May 2025

Transcript

AER workshop on the CitiPower, Powercor, UnitedEnergy ring-fencing waiver for EV charging infrastructure – government, consumers and consumer interest groups

8 May 2025

This document is a transcription of a workshop held by the AER with government, consumers and consumer interest groups on 8 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 Consumer, Policy and Markets Executive General Manager Stephanie Jolly 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 13 June 2025, and the AER encourages submissions from stakeholders to inform our decision regarding the waiver application.

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

- **DB:** There's been some confusion around the proposed operating model and what it does and does not do. CPU will own and maintain the EV chargers, and will have an ecosystem that will interface directly with e-MSPs being the retail service of the actual charging provision. And the e-MSP will operate and have the customer interface. So we're not proposing to have a customer facing role in in this proposal. We'll leave that to e-MSPs. The idea is to have multiple e-MSPs to be able to access all of the charging fleet. So today in the traditional market, there is one charger with one e-MSP or one retailer assigned to that charger. We will have one charger with many e-MSPs and they will use their existing apps and tools to interconnect with our charge management system which will then unlock all the chargers for those customers. So, we won't have a customer role. We won't be storing customers data. We won't be interacting directly with the customer, only the multiple e-MSPs that opt to play a part in our proposed trial.

- **Q:** Just to clarify my understanding of the proposal - that there is potential CPU would be able to install these at a much lower cost than what the third party could because of the requirements of CPU as a regulated business. If a third party came to them, [CPU] would have to charge a higher amount to essentially raise revenue opportunities to reduce the overall costs across the whole asset base to consumers. So that was my high level understanding - that if I wanted to come along and put a charger on, CPU might say OK, that's $5000. Whereas if it's CPU's own asset, I can send the truck out with their labour cost and put it on for maybe $1000?
- **A:** I think you're trying to refer to the facilities access or third party access fees that we charge to their customers to have third party assets on the poles. So I think it's true we won't incur those FAA [facilities access agreement] charges because we don't charge ourselves to have assets on our poles. So that part of it's true. But if you put the FAA side of things to one side, I think what we're trying to say is that with our scale and our procurement abilities, we can install a single port charger on a pole for about $6000-$6500. If I take one of the businesses for example who have received government funding to install a charger on a pole in Victoria, a single port charger for them is costing about $13,000. I won't get into the reasons why that is, but I am very confident that we can install these devices aside from FAA rates for a much lower cost today.
- **Q:** just wanted to get your view on the e-MSP roaming capability. I'm just curious to understand if you see that as something that is unique to DNSPs offering the service, or if there's a regulatory or a standards angle that would allow for multiple e-MSPs to operate at a single charge point that doesn't require DNSP involvement. I imagine that both are possible, but I'd be curious to get your take on what the challenges are or why DNSPs are better placed to do that service rather than leaving it to the market and regulations to sort out.
- **A:** I guess from a technical standpoint anyone can implement this technology. It's technology that's available in the market today. The actual tech that you see on these two screens [on CPU's slide], both the e-MSP system and the CSO system are systems that you can buy off the shelf today. Basically, the capability is there. What I think ultimately prevents it is the business models that most organisations operate under. If you have companies that have to spend a lot of capital to get these devices on the pole, therefore they give themselves the access right to that device. It would be challenging to have a third party, we'll call it $13,000 or $6,500 to put a charger on pole, then have unfettered access to every other e-MSP. It would take them a long time to get their capital recovery back. So that's why I don't think it happens on scale today.
- **Q**: Just following up on the e-MSP multiple access aspect of it. One of the things that I've been thinking about in this space is the low to negative wholesale costs in the middle of the day, and the possibility of these chargers, particularly in the City

Power area - City Powers had a residential tariff that offers low or no cost network access. Is there the possibility of providers, and I'll name Amber as the obvious example, and other providers out there, that offer low or no cost electricity access being part of that e-MSP fleet to offer benefits to the network and the community of soaking up solar, with charging in the middle of the day at low or no cost?

- **A**: In short, absolutely. We do have a trial tariff today, not many retailers have opted to take that up. And there are probably commercial reasons for retailers not to take that up. But yes, absolutely. We are looking at what tariffs we can implement with this. It's a little bit challenging. It's very expensive to spin up trial tariffs. Much more expensive than what this project's going to cost me. But yes, we are absolutely looking at what tariffs will continue to play a role, particularly in the EV charging market. That's work that we're doing in the background anyway. And we do need to get innovative in tariffs, particularly around solar soak tariffs and the like. That's absolutely something that we're committed to and moving towards more cost reflective tariffs, particularly during the day.
- **Q:** Yeah, I think even without the solar soak tariffs, there are retailers out there offering, you know free power between 11:00 and 2:00. And if they were able to offer free charging on pole side chargers between 11:00 and 2:00, you have the benefit for the consumer and you have the benefit for the network. It is soaking up excess solar and that seems to be a net benefit for the community, which is why I asked about it.
- **A**: Yep, you've taken what the crux of our trial is about. This operating model is largely supplementary to what we're trying to test here. What we actually want to test is utilising chargers for demand management responses of which one is utilisation of solar soaking, but also the ability to encourage customers on days of minimum demand to come and draw down on the network. And that is largely tariff and price driven. So that's the crux of the trial. The actual multiple e-MSPs leasing these chargers out or giving access to e-MSPs to the chargers was largely supplementary to what we actually want to test. And what I would say is, and I think is getting a little bit lost in the various conversations that we've had over the last week, is this isn't unfettered access. I think it's a much broader conversation that governments are having around should DNSP play a part in the longer-term charging market. I'm not here to say yes to that, I'm not here to say no to that. I think that's a much bigger debate, but for the trial what we're trying to do is look at demand management and better utilisation of the network.
- **Q:** I've got a couple of questions that I hope are very practical and easy to answer. The first one is just clarification on that first dot point on the slide. Am I correct in saying that the waiver application is limited to EV charging arrangements where there is existing network infrastructure such as power poles? Also, the text talks about the DNSP's proposed role in the creation and maintenance of the NMI [National Meter Identifier], again in that first box. Is there any consideration paid to

other key market roles at these proposed NMIs? Of course I'm thinking primarily of, how would the metering party be appointed and who would be the financially responsible market participant at these sites?

- **A:** So we are only looking at AC pole mounted charging. That's all we're looking at. We're treating these very much like a standard connection. So we treat them exactly like a house, for example. In Victoria we play all three roles with the market - MDP, MRP, we would play the whole lot [AER note: third role was unspecified]. We'll create the NMI and we'll install the meter, and we'll also then be purchasing the retail energy from an Origin or Energy Australia or whoever our retail provider is. So we're responsible for all of it.
- **Q:** Would any changes need to take place to orders in councils and Victoria to enable that metering scope? Or do you believe it's currently within the scope of the orders?
- **A**: Because we'll be installing smart meters on poles as well, there'll be a meter panel and the charger installed on the pole, so it's just a standard AMI meter. We're not looking to do the full trading, the FTA arrangements - we're not looking to have internal metering. I think May or November next year when these things come into play, then we can have the embedded street furniture metering then that's a different question. But I'm crossing my fingers here, hopefully I'm well into my deployment by that stage, but I've actually got AMI smart metering up and running as well. So that's the other thing, we actually want to be able to look at the five minute increment of all this information so we actually look at load profiles and those kind of things to help inform planning decisions as the charging market grows.
- **Q**: The question is really, I think you've touched on it, whether this would be within the scope of relevant metering installation within the orders in Council. That's a good question to test. And regarding the financially responsible market participant, I note that you've discussed the fact that there could be multiple e-MSPs, but they would be traders at the connection point beyond the market trade for the energy settlement and there would need to be a retailer appointed.
- **A**: Correct. So we'll have a retailer at the NMI level. I'll be the account holder of that retail account with Origin or what not. I'll be paying that bill as I do with, you know, my standard offices or standard installations that I have around the state - very much stock standard, we will be the retail account holder.
- **Q**: And the customer who would appoint the retailer in that case is, is the view on that clear?
- **A**: The customer selects the e-MSP that they want to actually utilise. And then there's a handshake between the e-MSP and my system around the agreement of the retail rights.

- **Q:** Yes, I guess what I was referring to was that we spoke about it being standard market connection point that involves there being an end user who appoints the financially responsible market participant, who then appoints the metering provider outside of the auditing council in Victoria. And then there might be parties that trade beyond that. So it's just a matter of getting a clear picture as to who those various parties are, who the party who appoints the financially responsible market participant – we have clarity on who would be the creator…
- **A:** So I am the retail account holder with an Origin Energy, so that's me [CPU].
- **Q:** Why is CPU going down a different path in terms of assigning multiple e-MSPs rather than a singular one like they have in in NSW?
- **A:** I guess right now what they do in NSW, if I if I look at say Ausgrid's chargers they have a charger and then they have fully given those out to, like AGL. AGL have access to a chunk of those chargers and they only have one provider. I guess having only one provider assigned to a charger doesn't create any competition. They can essentially charge whatever they want to charge, and people will either opt to use it or not. To use the advantage of having multiple e-MSPs accessing a singular charger is that it will ultimately drive competition and typically competition drives down cost. So that's what we're wanting to be able to do. And to make it cheaper and easier for consumers to charge their cars.
- **Q**: The energy retailer that you mentioned before, is that a static retailer for the specific charging unit or would that change depending on the e-MSP that I, say, chose to use?
- **A**: It's singular, only because right now what we have in the market - internally we call FRMP [financially responsible market participant] which is essentially a retailer – you have 1 retailer and 1 NMI, and is a one to one relationship. There is this concept around e-roaming is being explored at the moment. AEMO are open to the idea at this stage, but there is some market changes that need to happen, which is typically expensive and typically takes a long time. So at the moment it's a one to one relationship.
- **Q:** We've had pole mounted EV chargers in Sydney for about 2.5 years now. Most recently, there's been a very big expansion in that roll out. So this is not a trial. What we have in Sydney now is at scale roll out, there's about 250 pole chargers installed. So my first question is, to what extent have you been engaging with the providers here, because part of your application seems to be around getting experience in the impact these things have on the network and how do people use them. A lot of exploratory, fact finding aspects to this. What do you think you could not find out by picking up the phone and talking to [CPOs or retailers]? What is going to be new for you from this trial that you can only do by doing it yourself versus picking up the phone and talking to people who are already doing it up here?

- **A:** We've been working with Essential and Ausgrid particularly closely because I think that they're the two main locations where a lot of these have been happening. In terms of this multiple e-MSPs part of things and the actual trading arrangements, nothing around that is new at all and that's not what I want to test to be honest. This is supplementary to the things that I want to test and the things that we're looking at, which no DNSP has done yet, is around the dynamic management and the ramping up and ramping down of these chargers to get better utilisation of the network and installing devices in constrained areas where we cannot augment the network, which is expensive and takes a long time, and then the ability to ramp them up and ramp them down as capacity comes up on the network. No one in Australia has tested that to date. That is the crux of what we're trying to do. The actual operating model that you see here is absolutely supplementary to it.
- **Q**: You mentioned in your previous answer that this is enhancing competition because under the model up [in Sydney], basically one provider, the AGL for example, they will have a fixed rate and you either take it or leave it. What my counter to that is, that's not quite what we're seeing here. I live in a fairly densely populated area, and within 150 meters of my house there's four different providers - there's four pole chargers from two different providers, so I can choose to go to one which has a cheaper overnight rate than the other one; and one has a cheaper day rate than the other. So I could to that extent choose which one I went to, depending on how price sensitive I was. There's different models around with the AGL network, some of them for example have EV charging with parking restrictions – so you can only park there if you're plugged in. Whereas others, what they call opportunistic chargers, there's no restrictions. Anyone could park there. If you're an EV driver, you have to be kind of lucky if the space is available next to the pole, then you can plug in, whereas EVX for example, all of their locations are dual ports, so there's two bays and they're dedicated, so they are actually parking restrictions and you get fined if you park there and don't plug in. There's a few different operational models from the perspective of what they charge. Some have time of day usage rates, some don't. And also there's parking restrictions to that side as well. So I would actually push back a bit on saying that that there is no competition under this model, because I think there is. It's not really a question as more as far as saying I'm challenging the notion that that this model that you're proposing here will lead to competition and what's happening in Sydney does not.
- **A**: Yeah, I guess the difference is between Victoria and NSW. In Victoria, there is not one single pole mounted charger. So right now there isn't a market at all. Right now customers have zero opportunity to connect to any pole mounted charger in Victoria. We could go down the path of signing a single e-MSP per pole. But as you mentioned, you're competing against, say, AGL and Energy Australia that might be 4 poles down so you do get consumer choice. However, what I would say is, I think the better opportunity is, and better utilisation of a singular asset, would

be to have Energy Australia and AGL accessing a single charger and driving down the competition down that path because there is not as much capital being sunk into the network.

- **Q:** So it sounds as though under this model you'll have a retailer who will manage the wholesale price risks for you because you're basically just buying that energy. You're obviously managing your own network price risk. You then set a price for energy which will be given to all e-MSPs, and it's the same? Then the e-MSP can do whatever they want, so they could then say, hey, you've given us this crazy kind of time of use thing that we don't like. We're just going to turn that into a flat rate. And so there's competition on structure in terms of e-MSPs, but maybe not level, and you get to set the, let's call it the quasi wholesale price or network price for the actual energy at those poles in order to do different things. Is that the intention, or are you intending them to pass through the structure in some way? Or is it more trying to create some competition there?
- **A:** No. So let's just say I procure the power from Origin and let's say I'll go on to a time of use tariff, we'll call it $0.10 off peak $0.25 peak. We'll be passing that direct costs straight through with no margins.
- **Q:** So you'll take the Origin price and you'll just pass it straight on? You're not going to fiddle that price in any way for any other purpose? But you'll tender the retailer?
- **A**: No [re prices]. Yes [CPU will tender the retailer]. So we're talking 100 sites, the utilisation of these for a dedicated Bay is about 4%. We're talking about 7000 kilowatt hours potentially at its best. At its worst, it's less than 1%, maybe a couple hundred kilowatt hours a year. The biggest risk is actually the daily use charge. So I have to figure out a way of recovering that from e-MSPs that might be from an access charge or something. We're not looking to create margin on this thing because again, as I mentioned, the actual charging out of these things is supplementary to what we're trying to do.
- **Q:** Is your model then potentially restricting the innovative tariff offerings by providers? For example, if you were to have Amber or something else like a spot market offer by different providers that try to pair up with innovative retailers, and then potentially charging could be free. Or even you get paid, maybe in the middle of the day, but it sounds like your key driver is that solar soak model. So I'm just wondering, does it preclude some innovative offers? If you're saying that $0.10 a kWh in the middle of the day and someone else says actually price is negative, we could have actually been doing this for two cents in the middle of the day. Would there potentially be like a consumer customer reference group or something that could be part of forming up the evaluation of the offers that you've got from the retailer?
- **A:** I think we're open to working at the stakeholder engagement piece. We're not set on sort of anything at this stage. We haven't invested too much time into it to

be really honest with you. We don't want to put the cart before the horse, but in terms of innovation and tariffs, I think that absolutely plays a part. Right now, the tariff structures across Victoria are basically flat tariffs. Then you've got time of use tariff, peak and off-peak, or you've just got a flat standard rate. We don't have at this stage what Ausgrid have around dynamic, solar soak stuff. That's stuff that we're exploring right now. We're also talking to Amber about options, if they were to come on, what that might look like. We're looking at all options, not just how Amber would run, and we think there's a way that Amber could still play despite the tariff structures the way they are today.

- **Q:** I live in an area with no off street parking - I don't have it and I reckon maybe 2% of houses have it. And what that leads to is people who buy EVs in my area are really dedicated to getting EVs because they know they're not going to be able to plug in and charge at home. So if you select charging locations based on EV registrations, and that's fair enough - you want to have these in places where people are going to use them - what you're not doing is you're not enabling people who have no opportunity for off street parking and charging an EV to get into that market. I think it was roughly 20% or maybe 10% of your locations where you hadn't selected locations, I want to encourage you to think about choosing the possibility of places with poor off-street charging infrastructure as places where you could put these as a community benefit for people who haven't got the opportunity to charge at home, to charge on the street where they have to park anyway.
- **A:** Yes, we've overlaid EV ownership. But what we've actually focused on and it's not in this pack, but in terms of locations we have named about 80 of the 100 sites by and large in areas that don't have off street parking. That is the actual focus area for these. Because we know we've been challenged by our customers to get more involved in the energy transition. And also giving greater access to charging infrastructure for those who don't have off-street parking. So that's the exact focus and where the majority of these will actually go.
- **Q:** Just interested in your comments about driving competition and there being no market in Victoria. My understanding is that it's because of DNSP delays that other operators haven't been able to come into the Victorian market while this trial is on. How will you treat third party access and others trying to play in the Victorian market like they have been, or trying to do for the last 18 months and CPU has been one of the DNSPs where there has been delays? We'd like to see more and more EV chargers, but don't want this trial to delay any further uptake of other providers trying to get into the Victorian market, which has been the case for the past two years.
- **A:** Yeah. What I would say is the delays around contract negotiation, we are very deep in those contract negotiations. I don't want to start to get into too much of the negotiation, a lot of those conditions that we are to-ing and fro-ing from are

around insurance, risk and liability being the three areas that CPU struggle to negotiate upon. So it's not that we're delaying the process, it's that we're duking it out on risk liability insurance and where that risk liability insurance should sit. The two other companies that we are in talks with, we have talked about FAA rates before, we've given significant discounts for a 10-year period to encourage their trial to proceed. They're both installing 100 chargers. All chargers are in our network. We are not looking to limit anyone. In fact, we are encouraging others to get on board and do that. What I would say is, our market and our poles is open for one and all. I don't think delay's quite the right word.

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:

- Our council is in the city of Melbourne and pretty much all Citipower. I don't know if thriving is the right word, but we do have multiple suppliers already coming to us with the CPU solutions for pole mounted chargers. I don't think there is a market insufficiency. I think you can always have more, but we do have people knocking on our door. The big one for us is just finding the right sites, working through the [legal aspects of] the car parking and parking restrictions and all those sorts of things. So we do actually have people knocking on our door ready to install these things at the moment.
- So they [City of Port Philip] do have some private kerbside charging but not public kerbside charging. So the impact of this public charging is a huge focus for our council and essentially most of our community is locked out of convenient access to electric vehicle charging. There's not much of our community that has off street parking. This is a huge focus for our Council to get these in and support the community to be able to have confidence, to move to an EV, have confidence they can charge affordably and conveniently.

- So kerbside charging means different things to different people. “Kerb charging” is the Port Phillip model, which is where an individual runs a cable from their house under the under the kerb to the path, and they're the only person who can use it. It's also referred to as pole-mounted charging, so you do get confusion on that point. In terms of A/C chargers, maybe we're talking about terminology here, but we have lots of interest from people who want license car parking bays, preferably in council car parks and install DC chargers. We have very few people come to us saying we want to install A/C chargers. We have charge point operators who are very interested in that space. However, they haven't installed any so far. I would see one of the main blockers of that being the DNSPs. I would very much echo [what was said by others], that we've been having these conversations for 2-3 years ever since NSW kicked off and I would see one of the key blockers being the DNSPs. So it is a little bit of a poacher turns gatekeeper kind of thing. Where you're like, yes, we have all these problems, but you're blocking it and have been blocking it. And they could have reached out to the DNSPs in NSW and learned from them 3 years ago and the fact that they're still talking about risk assessments… to say that there's a market failure and that's why we need to go to the DNSPs, you know, is a little not reasonable.
- At the moment in Brunswick [where there is] very little off street parking and lots of people interested in EV charging, we would get good use out of any chargers that get installed. We've installed some DC chargers and they get very good use. If we install A/C charging they would also get very good use. Whatever you put in there will get used. I would say people certainly prefer the DC because it's an hour and they do it while they're parking. If they had access to a pole mounted charger within 100 meters of where they lived, they would certainly charge overnight and they would be keen on that. We get a lot of residents, same as in Yarra, I'm sure who are who are very keen on that. One point to mention though is pole mounted chargers cost in New South Wales $0.50 per kWh thereabouts, which is not cheap. I think a lot of people who are interested in pole mounted chargers probably assume they're going to be cheap, and they're probably not going to be.
- There's one [private kerb charger] in my street. I think the resident said it cost her about $5000 to install, and that's basically a 7-kilowatt charger with a long cable running through a trench under the footpath to a little pop up port, mounted literally in the kerb, so not available to anyone but her.
- In terms of the differentiation between AC and DC, I mentioned the trouble about choosing to buy an EV. If you live in our area, we have finally pulled the pin on a plug-in hybrid which is the worst of both worlds - for 90% of our daily driving it's EV but it only charges off AC. So they are two different markets. We can't charge off DC charger because our plug in hybrid, and a number of them only have AC charging. So you do need to consider that they are different markets. Most EVs will charge off both, but a lot of plug in hybrids can only charge off AC.

- So on the penetration of AC charging in Port Phillip…There might be one in the city of Port Phillip, there are a few outside of Port Phillip that are accessible to us - there's two in the South Melbourne Market that are free to use if you can actually get them, but they're always occupied. There's very little available. So yeah, there is not a lot available in this local council area. And one of the issues that I think others touched on is, you've got to get access to car parking spaces and make them exclusively for EV use. And you've got to get power to those car parking spaces. And if that's not there, you've got to deal with the DNSP and that may or may not be difficult or impossible. And you've got to do the site works, and that's expensive. So yeah, there are impediments. So even if you don't think that the DNSPs have been playing the right game, if they can roll this out at low cost, it does open up a market and as a consumer I see this as valuable.
- I think it's important to keep in mind, I guess access to affordable EV charging and making that a possibility for people that don't have driveways. But my question is around, we have a couple of members from local councils in this meeting. Why can't we mount a, say, an AC charger with its own NMI next to a power pole? Why we relying on the existing power pole infrastructure to connect A/C charging access point?
- It's expensive. It cost you 40-50 K to install a charger with a switchboard, whereas [CPU] are claiming they can get in for $6000 or $10,000.
- Just in terms of some of the obstacles, I'd be curious in terms of two things. I guess the first one is network capacity maps, so to what extent do publicly available network capacity maps exist? Those would be tools or processes that would enable private providers to assess where there's available capacity in the network and to assess prospective sites. In New South Wales, Essential Energy, I think, is seen as a leader. They do have like a publicly available portal and that's been really great, although they do have challenges since they are regional networks, so they don't have the density that you'd have in in an urban space. And I know that other DNSPS have started to build their own portals. But to the extent that those exist and how long they've been in place is a question for those providers.
- I think in terms of getting the private space into the market or creating a more competitive market, is having baseline data on the connection process. It's looking at DNSPs providing rough estimates around the time required to establish different types of connections; some of the steps that are involved, how responsibilities are shared between the DNSP, the project proponent and other relevant parties. I think all of those things are going to be key if you want to get all their providers into the space and having that kind of transparent and publicly available to them. This is going to be a really big, important step in getting those firms or giving those firms confidence to install chargers.

- I guess listening to the presentation, it was a bit disappointing [CPU] presents that there was a market failure there. We've aware of multiple private operators trying to enter the pole top charging market in Victoria and the government even has skin in the game. One particular operator who received funding from the government - and we've been dealing with that one for at least the last couple of years - and still yet to see a single charger rolled out. So I do find it interesting there was a new point put forward that risk assessments and insurance were one of the contributing factors and I question why that's taking so long and when it appears that CPU are able to turn out their own chargers very quickly.
- The question is about is about whether DNSPs should be operating outside their ordinary regulated business to operate the charger. So I just wanted to try and contain that conversation around that, and also question what advantage do they have over third party operators and why they can't operate, say, their own subsidiary organisation outside of that? And then what competitive advantages they might have operating with this ring fencing waiver that might preclude third party operators from continuing on to attempt to enter the market.
- Question is, is this a trial? How do we get out of it if we don't agree with it at the end, but also acknowledging this might set a precedent for others operating beyond the trial? So yes, we're assessing this, but we have to be cognisant of what the longer-term implications are.
- … how Daniel's come up with his figure [of] about $13,000 per site - the government did it [and it funded] $1.3 million two years ago to roll out 100 chargers across Victoria. So maybe that's how he's come up with that number. But I do challenge the amortization of that to $10,000 versus what went into the $6,500 - would be very interesting to see how [CPU] came up with that. And obviously that was a trial as well. You can imagine, once I fund the first one or two of the most difficult, and after that happens it can fly on from there, but we do know of other operators seeking to enter the market who have been successful in other States and territories.
- So here we have multiple private sector providers that are very keen and ready to go in the city of Yarra area - so really just waiting on the practicalities of delivering: how does a parking work and all that sort of thing. But in terms of supplies in the market - we have specifically two that are really keen and ready to get installing. I believe they're over the hump of whatever the barriers were with Citipower.
- I think it's also about transparency of tariffs and prices that other private operators need to negotiate with every DNSP. I think that's also a barrier for why other operators haven't been able to come in and their reliance on DNSPs. But there's no transparency on tariffs, and the tariffs that are charged does impact on what then the consumer has to pay.

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:

- My concern is that fundamentally this comes down to real estate - the pole asset - and that there can only ever be one EV charger per pole. I can't see a situation where you'd have two different infrastructure providers on the same pole. So therefore, to me that seems to be an inherent conflict of interest. Not all poles are created equal. Some poles are going to be better suited for this than others. My concern would be around, if the DNSP is providing the infrastructure, do they inherently have an unfair advantage here?
- There's two core problems we've come across with the program we've been involved in. One is what's called access fees - these are different to connection fees and the price is quoted to [a private provider] were quite high and potentially beyond the total revenue of the site for the years. You can imagine if you're not even making enough revenue to cover the access fee, let alone make enough profit to cover the access fees. It's just a dead end before it even gets installed. So that's been a big one and there's no transparency around that. It's because they're unregulated fees. So you'd want to see openness and transparency around the setting of fees and it needs to be a fair fee. It is about that access to the poles and as DNSPs have put it to us, it might limit future use of the site too so they need to be remunerated somewhat. I understand that, but it has to be fair. I do find it interested they are not going to charge themselves that value, so that really brings in the question of competitive neutrality there. The second problem we come up against is equipment - the Victorian service installation rules are not governed by the Victorian Government. They are totally operated by the DNSP. So again, there's a question there, if DNSPs are holding the pen, writing and enforcing the Victorian service installation rules, are they able to influence the market there on who can connect the equipment that may or may not meet the installation rule

requirements. I know we heard about risks and insurance, but these are the two core problems that have been holding up our program.

- In theory, looking at NSW, they've rolled out really fast and really effectively. In theory, if you picked 100 good spots and said, right DNSPs can run those 100, I don't think that would have a major impact on the sector. There's still plenty of other poles, plenty of good locations. In theory, they could learn what they wanted from a time limited period of 100 without influencing too much else. I think the issue is that there is a strong risk that it will influence everything else and it will slow everything down. I think delays are a major risk. So if the DNSPs focus on those 100 and during that period [then] very little else happens - that's a major risk. It's worth noting also that when CPOs apply for a pole that - somebody said not all poles are equal - the DNSPs determine yes, we give final approval or not. And yeah, in theory 100 would be fine. In practice, I have great concerns.
- Just from an equity perspective, I think the concern isn't that DNSPs are going to snap up the best spots. I think the consideration should be - if those really good spots still exist, what is the market failure that's blocking other providers from coming in to fill those gaps? I think if the DNSPs do have a role to an extent - it's providing coverage in the spots that are not attractive for the private providers. But again, that doesn't necessarily mean that that's a DNSP exclusive role. But I think the problem that you're trying to solve as well is how do you get kerbside EV charging out to locations that the private market has less interest in servicing.
- The relationship between councils and DNSPs is not particularly tight or particularly effective. So the theory that the DNSPs work with councils faster or better, I would disagree with.
- I probably echo [that] comment. [DNSPs] have always been the hardest one to try and work with. We're doing some other innovation projects on batteries and things at the moment. We don't have a clear line of communication in there with really quick responses or say that they will sit around the table with you and work on these things very much. Put the application in. Wait six weeks. We'll come back to you for a cost. You can then wait another 12 weeks and then we'll go into the pipeline. Citipower don't have any practical role over car parking negotiation or anything like that, that's all councils enabling car parks to be marked as EV only and doing community consultation, working out where do we want it e.g. next bike lanes, on xyz places. So there's no advantage that I can see of Citipower in actually [being better at] the practicalities of getting a site up and running.

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:

- I think it's really important that DNSPs are involved in this this new market opening up, especially with how good EVs act as controllable loads. So I think they need to be involved in that sense. I guess as long as the end customer is aware it's an opt-in thing, they [customers] could essentially plug in their car and say, I don't actually care whether my car charges in five hours or six hours. Happy for you to slow this charge rate down when network capacity limits are reached - essentially V1G, allowing more capacity on the network by controlling loads. I think it's an important role for the DNSPs to play inside this street mounted [chargers and] having that direct control.
- It's just the first principles balancing act really isn't it. You can have a monopoly rolling out something in scale and presumably cheaper. But then there's smaller, nimble operators [who] may be able to innovate and bring in new technologies faster and update software. So I don't have an answer in dollars and cents but it's just something to consider the merits on both ends.
- One benefit and one risk. I think one of the benefits is that DNSPs do have the capacity to take a longer-term view. They're pretty stable entities. There's a very low likelihood that a regulated monopoly provider, as a DNSP, is suddenly going to cease to exist. That does not exist so much in the private market and that can create risks with how you manage certain charge points. So DNSPs do have a bit of an advantage as a steward there. But the flip side with DNSPs is that DNSPs are a regulated monopoly that serve to transmit electricity. Their primary task is the conveyance of electricity. EV charging doesn't fit into that, which is why they are ring fenced from doing that. So the real risk to consumers is around the cost sharing aspect of it. Even if this works as a ACS [alternative control service] for DNSPs, I still have questions around how DNSPs will manage maintenance cost, stranded asset risk, vandalism to certain chargers; given that the EV charging market is developing quickly the technological obsolescence question also looms large. And our consumers aren't the ones that should be carrying that risk, particularly if the private market thinks that risk is too large and they don't want to carry it, why should that be socialized across all consumers?

- [on the] point around CPU can provide it for $6,000 and everyone else $13,000 - that doesn't match my conversations with charge point operators of chargers in New South Wales. They're talking $6000-8000 to install, which made me very bitter because installing public chargers for council is significantly more expensive. But yeah, I'm not convinced they [CPU] can provide kerbside EV chargers more effectively than other third parties, unless we're taking into account extra fees that they're going to impose on third parties. In terms of the potential benefits, the solar soaking is a major issue that we all want to see a solution to. I'm curious why it requires CPU to own and operate the chargers in order to have that learning. Maybe there is a reason for this, but I'm not quite clear why you can't have third party operators running the chargers and then running trials or experiments and sharing data with CPU to achieve the same thing.
- I think this is probably along the lines of some of the previous comments around the barriers. It seems that exists for third parties to come and do this, versus what the CPU proposal say - that they can do it quickly and cheaper. Then surely the solution is to fix up your processes and remove the barriers. It's not necessarily give CPU the right to do this as a trial, but you know, if they think they can do it quicker, cheaper, faster themselves then what are they removing from their own processes? What are they perhaps not removing in terms of barriers for 3rd party applications?
- I think it's an open question as to whether a DNSP as a monopoly would deliver this with less cost. Because it's not at all clear to me that rolling out electric vehicle charging infrastructure is inherently a natural monopoly. I think where they're getting their cost savings it's actually as a consequence of the nature of the roll out. In other words, the economies of scale associated with doing a large roll out in a systematic way, rather than it being inherently a DNSP advantage. And so to my mind, that means that if you wanted to achieve those kind of scale, you could actually just have different methods of achieving it – e.g. to tender the roll out a lot of these things. I'm not drawing a conclusion, but I think there is a question as to whether it's inherently a natural monopoly piece of infrastructure that, therefore by implication would suggest a DNSPs would be best placed to deliver it. And I guess that just raises the question about – obviously this is a trial, but there are risks that we might stumble into this becoming a monopoly with the inherent longer term or big internal problems that arise from that. The second point I guess really comes back to the question I asked, which was really the role of the retailer and how pricing was going to work. I think there are definitely risks there because it didn't seem to me that there would really be price competition for the e-MSP. And so if they're not putting the costs on the RAB [regulatory asset base], I think there are some market power concerns there that would naturally arise particularly if they foreclose on other competitors through other means. And that raises a more fundamental question for all of us, which is, do we want to have competition between networks? Or do we want to create a single piece of infrastructure and

create competition between retailers? This model doesn't really achieve that second option very effectively. So I think there is a fundamental design question here about how to deliver lease cost, electric vehicle charging infrastructure, and there are different models. But internationally and globally, we're seeing competition between networks. That's what we see in Sydney. And this could potentially get to competition between retailers. But there is some technical challenges I think involved with that.

Stephanie Jolly reflections and closing remarks

Stephanie Jolly expressed thanks for the thoughtful and engaging discussions, highlighting the importance of competition in the provision of electricity charging services, market definition, and market failures. She emphasised what we heard today from stakeholders about their views of the role of distributors in imposing costs and delays, and the potential informative advantages they hold. Participants were encouraged to submit further insights on these topics.