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Submitted: via email to AERringfencing@aer.gov.au

RE: Consultation paper - Ring-fencing waiver application for an EV charging infrastructure trial from CitiPower, Powercor, and United Energy

About Shell Energy and Powershop in Australia

Shell Energy is an energy solutions business and renewables and battery energy storage system developer in Australia. As the one of the largest electricity providers to commercial and industrial businesses in Australia[1], Shell Energy offers integrated solutions and market-leading[2] customer satisfaction, innovation across a portfolio of electricity, gas, environmental products and energy productivity. Our residential energy retailing business Powershop, acquired in 2022, serves households and small business customers in Australia.

Our generation assets include 662 megawatts of gas-fired peaking power stations in Western Australia and Queensland, supporting the transition to renewables, and the 120-megawatt Gangarri solar energy development in Queensland. Shell Energy also operates the 60MW Riverina Storage System 1 in NSW, as well as the 200MW Rangebank Storage System and 370MW Koorangie Storage System both located in Victoria.

Shell Group[3] is delivering EV charging solutions globally - at homes, workplaces, depots, and public locations. Building on more than a century of mobility expertise, our Shell Recharge network operates in around 30 markets worldwide with over 70,000 public charge points, with major investments in leading EV regions including China, the UK and the USA. Powershop and Shell Energy in Australia do not currently offer public charging infrastructure in Australia, but we are supportive of a competitive market that can deliver these assets for consumers.

Shell Energy Australia Pty Ltd and its subsidiaries trade as Shell Energy, while Powershop Australia Pty Ltd trades as Powershop. Further information about Shell Energy and our operations can be found on our website here.

General comments

As electric vehicles (EVs) become central to decarbonising transport, the market stands at a critical juncture. Granting this waiver could disrupt the competitive dynamics needed to deliver a cost-effective, flexible charging experience - one that empowers drivers to choose where, when, and how they charge. Robust infrastructure delivered on a level playing field is essential to ensure charging is convenient for drivers and responsive to the evolving needs and capacity of the grid. Ring-fencing safeguards were designed to protect consumers from anti-competitive conduct and ensure continued innovation, choice, and cost-effective service delivery. The Australian Energy Regulator (AER) must consider that weakening them now risks long-term harm to market integrity and consumer outcomes.

Powershop supports the broad objective of ensuring there is sufficient kerbside charging infrastructure. However, we are concerned granting CitiPower, Powercor, and United Energy (CPU) a waiver from the ring-fencing guidelines on electricity distribution and allowing them to provide and maintain kerbside chargers could

[1] By load, based on Shell Energy analysis of publicly available data.
[2] Utility Market Intelligence (UMI) survey of large commercial and industrial electricity customers of major electricity retailers, including ERM Power (now known as Shell Energy) by independent research company NTF Group in 2011-2021
[3] Shell companies and subsidiaries are referred collectively as the Shell Group

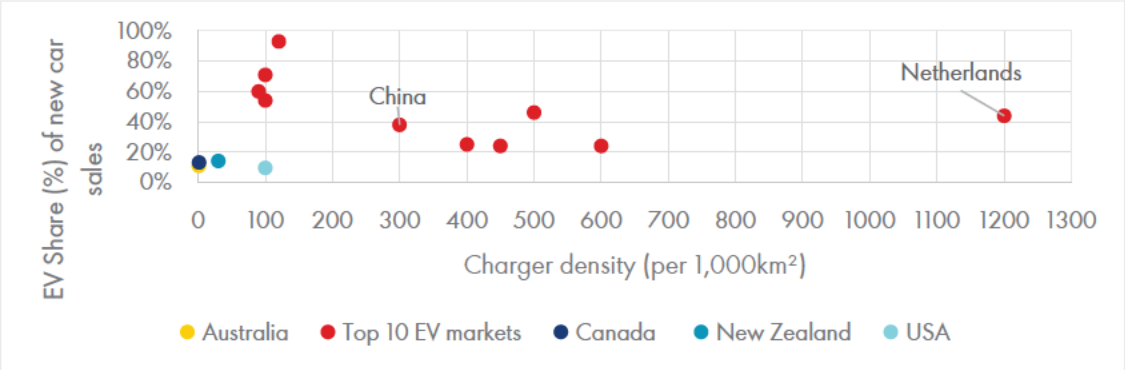
undermine the principles of a competitive market. A waiver may also be unnecessary given the substantial development and rollout already underway. In considering this waiver application, it is essential that the AER clearly demonstrates a genuine market insufficiency and provides data-driven analysis showing the benefits of granting such as waiver outweighs the significant risks inherent to granting monopoly access to this contestable market.

Market sufficiency

While public charging infrastructure is an important enabler of EV adoption, international experience shows that EVCI density is less of a driver of uptake than regulatory levers. For example, the Netherlands has twice the EVCI density of the next highest nation and more than four times the charger density of China – the world's largest EV market[4] – yet only prints 6% higher EV new car sales than China. Similarly, in the United States, there are approximately 100 EV chargers per 1,000km², a density comparable to countries where EVs make up more than 50% of new car sales. Yet, EVs account for just 10% of new car sales in the U.S.

Energeia's electric vehicle market study commissioned by Australian Renewable Energy Agency (ARENA) and Clean Energy Finance Council (CEFC) in 2018 found that levers such as vehicle efficiency regulations, third party import regulations and Plug-in Hybrid Electric Vehicle (PHEV) purchase incentives - are significantly more effective in driving new EV sales than lower-order measures like expanding EVCI.[5]

Chart 1. Electric vehicle sales against EV charging density



As the AER notes, the contestable kerbside charging market has grown by 90% since 2023, with more than seven operators now competing. ARENA estimates that 1.9 million households (approximately 20% of Australian housing stock) do not have access to off-street parking.[6] For context, this is half the need of the United Kingdom, in which 40% of housing stock does not have off-street parking.[7] While EV adoption in Australia remains in its early stages, private investment in charging infrastructure is accelerating, with new sites rapidly rolling out to meet rising demand.

From Q1 2023 to Q1 2025, PHEV and battery electric (BEV) vehicles rose from 7.34% to 11.11% of new car sales[8] – a 51.36% increase, or 23.03% annually. In contrast, kerbside charging infrastructure has grown at an average annual rate of 37.84%. This shows infrastructure growth is not only keeping pace but outstripping EV sales growth – an encouraging sign at this stage of market development. A data-driven analysis clearly indicates that claims of insufficient investment or growth in EVCI in Australia are unfounded.

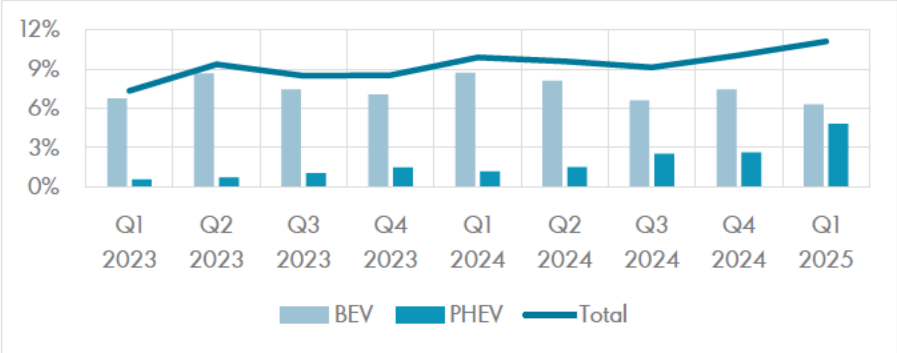
The level and upward trend of private investment in charging infrastructure is healthy, and the AER has a range of mechanisms at its disposal to drive further growth. Alternative measures to a ring-fencing waiver include:

- Making network data held by CPU publicly available;

[4] Trends in electric car markets, International Energy Agency. 2025. Data also used in Chart 2.
[5] Australian Electric Vehicle Market Study, Energeia. 2018
[6] EV charging stations on the up, Australian Renewable Energy Agency. 2022
[7] Electric Vehicle (EV) State of Play Report, Transport for the North. 2024
[8] Electric vehicle index, Australian Automobile Association

- Regulating standard connection charges and tariffs for private operators connecting to kerbside infrastructure to significantly enhance market access, and;
- Strengthening oversight of DNSP processes (including CPU) for onboarding charging assets to the network - which, in some cases, introduce unnecessary complexity, high transaction costs, service fees, and uneconomic tariff structures. Such barriers collectively raise utilisation hurdles and increase timeframes for EVCI installation.

Chart 2. Electric vehicle sales, Australia: Q1 2023 – Q1 2025



CPU's proposal and unmitigated market advantages

CPU suggests that:

a) Without a waiver allowing them to enter the EV charging market, there would be insufficient coverage of charging infrastructure to meet demand; and
b) Their position within the energy supply chain enables them to deliver charging infrastructure in locations that would otherwise be uncommercial for private operators to invest in.

Some 80% of the CPU's locations are sites where utilisation is likely to be high and support a natural business case for installing EVCI in these areas. If CPU intends to deliver this trial in underserved and commercially unviable areas as stated in its proposal, it would be appropriate to amend its plans to install in areas where the economics do not currently support private investment.

To better support competition, it is in the public interest that network utilisation data available exclusively to DNSPs such as CPU be made publicly available. Sharing this data with government bodies or agencies administering grants for accelerating EVCI development can help ensure that public funds are directed efficiently - targeting areas identified by DNSP data as underserved or carrying high opportunity cost.[9] Implementing this measure could capture benefits identified by the ring-fencing waiver application and avoid the potential costs of delay of ineffective network planning by private operators.

Enabling CPU to leverage this data for commercial gain in contestable markets in part forms the basis of ring-fencing distribution businesses. It is impossible that this information asymmetry can be mitigated or cost effectively monitored/enforced through a ring-fencing waiver. As it is, there are structural limitations to the level of enforcement and monitoring the AER can leverage in the ring-fencing guideline – particularly compared to the powers at the AER's disposal to enforce the National Energy Retail Law (NERL) for retail license holders. As it is written today, the ring-fencing guideline relies exclusively on self-reporting of breaches and annual compliance reporting, without the ability for the AER to conduct scheduled or unscheduled audits.[10]

Granting this waiver would also create a conflict of interest for CPU in providing network access to market participants. If CPU was permitted to enter the market with unfair advantages, there is a risk that terms offered to private operators – such as connection hurdles, fees, tariff structures, and timelines – may become less favourable than those extended to CPU's own ring-fenced activities. This scenario would necessitate greater

[9] For example, placing EVCI in areas where DNSPs face costly upgrades can reduce the need for network augmentation by better utilising existing grid capacity.

[10] Ring-fencing Guideline | Electricity Distribution | Version 4 - February 2025

transparency and oversight of Facilities Access Agreements (FAAs) to prevent anti-competitive behaviour that prioritises CPU's private commercial interests over those of its competitors seeking connection to their regulated network assets. Robust monitoring and clear guidelines (with avenues for dispute resolution that protect participants from adverse treatment in subsequent applications to connect) would be essential to ensure CPU maintains fair, timely, and non-discriminatory access to the network for all participants. The additional cost of regulatory oversight would add to the AER's administrative burden and should be factored in.

Ring-fencing arrangements were established so consumers continue to benefit from innovation, choice, and cost-effective service delivery and regulated entities do not leverage their monopoly positions in an anti-competitive way. Weakening these safeguards at a critical juncture could have long-term consequences for market structure and consumer outcomes.

More broadly, private investors are incentivised to deploy infrastructure where utilisation is expected to be high, ensuring efficient capital allocation. However, if in the future, DNSPs realise the ultimate ambition to have EVCI assets (and other distributed energy resources) classified "infrastructure as a distribution service' in [the] regulatory framework"[11] and therefore permitted to recover these costs through the RAB, commercial discipline would be lost. This could result in suboptimal asset placement, reduced utilisation, and ultimately, significantly higher network costs passed on to and cross-subsidised by consumers (including vulnerable and non-driving consumers) through the DMO and VDO.

Considering these risks, it is critical that the AER upholds the integrity of the ring-fencing framework and ensures that any departure from it is justified by a clearly demonstrated market failure and a robust assessment of long-term consumer benefits and that it establishes critical regulatory oversight.

Kerbside charging infrastructure is already in development

Another key issue raised by CPU is the need for a trial to collect data enable DNSPs to test and find efficiencies from rolling out kerbside EVCI. We note however, that these activities are already underway with DNSP involvement. In late 2022, ARENA funded Australia's first 50 kerbside EV chargers mounted on power poles with grid integration. Earlier this year, EVX, received $2.4 million in funding from ARENA to install 250 kerbside chargers utilising existing power poles (as proposed by CPU in Victoria) using bespoke systems designed to the specifications of distributors and local governments.[12] With learnings and insights from the kerbside charging rollout soon to be available, we question why CPU would need a waiver to access this information when they are already party to in these projects.

Summary

The kerbside EV charging market in Australia is robust and supported by strong private investment and healthy competition. Granting CPU a ring-fencing waiver to enter this market at this stage is both premature and risks distorting a market that is otherwise functioning well. Doing so would introduce anti-competitive dynamics, undermine investor confidence, and compromise the principles of fair and efficient market development. In light of the available of data that suggests the momentum for EVCI development is strong and delivering on the growing needs of Australian EV consumers, the AER should prioritise maintaining a level playing field that continues to attract innovation and private capital.

Powershop thanks the AER for the opportunity to provide comment on this matter. If you would like to discuss any part of this submission, please contact [redacted]

Yours sincerely

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[11] As described and outlined in The time is now: Getting smarter with the grid, Energy Networks Australia and LEK Consulting. 2024 page 6, 17, 31

[12] Boosting street-side EV charging across Australia, Australian Renewable Energy Agency (ARENA). 2025