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Ms Stephanie Jolly
Executive General Manager, Consumer, Policy and Markets Division
Australian Energy Regulator

By email: AERringfencing@aer.gov.au

Dear Ms Jolly

Ausgrid's submission on Essential Energy's ring-fencing waiver application for providing kerbside EV charging infrastructure

Ausgrid is pleased to provide a submission in response to Essential Energy's ring-fencing waiver application to allow third-party access to kerbside electric vehicle (**EV**) charging infrastructure (**EVCI**) installed within existing distribution assets (**waiver**).

Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometres from the Sydney CBD to the Upper Hunter.

Overall, Ausgrid supports Essential Energy's application for a ring-fencing waiver and agrees that it should be granted. Essential Energy's 'Plug and Play' program will provide benefits to both current and future EV charging consumers by addressing shortfalls in the delivery of public EVCI in regional NSW, contributing to the alleviation of the 'chicken and egg' problem with EV charging.

In designing the program as a trial with comparable pathways for delivery of EVCI, Essential Energy will also generate critical evidence to inform the future development of the EV charging market, supporting decision making by energy market bodies, Distributed Network Service Providers (**DNSP**), and charging service providers.

Appendix 1 to this letter contains our responses to some of the questions posed by the AER in their Consultation Paper on the waiver.

Please contact Emily Peachey, Regulatory Advisor, at [redacted] should you wish to discuss this submission further.

Regards,

[redacted]

Fiona McAnally
Head of Regulation

Appendix 1: Responses to questions posed in the Consultation Paper

National Electricity Objective questions

Question 1: Essential Energy states its trial aims to test whether a DNSP-led kerbside EV charging infrastructure roll-out, leveraging its existing maintenance staff and composite pole assets, can benefit the EV charging market in regional NSW.

What are your views on the proposed trial design, its stated objectives, and its alignment with the NEO (i.e. promoting the long-term interest of customers)? Please provide examples or evidence to support your view.

Ausgrid strongly supports the trialling of DNSP-led kerbside EV charging. The role of distribution networks in provision of kerbside EV charging is a topic of clear public policy interest, as evidenced by, amongst other things, the Commonwealth Government Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) "Accelerating Electric Vehicle Charging Program" and associated rule change proposal,[1] Energy Networks Australia's (**ENA**) rule change proposal on distribution network provided EV charging,[2] the NSW Electric Vehicle Kerbside Charging Program,[3] and CitiPower, Powercor and United Energy's (**CPU**) recent trial waiver to deploy EV chargers.[4]

Policy debates have centred on whether actions by DNSPs to streamline processes and reduce prices are sufficient to enable a commercial market for the deployment of kerbside EV charging to develop, or whether there are other, more fundamental, barriers to a commercial-led approach that make DNSP-led delivery of EVCI appropriate. As regulators, rule makers and policymakers consider whether the lack of public EV charging is contributing to a 'chicken and egg' problem, impeding uptake of EVs by certain groups of consumers (and if so, whether DNSP-led provision of EVCI might help address that problem), Essential Energy's proposed trial will provide valuable evidence.

Ultimately, the long term interests of most energy consumers are likely to be served by switching from vehicles with internal combustion engines (**ICE**) to EVs. EVs already offer considerable running cost savings compared to ICE vehicles,[5] and upfront costs have levelised in recent years. However, groups of consumers are unable to benefit if they are unable or unwilling to take up an EV. Lack of access to charging (e.g. because of lack of at-home parking, living in apartments or renting a property) is known to be a key concern. In regional Australia, this may be exacerbated by lack of, or lack of confidence in, away from home charging, used for visiting family or attending to work duties away from home. The provision of more, and more reliable, public charging can help improve consumer confidence to a level that they are willing to switch to an EV.

The two-stream design of Essential Energy's proposed trial allows for arguments to be clearly tested, particularly as they apply to the circumstances of regional Australia.

However, this trial alone will not provide access to EVCI anywhere near the volumes needed to support government objectives. The NSW Government has set a target for EVs to comprise more than 50% of new car sales by 2030.[6] This is far shy of the 8.9% recorded in 2025.[7] To increase EV uptake, many more chargers than Essential Energy are proposing need to be installed and able to be used by the public. If the 300 trial

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[1] AEMC, 'Facilitating EV charging infrastructure rollout under Commonwealth grants' (accessed 6 July 2026).

[2] AEMC, 'Enabling distribution network service provider led electric vehicle charging infrastructure' (accessed 6 July 2026).

[3] NSW Government, 'Electric Vehicle Kerbside Charging Program' (accessed 6 July 2026).

[4] AER, 'CitiPower, Powercor, and United Energy - Ring-fencing waiver - Electric vehicle charging infrastructure' (accessed 6 July 2026).

[5] One estimate has the savings at $1,440 per year: ENA, 'Rule change request – Unlocking affordable EV charging for all Australians', (2 April 2026), p1,2, citing Energy Consumers Australia, *Stepping Up: A smoother pathway to decarbonising homes*, Figure 6, 2023.

[6] NSW Government, 'NSW Government's Electric Vehicle Strategy', p 7 (accessed 22 June 2026).

[7] NSW Government, 'NSW Electric Vehicle Strategy' (accessed 22 June 2026).

chargers were maintained past the trial period, it represents only 0.01% the of the 2.8 million chargers that the CSIRO estimates will be needed in Australia by 2030.[8] Ausgrid believes that DNSPs can contribute to reducing this disparity by providing pole charging.

Question 2: What are your views on the practical insights and learnings that Essential Energy states can be gained – which include learnings on EV purchasing behaviours and adoption, infrastructure utilisation, and conditions required for commercially viable market delivery in regional areas. Do you agree these learnings are beneficial for the industry and customers? Why or why not?

Ausgrid considers that learnings from Essential Energy's 'Plug and Play' trial, including the part governed by this ring-fencing application, will be valuable for informing industry best practice on both connecting and serving third party installations of public EV chargers, and if permitted by any of the pending rule change applications, how DNSP-led delivery of EVCI might be carried out most efficiently and effectively, particularly in regional areas.

Additionally, please see our response to Question 11.

Question 3: What are your views on Essential Energy's statement that its two-stream trial (for which this waiver would enable 'stream 2') represents a "controlled comparison to assess whether infrastructure enablement alone is sufficient, or whether targeted shared infrastructure is required to overcome coordination constraints in persistently thin market"?

We agree with Essential Energy's statement. Our view is that the two-stream approach put forward by Essential Energy and the Australian Renewable Energy Agency (**ARENA**) is designed in an appropriate manner to generate the evidence required to complete the proposed assessment.

Additionally, please see our discussion of the design of the trial in our response to Question 1.

Potential for cross-subsidisation and discrimination questions

Question 4: What are your views on the proposed cost-recovery method for the trial, which involves Essential Energy recovering its full costs, benchmarked against market rates, from the charge point operator that leases its EV charging infrastructure? Do you believe there are potential risks of cross-subsidisation under this model?

There are limited potential risks of cross-subsidisation under Essential Energy's proposed model. Essential Energy is required to comply with AER revenue determinations and cost allocation requirements in respect of its provision of regulated and other distribution services.[9] These cost allocation requirements include compliance with Essential Energy's AER-approved Cost Allocation Methodology (**CAM**) and regulatory accounts are audited each year.[10] These requirements cannot be waived.[11] Therefore, the risk of Essential Energy using revenues from its provision of regulated services to cross-subsidise the trial if the waiver is granted is very low.

[8] CSIRO, 'Changing gears: your guide to low emissions transport' (accessed 11 June 2025).

[9] Australian Energy Regulator, 'Electricity distribution ring-fencing guideline' (**Guideline**), cl 3.2.2.

[10] Guideline, cl 3.2.2.

[11] Guideline, cl 3.2.2(d).

Likely benefits to consumers vs likely costs to Essential Energy from ring-fencing compliance questions

Question 7: What do you think the impact of Essential Energy's trial on market competition might be, given its trial will be contained to remote NSW within its distribution area? Do you believe the mitigations that Essential Energy has proposed (i.e. targeting unmet need, not reserving sites with commercial plans, and prioritising facilitation of third-party connections) will avoid harm to competition?

"Market competition" for the deployment of kerbside chargers in NSW has yet to materialise. To date, virtually all kerbside EV chargers deployed anywhere in NSW, and particularly in regional NSW, have been extensively subsidised by either the state government, ARENA, or local councils. To the extent that competition among third party charge point operators (**CPOs**) exists in the deployment of kerbside chargers, it is in competing to access government grant funding, not in competing to commercially deploy chargers. As a result, Ausgrid does not consider that there are material risks of detrimental impacts on market competition.

Nevertheless, Ausgrid considers that the mitigations proposed by Essential Energy are appropriate in managing the risk that there is any detrimental impact on the emergence of market competition in the future.

Question 8: What are your views on Essential Energy's contention that public EV charging in regional and remote areas is underdeveloped?

Ausgrid agrees with Essential Energy's contention that public EV charging in regional and remote areas is underdeveloped; indeed, Ausgrid considers that public EV charging in all locations in Australia is underdeveloped, but regional and remote Australia has distinctive challenges due to the longer trips needed and more distance between public chargers. As discussed in our response to Question 1, a 'chicken and egg' problem exists, where consumers are reluctant to switch to EVs due to a lack of public charging infrastructure, while deployment of EV charging is not commercially attractive until many more consumers switch to EVs. In the near term, anyone building a public EV charger in places where EV ownership is low risks low utilisation of their asset and potentially being unable to recover their investment, at least until EV ownership rates increase.

Question 9: What are your views on the proposed model, with third-party ownership and operation of DNSP-owned, embedded EV charging infrastructure assets? What are your views on the potential role of this business model in the EV charging market?

Note: We assume that this question intended to ask about "third-party operation of DNSP-owned, embedded" EVCI, rather than contemplating assets being simultaneously co-owned by DNSP and third-party. If this is in error, we would appreciate the opportunity to further discuss this aspect of the consultation.

Ausgrid supports Essential Energy's approach to enabling third-party operation of DNSP-owned assets. This approach appropriately delineates the boundary between the suitable role of the DNSP (as the provider of shared community infrastructure), and the role of third parties (as those involved in transacting energy purchasing in the market). The model being proposed by Essential Energy will also be integral to the future role for DNSPs in the provision of EVCI, as envisaged by Commonwealth DCCEEW in its "Accelerating Electric Vehicle Charging Program" or by ENA in its proposed rule change application. Ausgrid supports this approach that preserves the distinction between provision of infrastructure (suitable for DNSPs) and provision of charging services and retail market functions (reserved for e-mobility service providers and market participants).

Duration and information sharing questions

Question 10: What are your views on the proposed waiver duration of up to 30 June 2033 (approx. 7 years), which is beyond the ARENA funding agreement end date of July 2028? Essential Energy states this is to facilitate time for full infrastructure deployment, a meaningful period of operation and data collection, and reporting and knowledge-sharing of trial learnings.

We agree with Essential Energy's assessment that this duration is useful to allow for information to be gathered on operations over a meaningful period of time. The ARENA funding agreement term is not relevant to the term of the waiver.

Question 11: What are your views on the information, data and learnings that Essential Energy's trial should generate and share to support broader industry development and inform future policy and regulatory decisions? If the waiver is granted, are there particular reporting requirements or waiver conditions the AER should impose—for example, on charger installation and deployment progress, site selection criteria, tender outcomes, and the format and frequency of commercial, technical and performance reporting?

Essential Energy should share their learnings on the 'controlled comparison' being conducted between the two streams of the 'plug and play' trial, (i.e. whether reducing connection barriers for third-party owned chargers is sufficient to stimulate market participation or whether DNSP-owned shared infrastructure is needed in locations where stream 1 is insufficient) on an annual basis. This would support broader industry development and inform future policy and regulatory decisions.