May 2025

Transcript

AER workshop on the CitiPower, Powercor, UnitedEnergy ring-fencing waiver for EV charging infrastructure – contestable businesses unrelated to DNSPs and industry

7 May 2025

This document is a transcription of a workshop held by the AER with contestable businesses unrelated to DNSPs and industry on 7 May, 2025, discussing the ring-fencing waiver application by CPU for providing EV charging infrastructure. The focus of the workshop was on market competition, network learnings and benefits, and regulatory considerations.

Introduction

The workshop commenced with AER Board member Kate Symons expressing appreciation for stakeholder participation and outlining the objectives of the consultation, including the importance of gathering diverse perspectives on CPU's proposal for EV charging services. The consultation is open until June 13, 2025, encouraging submissions from stakeholders to inform decision-making regarding the waiver application.

Questions and answers with CPU's Daniel Bye (DB)

- **DB:** Under the ring fencing waiver we are proposing to own and maintain the EV chargers and not provide e-MSP services. But what we do want to be able to do, is have multiple e-MSPs being able to access those chargers. We will have a CSO system which will be able to communicate with those chargers via the standard open point protocols, which is standard right across the world. And what we will be doing is invite expression of interest to multiple e-MSPs via their e-MSP system to gain access to those chargers. We don't have a customer facing role in this. What we do want to be able to do, is open up the chargers to multiple e-MSPs to give consumers ultimate choice around the access of those chargers. This is very standard in the UK and the European markets. I haven't been able to find this happening anywhere in Australia, so it is probably a first for Australia that I'm aware of. We don't see City Power, Powercor United Energy having anything to do with the customer relationship of this and we do want to, through this trial, open

up to many e-MSPs being able to access the singular chargers, rather than CPU having a part in that relationship. CPU will own, maintain, and e-MSPs will be given access to those chargers. One of the questions that's been floating around is if [CPU will] assign one e-MSP per charger – no. If there's ten e-MSPs who want access to the trial, they'll have access to all 100 chargers that we that we will install.

- **Q:** This is a single NMI per charger?
- **DB:** Yes. That's correct
- **Q:** So, you're proposing a roaming platform, which is common and an established technology. So - understand what it's all about and probably question whether it is innovative.
- **DB:** I think the actual technology that we're looking to trial here isn't necessarily the roaming part of that. I think that's essentially for consumers to decide who they want to use in order to pay for their charging. The technology that we're looking to trial is more around demand management and price sensitivity to attract customers to draw down the grid on days of minimum demand. So, it's less about the roaming technology that we're looking to implement - I guess that's the benefit for customers. But what we are trying to do is trial the broader technology and its ability to unlock demand management in the network and increase utilisation of the network.
- **Q:** My understanding is that rather than a third-party roaming platform, you'd be looking to implement a bilateral arrangement with the e-MSP's to settle those charging sessions. You'd have some kind of criteria as to what the eligibility of e-MSP's is to participate within the ecosystem or not? Be good just to confirm that, and also whether you've considered making use of a third-party clearinghouse system, which would decouple the network from those competitive market decisions around what e-MSPs can participate or not?
- **DB:** Yes, in short, the first iteration of this we will have bilateral agreements. And we'll sort of work through that post the decision from the AER around who we are open to, many e-MSPs coming on board - we're not picky. In terms of the third-party clearing house, they don't exist in Australia at the moment. So once one does come online into the future, we will look to cut over to it, if that's in three years' time, if that's in two years' time or five years' time, we can work through that. But absolutely our intention is to play the role of the clearinghouse until one comes online that we can truly utilise here in Australia.
- **Q:** Just a question on the installation of the charging facilities - Is that going to be done by CPU staff and contractors? How's that going to roll out?
- **DB:** So, because these are deemed an installation, they have to be done by RECs. Obviously standard connection, they must be done by RECs. We have an incredibly expansive REC panel that we've gone through contract negotiations not just for this, but for broader REC things that happen across our networks. So we'll

look to utilise them for the installation services. Where we think that is potentially not necessarily competitive, we'll go to a broader EOI for REC services as well.

- **Q:** My second question is how you determined the high penetration areas?
- **DB:** A simple overview of EV ownership in Victoria is available on most public EV websites, and over the top of that, one (factor) is the availability of off-street parking. Again, that is based on local knowledge - I operate within and live in the city [Melbourne], so I know where the lack of off-street parking is, that's done through local knowledge. Then we've also included some areas that are more destination, say Shepperton for example – there's plenty of off-street parking, but we know it's a major thoroughfare. Bendigo and Ballarat are similar- plenty of off-street parking, but they're more destinational areas where people drop in. That's [the approach] we've used so far. I think there's a bit of a perception out there that we've picked poles. I can absolutely assure you—we haven't even looked at poles yet. At the moment, I'm a bit of a one-man band. Until the AER says yes, I'm not investing large lots of time into this. I do think it's the right thing [to do], but I just haven't got the time to go to any individual sites yet.
- **Q:** How are you proposing to fund it? Is it going to be a separate proposal to AER for like a cost pass through or funded through existing capital or operating expense?
- **DB:** Our proposal—because this will be utilising demand management technology—is that it will be funded via DMIA [demand management innovation allowance]. Because what we're trying to test is not the actual roaming technology per se, but this being a demand management opportunity for us to be able to increase utilisation and flexibility of the grid. So that's our proposal. It's not going to go into the RAB or any of those kinds of things. It's not going to be offset by every man and account holder. So, that's our proposal at this stage.
- **Q:** If someone wanted to come along and compete with your model, and they wanted access to your poles to compete —and you had developed this model—it seems like it's creating a kind of competitive market in itself. How would that work? I'm just trying to understand—how would someone compete with this, if you're setting up a model where you have this e-MSP system that have all these e-MSPs connected to it and compete - if someone else wanted to come along and compete, could they do that within this model?
- **DB:** Under our model, we're not looking to restrict any third party from installing chargers on their poles. People can continue to compete as they do today. If a third party wished to install a single charger and have many e-MSPs—they could do that today, and we wouldn't stop them. That's something we are certainly not looking to do as part of our trials. We're not looking to restrict any business or third party wanting to install these on our assets.
- **Q:** Would e-MSP's be able to compete with the market that you're creating?

- **DB:** If I am following your question right – could a business install a charger and have multiple e-MSP's access that charger and compete – Absolutely they could.
- **Q:** Could they compete against your e-MSP's, that's what I am trying to understand?
- **DB:** Well, I guess they're not my e-MSPs, so I'll use some examples—Chargefox could be an e-MSP, it could be AGL, Origin, those kinds of players. Once you're an e-MSP, you're an e-MSP. If you wish to utilise and roam onto someone else's network or charger, you can absolutely do that. The short answer is yes—it is competitive.
- **Q:** Just following up on your first answer around the innovation not being around the roaming platform, but rather around the demand events and how consumers might answer to pricing signals. Why would you want to set up your own network to test those elements rather than integrating with the networks that are already existing on CPU's networks?
- **DB:** In short—right now, CPU and most DNSPs—the only price mechanism they have to do this is via tariffs, and we don't have a predefined tariff for this. That's something that will ultimately flow through in the next regulatory reset periods, and maybe even further. So, we absolutely say that tariffs play a part in this. The bit we want to test, for example, is: right now, on this [slide], you can see there's an orange line that goes between the CSO system and the e-MSP system. That's essentially a handshake agreement on what the charge pass-through is going to be. What we want to be able to test is—if during days of minimum demand, those mild days with sunshine and no load—can we heavily discount the cents-per-kWh to encourage customers to draw down from the grid? That's essentially what we're trying to do in terms of tariff testing.

Market insufficiency and coverage gaps

AER: CPU suggests there are coverage gaps for EV chargers where demand is unmet, particularly in regional locations, where competition in the provision of charging infrastructure is limited, the current market is underdeveloped and lacks significant private investment. This implies there are obstacles preventing private investment, e.g. low scale economies; lack of information to make investment decisions; high transaction costs. The AER are seeking stakeholder views on:

Q1: Do the current dynamics of the markets suggest a thriving and competitive marketplace?

Q2: Do you agree a market insufficiency exists? What are your views on the cause any coverage gaps across 'metropolitan' (i.e. inner city urban areas), suburban and regional Victoria?

Stakeholder quotes:

- We currently operate as of today 100 kerbside charging locations in Sydney, which represents 200 public access charge points, most of which have been deployed in the last 12 months. So very quickly and with some really good enablement. Do we think that market insufficiency exists in Vic – well, yes it does. We have been in discussions with the Victorian DNSPs for about 18 months and have been prepared to deploy for that entire period. And what we've come up against, is some challenges technically and commercially that we've managed to overcome and are very close to start deploying. In fact, we're looking at our very first installation in the United Energy patches this month. The assertions that these gaps exist are being made by the very parties who have put up those obstacles to deployment in the first place. We've demonstrated a market capability to be able to deploy rapidly in the exact manner they're planning to deploy – with great appetite from the private market to do so. Although I'd agree with the statement that maybe some insufficiency exists in Victoria, it certainly does in other places, really that insufficiency exists because people making the assertions around that insufficiency are creating the barriers to deployment.
- Our issue isn't necessarily with the time it's taken. We understand that utilities will move at their own pace when it comes to these sorts of innovative projects, and that takes time—and that's OK. But I think to assert that it's a market failure is not fair or accurate, particularly when pushing the point that they're now the only ones with the capability to do this at a reasonable level. From a technical point of view, we overcome the barriers with the VSIR [Victorian Service Installation Rules], which was fine. I know other companies have tried to do the same thing and had some trouble with it—I won't comment on that—but that's just a feature of the Victorian market, and that's fine. We've since been able to get through that. The major barrier for us, ultimately, has been commercial. That's where we start to talk about things like facilities access costs, delays in legal and commercial negotiations, and a whole host of other issues that technically won't hold us back. Our experience is that the technical elements of deployment in Victoria have been overcome well before the commercial barriers have even remotely started to come down and be cost-reflective.
- There are many different drivers with many different needs, and there's a lot of overlap between charging types. We are very interested in this space and have very grave concerns about DNSPs activity in this space and what it's going to mean for competition. I would like to reiterate what was said regarding the barriers, the barriers to deploying EV charging infrastructure in Australia and especially in Victoria is due to the DNSPs themselves. Connection costs are very, very high. We had an example recently where we were quoted $20,000 to provide a quote - not for a connection [for fast chargers]. Now, it's a bit faster than the kerbside requirement, but it wasn't that big - it wasn't like we're deploying a data

centre or something. It was really quite a reasonably sized connection. The $20,000 had caveats that it could grow up to $90,000 just for the quoting. We've done private benchmarking of these activities, and they are up to 10 times the cost of a private entity in the same situation. This is a major barrier and very consistent across the country.

- [CPU] mentioned that the tariffs don't exist to test demand response. We are doing demand response in many ways across Australia with our chargers, whether it's within private infrastructure situations or whether it's with DNSP tariffs that exist in other territories. We are very active with demand response. This is not innovation, and demand response is not innovative. It is well established, and it just needs the tariffs to exist – we would welcome innovative tariffs to be created [in VIC].
- We see most people charging on our network for 30-35 minutes. But some people stay for an hour or more. Some of our chargers operate down at the 25-kW level, which isn't that different to what the DNSPs (CPU) are proposing. So, I think people are looking for different types of charging and whether they plug into a faster charger while they are doing their shopping or whether they plug in for a few hours at a kerbside location, it's a choice they'll make based on the options that are available to them, they may choose one or the other, but its fundamentally the same need. It's not like fast charging must be ultra-fast and everyone needs to get out in 15 minutes – it's not so black and white, fast or slow. I'm just saying there's a lot of drivers that will go about charging in a way that suits their daily activities and that could mean they're just as happy with a 45 minute or one hour charge or a two-hour charge.
- We don't call these slow chargers; we call them chargers. And we call them fast chargers. That's a difference, we don't like the word slow charging in our definition.
- And I should say that we don't have a lot of experience in the Australian market. We don't have any chargers in the market, but we are very interested in how it progresses. From the outset, I should say we're very supportive of this initiative. I agree with a number of things that have been raised already, but I also disagree—or think there's nuance—in some of the points, particularly around tariffs. I certainly agree that tariffs are critically important. We operate the largest kerbside charger network in the UK in the A/C space, with a state of over 10,000 chargers. We've been in business for about 10 years, and we've seen the good, the bad, and the ugly—and there is quite a bit of both. One of the issues we have with the market here is that, while access questions are valid, the majority of chargers outlaid in the Australian market—similar to the UK in the early days—have all come from grants. The capital cost is one of the biggest burdens to market entry. Balance sheet capacity and utilisation of the estate are absolutely critical to running an efficient model. Ultimately, you're embedding long-term capital into infrastructure with a small payoff over an extended period. That comes with a

whole range of risks. In the UK, we've seen extraordinary changes in the market and innovation over the last few years. Some of this relates to tariffs and charging prices, but more importantly, to the development of standardised protocols that didn't exist in the early days, that has allowed the industry to specialise. We no longer have to be a charge point operator doing everything end-to-end. We now have the ability to operate in specific sectors. That does drive competition, that does drive innovation, and kerbside is only one of the places where those innovations and competition can occur. The bifurcation of the market has allowed companies to operate in their areas of expertise, with the drivers of their balance sheet responsibilities and returns to investors, that enables us to progress at a faster rate. We can debate ownership of the chargers themselves, but ultimately, my greatest concern is the rate of EV uptake. We have to make EV driving more attractive for customers. If we're only servicing the incumbent EV market, we'll have a crook industry. If we're encouraging people who say, "my next car will be an EV," to make that choice, then we'll be talking about much greater numbers. That's the direction the industry needs to go, and this is one of the innovations that can create that sort of change. So, while our experience in the Australian market is limited— there might only be a couple of kerbside chargers, say, in Albert Park— and I am also aware of the frustrations some [others] have faced trying to roll out in Victoria. From our perspective, it's important to look at where this could be in three to five years' time. As a company we've had to change extraordinarily in the UK to adapt to the pressures of the industry. Our economic survival is driven by getting to as an estate of a size where we are now. You know we have one of our biggest growers in the estate is people are giving us their charge points to manage and giving up their position as CPOs. it's the economics of operating independently, not on a grant-based system, which I think is the driver of the market in Australia. I think Australia has the ability to take advantage of these sort of changes that have occurred over the last 10 years in international markets and come up with something that's really useful and personally I think this is part of it.

Consumer benefits and network learnings

AER: CPU indicates they have 'deep economies of scale and scope in the provision of asset management services', so it can deliver EV chargers at lower cost, which benefits end users. This trial will allow CPU to develop insights, gather data and learnings from EV charger deployment. It could be an opportunity to gain insights on CPU's specific processes, as a DNSP, for assessing and identifying where to site EV chargers, and supports network learning and better planning.

Q3: What are your views on the potential benefits that may be gained from CPU's trial, including for network learnings?

Q4: What are your views on CPU's claim that they can provide kerbside EV chargers more cost effectively than other third parties?

Stakeholder quotes:

- On your question about network learnings—that's really important in our view. In fact, we have an ARENA-funded project nationwide with seven different DNSP participants agreeing to come on board, which addresses this directly. It goes to demand management, the development of trial tariffs, but most importantly, what it does, is it produces an OCPI layer that takes those live tariff structures and delivers them in useful way to the customer. It's ok to say we'll come up with some funky tariffs, it's another thing to make them useful in terms of actually eliciting an organic response from the consumer, reducing the actual cost of EV charging, which is fundamentally important. As charge point operators, our major input costs come from DNSPs—things like facilities access, connections etc, and tariff structures that in many cases are out of date and don't represent the fundamental flexible nature of EV charging as a distributed energy resource and the opportunity that offers to consumers and grid to be flexible and scalable in the future. Do we think regulated monopolies are the ones to deliver on innovation? That's probably not the case and we think that a young, technology-based industry is often better positioned for that. [CPU] said that DNSPs don't have customer-facing resources [and they] don't intend to interface with the customer, which is fine—but if that's the case, I'm not sure how you develop these programs and products to benefit the consumer. When it comes to delivering EV chargers more cost-effectively—we'd like to see the numbers on that. A bit of transparency would be good. We've heard DNSPs in other states before that they can do EV charging more cheaply, more cost effectively than the private market, no one has provided any evidence of that to regulators or to politicians, or to the industry to actually demonstrate that they're able to do this at a lower cost. And in terms of delivering the service to consumers, what we would like to see is if you're going to come in and compete against the private market and, acknowledging that he [CPU] said he wouldn't stop private market activity competing, then how do you ensure things like regular input costs for facilities access, input costs such as tariff structures are delivered on a competitive basis rather than just providing yourself with lowering input costs - which inadvertently makes it impossible to compete.

- **Lynne Gallagher - AER**: We'd be really interested to hear more from people about, including you in your submissions- is the industry or providers at a sufficiently mature stage that you have access to capital to stand up these chargers versus government [funding]? But my more critical point - your point is really well made about the difference between the tariffs networks design, and the tariffs or the pricing structures that are attractive and able to be responded to by

consumers. It'd be useful, perhaps, in your submission to draw out more at simplest level, what that looks like, there have been examples of where that's worked, but it's been a really slow process to get there.

- Some of the feedback we get [from our members] anytime a DNSP puts in a waiver to start delving into the private market, if you like, is level playing field. How are they going to maintain a level playing field with the likes of a whole bunch of other EV charging providers? We've already heard someone mentioned $20,000 for a quote for an EV charger. On transparency - this is a huge concern of our members - we know in other DNSP areas that they talk about being able to provide these at lower cost, but nothing can ever be proven or shown to us it's lower cost. How are they going to allocate staff and resources at a market rate and not cross-subsidise across their regulated, unregulated businesses? How they're going to show that they are actually allocating the connection fees that come with these accurately and not undercutting private markets. These are some of the questions we have come across, and I think we've got to be careful because we're going to set a precedent with this waiver if this goes ahead for other DNSPs across Australia to say this is a way in. Further to that point, the idea that 'we're not going to be subsidising the cost of these across other customers', we need proof of that. [CPU will install] $1.2 million worth of these across 100 charging points in high uptake areas, but other people in the outer suburbs of Melbourne aren't going to be paying for them. I want to see proof of that, not just words. The current requirements on DNSPS to provide details of labour that they use in their unregulated businesses is murky at best.
- We need lots of infrastructure, but it is not therefore the conclusion that it has to be distribution network monopolies that provide that infrastructure. There are many ways to get lots of infrastructure, and I'd suggest open access to networks, removing the barriers is the best way because it promotes all of the competition and consumer benefits that come from that. Now, to address the questions on learnings, we don't need distribution network monopolies for those learnings to take place. There are others doing it, many others who can demonstrate the same learnings. With respect to costs, my understanding is that the cost we get charged from distribution networks are meant to be cost reflective. So, I question how they can do things more cheaply if they are meant to be passing through cost reflective fees to us, whether it be through tariffs or any other service. If that is their true cost that they are passing through to us, how can they do it cheaper? And secondly, on the cost base, if you cast this out long term and to the point that this is a long term play here for distribution networks, their incentive is to not be efficient because they will include this under the regulated asset base, although it's not proposed for this trial, but that is their stated long term goal. And if they have guaranteed returns then they have no reward for being efficient and innovative. So there's actually a perverse incentive there. Obviously I believe that the private market will do a much better job of this, and the focus should be on open access to networks in a way that is truly cost reflective.

- Regulated monopoly style businesses are not the profile of a company that you would typically want to empower to drive consumer benefits or innovation. You would look for very close and deep profound connection with a customer and a market. A very deep understanding of what their pain points are to sort of build out very finely tuned and commercially relevant solutions for that.
- You're basically saying that if this waiver goes ahead that you would allow these services to be provided by the regulated monopoly, and they would also be able to basically utilise their offices, staff and branding. Now what's really interesting is those offices and the staff are probably in the regulated asset base and they're in the regulated paradigm and they're already, there's probably an opex and capex allowance that's already been designated to them. In terms of allocating the cost to this other function, surely that puts them in an incredibly powerful position to undercut any competition when these third-party providers or the competitive market is trying to compete with them. It's basically impossible to understand how someone could compete with the regulated monopoly if they're already recovering costs for offices, staff and branding. If you're already recovering the costs of these assets via an opex allowance, if it's the office itself it's a capex or whatever it is - it puts you in a really powerful position to undercut your competition for your contestable services. That's the bottom line, and I think what a lot of people what our organization is starting to really question is, that's what ring fencing was for - to actually put these contestable activities out to a separate legal entity and to make sure that they survive on their own and they can compete in a competitively neutral manner.

Competition impacts and discrimination risks

AER: CPU may crowd-out competition and impact on the financial viability of third-party EV chargers. Distribution network businesses also have a dominant position in the market, being owners of network infrastructure and are not subject to certain costs E.g. power leasing fees third parties must pay which DNSPs would not incur

Q5: What do you view as the potential risks to competition from CPU's trial?

Q6: What are your views on CPU's proposed method of selecting EV charging sites based on areas with high EV ownership, and number of units (100 EV chargers)?

Q7: What are your views on the potential for CPU to discriminate against third-party EV charging service providers?

Stakeholder quotes:

- When we look at the proposal, I think the question we would ask is, is that the distribution of units is too few and too broad. When we look to create communities of EV chargers in the UK - on the point of delivering to different consumer behaviour - it's important that we're there to serve a purpose for the EV drivers, and we need to give them choices of where they are ,so chargers need to be a certain distance from their door to make decisions to drive EVs. They need to know that there's going to be an oversupply of chargers so that if one bay is full, they're able to go to another one. There are all these sorts of things that come into consumer behaviour that are critically important. Our UK experience would say that these should be more clustered. I'm not sure why it's being limited to 100. I think that we should concentrate on specific areas and look to solve the consumer problems in terms of finding the right places. Again, in the UK, we operate a geospatial – basically random forest – platform which looks at a whole lot of factors that drive where chargers are best placed. We use that now in the UK to maximise our biggest commercial return – like where's the best spot for it. But the Levi grants in the UK also have utilised it to work out where they need to place grants [and] concentrate on the areas that aren't commercially viable. Now we've never run it in Australia, it's actually would be too expensive to ask for us to fuel with the data - could easily be run in Australia and it would be beneficial on this site selection question.
- Although we are a charge point operator, of course we sell vehicles, we would like nothing more than charging to be everywhere – ultimately, accessible charging, available charging everywhere is the number one driver towards EVs, which is what we all want to achieve. Rather than repeating what others have said, I just want to quickly talk about the question here of the potential impact of crowding out – how these 100 chargers as the initial trial could impact the industry. The main concern that we see with this proposal is that ultimately in this industry - the stalls in the ground, the actual hardware putting up the capex, getting the infrastructure online and maintaining the infrastructure - that's the heavy lifting; that's the really difficult piece. Operating on infrastructure that others have made available is increasingly becoming very attractive, because everyone understands that (a) this is a low-margin business, and (b) it is very difficult to get infrastructure installed especially in this early phase. One of the key concerns that we have with this proposal is, what will happen to these great players who are in this space now who are raising capital to roll out infrastructure and putting these stalls in the ground. What's the cost of capital or the overall availability of capital for these companies if they are now going up against the DNSPs? We believe, and we fear that this could have real negative implications towards this competitive landscape and the worry here is that when it comes to funding rounds or just raising capital in the market, that the cost of capital will rise or entirely dry up. If there are significant cost or operational advantages, that in itself raises a lot of questions for an organisation that’s never done this before, So if they have a cost advantage on day one, if that comes to bear, I think the insecurity for the existing operators

would be so significant that I would not be surprised and indeed would be very worried that these players will cease investing in this because of the uncertainty that this would create. We believe that ultimately for this industry and EVs to flourish, we need a healthy ecosystem of private company, private business that competes with one another and that through competition gets to profitable and stable business models. That will take time, but the entrance of the [DNSPs] at this stage could really disrupt some of these emerging players in the space, and we're quite worried about that.

- It is the signal that this creates even a small trial of 100, it's going to send signals to investors, Ministers, policymakers, if the AER says 'this is OK' - that's a dangerous signal. With experience sitting across the table from the Minister, this was Minister Bowen, he said he'll take direction from the AER. Therefore, if the AER sends a signal that this is OK, that can impact policy decisions. The AER will send a powerful signal by endorsing any such trial.
- If there is a competition concern, why wouldn't the DNSP reach out to those who are already established in the industry to provide the service to them? [CPU's submission states] Networks can use their scale to create efficiency in their delivery of EVCI services; and networks have a wide base of dedicated experience staff that can install and maintain EVCI - I question that. Networks are there to put up power lines to put down power lines and to keep the keep the lights on. They don't have dedicated staff that can operate and install EVCI, it would all be outsourced. So why wouldn't we leverage the already growing and established industry already? Wouldn't they reach out to them to do this? I don't understand why they need to be doing this trial.
- I completely agree with the points about tariffs, I completely agree with the points about competitive pricing, but that's not what this waiver's talking about. I mean those things exist, they've existed in the industry for years - geographical monopoly is always going to have concerns, and that's concerns that the AER is always looking to address whether it relates to chargers or anything else. And my concern about that generally having only been around this industry for a short period of time is that the industry operates reasonably slowly. What this industry needs in the EV space is some fast innovation. And if I'm going to sit and rely on tariff changes - is that going to happen next month, or is that going to happen in two years' time? And so, how do I as a business operate inside that. I could also completely agree with what was said about the fact that businesses must be able to operate competitively. We must drive our balance sheets most efficiently. Business today is not what it was 2 years ago, 5 years ago or 10 years ago. We did everything: we built the machines, we designed the machines, we put them in the ground, we sold them to customers, operated a CPO, built our own software. We don't have to do that anymore. So, the best way for us to operate efficiently is to operate inside our business structure as a company - and we've just gone through a capital raise program in the UK where we raise £55 million from the UK Government. Took us two years to do it because we compete between a venture

balance sheet, technology driven balance sheet and an infrastructure balance sheet - that's not really efficient. That's not really attractive to capital providers. So, if the industry can start to specialise into what it does best, we will drive more efficient balance sheets and better outcomes, so yes have competition, but we don't have to do everything to achieve that.

- One of the things that we do is we manage the ARENA battery, our Community battery portfolio, and we've done some benchmarking publicly around the costs of network delivered batteries versus non-network delivered batteries. Networks are much higher in cost - like $2.30 per kWh compared to $1.33 per kWh hour on average. When you unpick that, you say that what some of the cost drivers are, instead of using off the shelf battery control and optimisation software, they're [networks are] building their own software platforms. And I think regardless of whether this goes ahead or not, it's important that the AER look at this issue of the extent to which the networks are using this to build new products and services that they could otherwise secure off the shelf on the market. And so, the example in this case is, the discussion around EV roaming platforms - it would be crazy for CPU to develop an EV roaming platform when they are off the shelf products available on a software as a service basis.

Waiver conditions (if granted)

AER: CPU may crowd-out competition and impact on the financial viability of third party EV chargers. Distribution network businesses also have a dominant position in the market, being owners of network infrastructure.

Q8: What conditions should be placed on the waiver, if granted, to prevent discrimination or to preserve fair market competition, and maximise the benefits from the trial?

Q9: What data should CPU share as a minimum and are there specific metrics that should be used?

Stakeholder quotes:

- There would need to be a genuine demonstration of the lack of market appetite to deploy in a particular area/region/spot/ LGA. Local governments are a key partner for us across the board, and we work really closely with them to ensure that community consultation particularly is undertaken when we deploy these assets. And a lot of people will roll their eyes when we talk about going to community consultation, but we've actually found it a really useful tool in terms of not only ensuring that we get acceptance and use of the infrastructure, we actually get

some really good suggestions about where these things should go based on people in the community telling us where they want them. If local governments go to market for an EOI and there is a lack of response from the private market, then you know that is potentially a consideration where DNSPs may fill the gap. That's interesting we're talking about CPU's selection criteria being high density, lack of off street parking areas - that's quite different to the methodology that some of the NSW DNSPs have proposed: they're saying, well, we want to put them where it's quite not commercially viable, that's a whole other discussion which we take issue with. I don't think that selection criteria that drives into areas where infrastructure would be highly utilised and therefore commercially advantageous is really an area that the DNSP needs to play in. I think one of them, the regional DNSP talked about being a provider of last resort. Again, we still don't agree that that's necessarily the case, nor do we agree that there are areas that are not long term commercially viable. In terms of what data should be shared, I think before you even get into the deployment, I think cost of deployment, cost of operations for those DNSPs, and to e-MSPs that are proposed to go on to the platforms: there's so little detail in the submission around exactly the nuts and bolts of how this would work makes it really difficult for us to be able to provide a detailed response in our submission. Again, we wouldn't be supportive anyway, but what we think is it would be too difficult to try and put these conditions on a waiver. How they're demonstrated, regulated, and managed could be very difficult.

- In terms of filling in the infrastructure gap, I'd like to see evidence of market failure in the areas that they're actually proposing to have the trial. So, I think that's absolutely critical. Another important point moving forward, I would also like to see how the access is granted to third party providers or third parties that want to compete in this market. My understanding is that in Victoria in particular, some of the chargers for connecting have been very high. I think that needs to be dealt with as well. In terms of the other ones [conditions] like a competitive tender process, I think that makes sense as well. So that's something that we would support.
- There's nothing about the RAB [in the proposed conditions], we need proof that is not going to form part of the RAB, that we're not going to have all the customers of CPU paying for the uptake of these. I think that's a bit of a gap in what's being proposed. I'd like to see increased ability of the AER to delve into some of these costings and some of these reports that they would be proposed to provide. And a little bit more of a bigger stick for the AER to somehow walk in there and get them to prove a lot of this, or get them independently audited - they [DNSPs] currently choose the auditors.
- If an exception was granted, the kind of conditions that we would need to see to convince ourselves that this is an organisation plan on an equal playing field are all things that only the CPU can provide. And this, I think is the inherent problem here. When it comes to connection timelines and connection costs, Victoria has been extremely difficult for us to project when the DNSPs will come through with

their connection timelines. And the way these are scheduled defies rhyme and reason. So, it's not a first in first out queue. If on the day of your connection timeline the team involved has some other outage, you jump to the end of the queue, it's very unpredictable. So, we would need CPU to prove to the industry that they're not giving themselves an unfair leg up by prioritising their own installations over those of private industry by charging themselves a lower rate of connection costs compared to private industry. And the only group again who can do that is themselves, which I think highlights why we have this ring-fencing arrangement. And really the only way to prove this beyond a shadow of a doubt, you would need to embed some sort of internal auditing, and they would need to be empowered to be able to identify situations where either scheduling or costing hasn't gone according to market rate. Therein lies the challenge of this whole proposal, we would need to rely on and trust that the DNSPs are always acting fairly towards industry who has no means of checking that what is provided and what is said is correct. So again, we have huge concerns and doubts about this model.

Kate Symons reflections and closing remarks

Kate Symons thanked everyone for their participation and highlighted key areas discussed during the session. She noted various challenges and concerns including market insufficiency for EV chargers, connection costs, tariffs, transparency, potential cost advantages for DNSP's and their broader implications for competition, investment confidence and the need for infrastructure and future policy settings. She emphasized testing the information and costs provided by CPU and the importance of audits. Kate concluded by highlighting the value of stakeholder engagement and the usefulness of the discussion.