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Australian Energy Regulator Level 17 Casselden 2 Lonsdale Street Melbourne VIC 3000

Via email - AERringfencing@aer.gov.au

bp Australia submission to the *CitiPower, Powercor, and United Energy (CPU) - Ring-fencing* waiver - Electric vehicle charging infrastructure

bp Australia thanks the Australian Energy Regulator for the opportunity to provide our views on the above waiver application.

Our key points:

- bp pulse, bp's EV charging business, is an owner and operator of rapid and ultra-fast EV charge points.
- Retaining the AER's 'ring fencing' provisions is critical to ensure a competitive level playing field where users of public EV charging services pay, rather than unrelated households.
- Public support for EVs will likely be undermined where households are forced to crosssubsidise investments in charging infrastructure they do not use.
- EV charging infrastructure is constrained by the very slow rollout of grid connections taking place, not by too-few Charge Point Operators (CPO).



About bp

bp's purpose is to deliver energy to the world, today and tomorrow. With operations in some 80 countries, supported by enablers of business delivery (finance, legal, people and culture) we're organized into the following entities:

- Production & operations to find and develop hydrocarbon resources, operate oil and gas production assets, as well as refineries, pipeline and terminals.
- Gas & low carbon energy to combine and integrate our heritage natural gas capabilities with significant growth in low and zero carbon businesses and markets.
- Customers & products innovate with new business models and service platforms to deliver the future of mobility, energy, and services for our customers.
- Technology drive digital & innovation with our science, engineering, & digital capabilities.
- Strategy, sustainability & ventures define & accelerate the delivery of our strategy, while engraining sustainability in our business and promoting ethics and compliance across bp.
- Supply, trading & shipping connect energy producers, suppliers, markets and customers to keep energy flowing today and help build out tomorrow's energy system.

bp has been in Australia for over 100 years with operations in every state and territory including:

- Fuels to consumers and on-road / offroad business fleets, via a network of import infrastructure, terminals and retail network (with convenience offering).
- EV charging available at select sites in Queensland, New South Wales, Victoria, Tasmania, Western Australia and the ACT.
- Aviation and marine fuel supply across air and marine ports.
- Supply of lubricants (Castrol)
- Lightsource bp (LSbp) a major developer and operator of commercial scale solar farms
- Gas interests in Western Australia as a foundation partner of the Woodside-operated Northwest Shelf Joint Venture (JV) and are developing the Browse project with our JV partners. We're working on ways to decarbonise these operations to provide domestic and export natural gas.
- Working with partners exploring the possibility of a Carbon Capture and Storage (CCS) hub, Angel, off the coast of Western Australia.
- Operatorship of the Australian Renewable Energy Hub (AREH) in the Pilbara, planned to provide green electrons and green hydrogen to help decarbonise local customers and to provide hydrogen for export.



• Feasibility studies on an energy hub in Kwinana to produce green hydrogen and renewable fuels (SAF and renewable diesel).

The role of electrification to decarbonise transport

bp's <u>Energy Outlook</u> is an annual publication of the world's changing energy system based on two scenarios (*Current Trajectory* and *Net Zero*) out to 2050. The scenarios are not predictions of what is likely to happen or bp would like to happen. Rather they explore the possible implications of different judgements and assumptions concerning the nature of the energy transition.

The publication's 2024 edition provides insights into the role of electric vehicles (EVs), noting that oil is increasingly replaced by electricity as the main energy source for road transport:

- The fleet of light-duty vehicles is increasingly electrified over the outlook, led by changes in developed economies. This increasing electrification is driven by tightening policy and regulation standards, supported by increasing cost competitiveness of electric vehicles as battery costs continue to fall and the manufacturing of such vehicles.
- The share of electric vehicles in the global light vehicle parc increases from less than 2% in 2022 to between 20-30% by 2035 in Current Trajectory and Net Zero, growing to between 50 and 85% respectively by 2050.

bp pulse - bp's EV charging infrastructure business

To meet this growing demand for EV charging, bp's EV charging business, bp pulse, has more than 39,000 charge points around the world. Understanding what our customers want, almost all new charge points we roll out are rapid (50-150 kW) or ultra-fast (above 150 kW) at bp retail sites, dedicated charging hubs and at key destinations with operations in many countries including Australia, the United Kingdom, China and the United States.

Understanding the key role that vehicle fleets and commercial partners can play, the bp pulse fleet team also works with global partners including Tesla, Iberdrola, DiDi, Hertz, Uber, and Marks and Spencer.

bp pulse commenced operations in Australia in late 2022 and now has some 228 charge points nationally, with 50 in Victoria.



Response to the waiver's terms of reference

Use of existing infrastructure and measures to ensure a competitive market, including 'ring fencing' policies

bp supports the Australian Energy Regulator's (AER) current ring-fencing provisions (Version 4 dated February 2025). There are several reasons why CPU, as a DNSP should not be permitted to effectively own public facing EV charging hardware:

- Firstly DNSPs would obtain an unfair advantage in the market. Unlike Charge Point
 Operators (CPOs) who must attract, deploy efficiently, and recoup a return on capital via
 their EV charging business, DNSPs would have the ability to cross-subsidise this capital
 from their (monopoly) distribution services. Furthermore, DNSPs would likely optimise their
 capital investment by deploying EV charge points where power is most available on their
 own network key strategic information which private CPOs do not have immediate
 access to and generally must pay significant fees (and wait) to understand.
- Secondly as monopoly grid connectors within a region, DNSPs would be conflicted to
 prioritise their own EV charging investments ahead of those of third-party CPOs. This is
 exacerbated when DNSPs would be able to monitor (and reject) private CPO power
 applications as a source of 'competitor intelligence'.
- Thirdly removing ringfencing provisions and allowing DNSPs to broaden their role to own and operate EV charging infrastructure will distract them from the challenges of fulfilling their existing remit – which they struggle with today. Indeed, bp pulse has redirected capital to other countries due to our inability to secure grid connections and rollout infrastructure at our planned rate in Australia.

Proponents of removing regulatory ring fencing typically justify their position by claims of 'accelerating the rollout of EV charging'. This misreads the bottleneck as the EV charging point - rather than what it is – timely and economic grid connections.

In the waiver request, CPU states it will leverage its existing network infrastructure to minimise deployment costs and expedite the installation of EV charging points. In bp's view, this is fundamentally anti-competitive as it is the DNSPs that set deployment costs for CPOs to install EV charging infrastructure.

We believe changes to the current ring-fencing provisions would also negatively impact the public's view of EVs, as the payers of power bills have no choice but to subsidise EV charging



assets they do not use. In the waiver application, CPU note their "wide base of dedicated and experienced staff" would be responsible for installation and maintenance, therefore taking resources from regular day-to-day network operations.

Private sector limitations for EV charging

The waiver notes the private sector faces significant challenges in the roll-out of EV charging, such as financial viability of its investment being constrained by low demand and geographical remoteness. bp acknowledges the need for financial viability across its EV charging network but has continued to focus on growing a larger fast-charging network, building out before demand to better serve its customers.

As more drivers across Australia adopt EVs, the demand for charging infrastructure will increase. Like any nascent industry, there is a need for both technological and commercial challenges to be solved before financial viability can be reached. The EV charging industry in Australia is developing before mass-adoption of EVs by consumers. Currently approximately 1% of passenger vehicles in Australia are EVs.

The private sector has been rolling out EV chargers in both metropolitan and regional areas. Right now, 20% of the bp pulse network in Australia is in regional areas. bp pulse has 228 EV charge points in Australia in total with 46 of these in regional areas. In 2025-2026, bp pulse has plans to continue installing EV chargers in regional areas.

Conclusion

bp thanks the AER for the opportunity to respond to this waiver application, and we welcome further engagement with you to discuss our insights and recommendations in detail.