draft Decision removes the fallback option of Charge Group B for large customers, which Ampol considers a significant potential risk — particularly as Ampol, as a large customer, currently relies on the regulatory protections afforded under Charge Group B.

Ampol would like to raise the following key risks:

#### **a) Protections around network charges:**

- Charge Group B currently provides important pricing protections including the scope of network charges which can be charged to customers, the application of tariff structures and the charging methodology for external network charges when negotiating with ENOs. For example, Charge Group B specifies that customers must be charged '*external network charges only*', and the network tariff code must be published by the Distribution Network Service Provider (**DNSP**) and approved by the AER.
- The pricing related conditions applicable to Charge Group C customers are materially less restrictive and those customers do not benefit from the protections afforded to Charge Group B in relation to network charges. Based on Ampol's experience, the network tariff

prices set by ENOs can significantly differ from what Ampol would typically receive from the DNSP if directly connected to the distribution network.

- Given that network charges represent a significant portion of the cost of goods sold (COGS) for these sites and is an important factor when considering EV investment decisions, it is crucial that we are able to secure the network pricing that is linked to the DNSP's regulated tariffs for our connections. Lack of protection around network charges could deter investment in public EV charging infrastructure as companies will not be able to establish a cost base or effectively manage their COGS.

**b) Lack of transparency in charging methodologies:**

- The framework that sets out the network charges payable by embedded network customers is more opaque and subject to a less prescriptive form of regulation, as opposed to the network charges payable by electricity users that are directly connected to distribution networks.
- Our experience is that the terms provided by ENOs, and particularly the charging methodologies, can be relatively vague and lack transparency. We have concerns that removing the additional regulatory protections of Charge Group B further increases the risk of unfair charges to Ampol and the knock-on impact to our EV charging customers.

Finally, Ampol notes the refinement of charging methodology terminology in the draft in Condition 5.2.1, including clearer definitions for '*causer pays*' and '*shadow pricing*', along with the introduction of a new term: '*direct attribution method*'. Ampol supports efforts to improve clarity and consistency in how these methodologies are described and applied, and welcome further engagement to ensure the definitions align with practical implementation for large energy users and embedded network operators.

**Condition 1.12. Obligation where an Embedded Network Manager is appointed (Appendix A-2, Part 1)**

An initial reading of this condition suggests that DNSP approval would be required for tenants to be wired out of the embedded network, and that this would only be permitted in jurisdictions where retail contestability is not available (e.g. Western Australia and regional Queensland).

Ampol would like to seek clarification on whether we would be able to request being wired out of the embedded network, regardless of whether retail contestability (power of choice) is available in the jurisdiction where we are operating.

Ampol has also noted that DNSPs do not have a common viewpoint on allowing directly wired tenancies within the same site as an embedded network, which complicates project planning and causes significant delays in some instances. This, combined with the removal of Charge Group B, has the potential to place such sites with unfavorable and unregulated network charges which could make them unfeasible for public charging infrastructure.

**Section 4.1 Deemed exemption & Appendix A-1: Classes of deemed and registrable exemptions**

Removal of the Deemed exemption classes ND1 and ND2 means that for any sized embedded network and regardless of on or off market status, Ampol would need to register these with the AER. This is relevant to a portion of Ampol's new retail sites where we have third-party tenancies (such as quick service restaurant operators) within the embedded network. This would involve significant training, management and administration across the Ampol Group.

**Conclusion**

We would like to take this opportunity to thank the AER for the opportunity to provide this submission to the AER and to offer comments in the review of the Draft Decision, as needed.

Should you wish to discuss this submission, please contact Patrick Luxton, General Manager Energy Value Chain at [REDACTED]

Thank you for your consideration of our submission. We look forward to continued collaboration in advancing these efforts.

Yours sincerely,

Patrick Luxton  
General Manager Energy Value Chain  
Ampol

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