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Ringfencing Waiver Application by AusNet Electricity Services to provide asset rental services for Electric Vehicle Charging Infrastructure

Dear Laura,

1. Overview

AusNet Electricity Service Pty Ltd (**AusNet**) seeks a ring-fencing waiver application in accordance with clause 5.2 of the current Electricity Distribution Ring-fencing Guideline Version 4 (the **Guideline**) relating to facilitation of the provision of distribution asset rental services for Electric Vehicle Charging Infrastructure (**EVCI**). These services have been classified as a "negotiated distribution service" as part of AusNet's recent 2026-2031 Electricity Distribution Price Review (**EDPR**).

In particular, this application relates to waiving specific obligations under Part 4.2 of the Guideline relating to office and staff separation, as well as the prohibition on cross-promotion. Clause 4.2.5 provides that a Distribution Network Service Provider (**DNSP**) can apply for a waiver of these obligations.

2. Service description

The provision of asset rental services for EVCI will involve leasing our distribution assets (primarily poles) to third parties for the installation of EVCI. A typical example of an EVCI is a pole mounted box that provides EV charging services, and these are commonly located in urban areas without off-street parking. The provision of this service will encourage EV uptake and support electrification and decarbonisation in accordance with the Victorian Government's emission reduction targets because it removes one of the barriers being convenient and ready access to infrastructure to host the equipment.

Figure 1 below shows a typical example of an EVCI being a pole mounted box that provides EV charging services.

Figure 1: Example of EVCI installed on a distribution pole

The AER recently introduced asset rental for EVCI as a new classified, negotiated distribution service in Victoria, for the period 1 July 2026 to 30 June 2031, because it has seen widespread emergence of third-party interest in using DNSP-owned infrastructure as a host for non-DNSP equipment. The introduction of this service places an obligation on all Victorian DNSPs to provide this service to applicants subject to their approved Negotiating Frameworks.

The provision of asset rental services for EVCI as a negotiated distribution service can only be provided by AusNet as the owner of the distribution assets within its licensed area. AusNet will continue to own, maintain, operate and replace the distribution assets and poles in accordance with its regulatory obligations. Third parties (or their nominated providers) wishing to install the EVCI will own, operate and maintain the EVCI and will provide communication and billing services to end customers charging their vehicles. AusNet does not intend to provide any of these contestable services.

In providing the asset rental service, AusNet will lease out asset space (primarily poles) for EVCI where the activities and costs involved will include:

- processing the application and undertaking discussions with the applicants. Applicants will need to provide requisite information and safety certifications of the charging units;
- assessing pole availability and suitability
- negotiating access agreements in accordance with the Negotiating Framework; and
- administering the leasing arrangements.

AusNet will continue to be the owner of the assets and undertake regular inspection and maintenance as required by its regulatory obligations.

AusNet will separately provide the point of connection as a direct control service in accordance with current connection application arrangements.

Currently, we have a trial underway with EVX supporting the installation of chargers on up to 25 poles, with two proposed locations confirmed as appropriate for the installation of pole mounted EV chargers. These sites are in Lilydale and Healesville, and we expect the EV chargers to be mounted over the coming months.

The objectives of the trial - which we have engaged on with our Innovation Advisory Committee - are for AusNet to evaluate and understand the broader impacts of pole-mounted EVCI on the electricity network, including changes to local load profiles, voltage performance, impact to assets, asset utilisation, and customer charging behaviours. Our engagement with the IAC will support the dissemination of learnings and allow insights from the trial to be reviewed by academic and industry stakeholders.

AusNet intends to trial more chargers across additional sites once EVX proposes new pole locations they wish to connect to. The trial involves AusNet developing a new process to evaluate the eligibility and suitability of the installation of chargers onto poles, reviewing their technical drawings to assess compliance of the chargers to connect to our network and negotiating the required access agreements for leasing the poles. For this trial, EVX remains the owner and operator of the EV chargers and responsible for billing and communication with end customers.

3. Clauses to be waived

As noted above, distribution asset rental for EVCI has recently been classified as a "negotiated distribution service" in the AER's EDPR Final Decision for the period commencing 1 July 2026. Negotiated distribution services are within the definition of "contestable electricity services" under the Guideline and accordingly, to the extent that a DNSP wishes to provide those services, it must do so as a Related Electricity Service Provider (**RESP**), and therefore must comply with certain functional separation requirements of the Guideline.

In particular, Part 4.2 (physical separation / co-location, branding and cross-promotions) requires DNSPs providing direct control services to be functionally separate from a RESP providing contestable electricity services. This includes a requirement that:

- the DNSP providing direct control services must use separate offices and staff from those involved in providing contestable electricity services, unless an exception applies (clauses 4.2.1 and 4.2.2); and

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- the DNSP must not advertise or promote its direct control services and contestable electricity services together (clause 4.2.3(ii)).[1]

Without a waiver, AusNet would need to establish:

- a separate team than existing DNSP ring-fenced staff to respond to enquiries, assess pole suitability and negotiate the terms and conditions of access to our poles; and
- a separate website from its current AusNet website to provide information to and facilitate access requests from EVCI infrastructure owners regarding the negotiated distribution service that only AusNet can provide.

Without the waiver, the only alternative is for DNSPs to set up a RESP and lease assets to the RESP, that allows the RESP to on-lease the assets to third parties for the installation of EVCI. Complying with the Guideline would, therefore, be a non-sensical outcome in these circumstances.

Further information about the waiver sought from these obligations is set out below

Waiver sought from clause 4.2.1(a) and 4.2.2(a) – Office and Staff Separation

AusNet seeks a waiver from the office and staff separation obligations in clause 4.2.1(a) and 4.2.2(a) to allow AusNet staff who are involved in providing direct control services – including team members currently involved in providing distribution connection services and network management – to also manage the asset rental service for EVCI.

An EVCI proponent seeking to install a pole mounted charger requires two related things from AusNet – first, access to and a lease over the relevant distribution pole (the negotiated distribution service); and second, a connection to the electricity network to supply the charging infrastructure (a direct control service). These two requests are naturally dealt with together. They concern the same asset, location and generally the same applicant, and the assessment of one may inform the assessment of the other – for example, whether a particular pole is suitable to host EVCI may be considered alongside whether and how that EVCI can be connected to supply in that location.] This view is shared by AGL who considered different application processes such as asset rental and connection approvals should be undertaken concurrently.[2]

Our connections teams (alongside our asset management staff) already possess the technical knowledge, network data and assessment capability to evaluate both requests. Requiring AusNet to establish a separate, duplicate team to handle the leasing assessment and negotiation – staffed by people who would need access to the same network information that the staff identified above already hold – would impose a cost and delay for no practical benefit. The more efficient approach is to allow the distribution connections team to manage both.

In AusNet's view, to ensure compliance with the Guideline, a shared team cannot operate without a waiver. The staff and office separation obligations exist because connections staff in particular, have access to electricity information and the nature of their role (i.e. customer facing, negotiating terms and conditions) means they are in a position to discriminate in providing a preferential connection service to customers who are seeking the negotiated distribution service. Despite this, and for reasons set out further below we consider there is no incentive or meaningful ability to favour connections for EVCI on AusNet assets, and therefore there should be no practical harm in granting the waiver.

Waiver sought from clause 4.2.3(a)(ii) – advertising and promotion

For completeness, AusNet also seeks a waiver from the restriction on advertising or promoting contestable electricity services alongside contestable electricity services set out in clause 4.2.3(a)(ii). This waiver would allow AusNet to provide information about its negotiated distribution services through the same customer facing channels it uses for its direct control services. Specifically, AusNet:

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[1] Note clause 4.2.3(a)(i) which provides that a DNSP must use a brand for its direct control services that is separate and independent from the brand used for contestable electricity services provided by a RESP, does not apply with respect to branding in connection with the use of an asset of the DNSP as part of its provision of contestable electricity services, where that asset is simultaneously used by the DNSP to provide direct control services, provided that shared use does not materially prejudice the provision of direct control services. Accordingly, we consider that renting of distribution poles for the negotiated distribution service, where such poles are also part of the regulated asset base used to provide the common distribution service means that this provision does not apply.

[2] AGL - Submission - Victorian electricity distribution proposals 2026-31 - January 2026_3.pdf

- Proposes to publish information about the negotiated distribution service for EVCI on the same AusNet website that it uses to provide information about its direct control services; and
- Intends to make up to date asset information available to support that service through its existing GridView platform, which it currently provides asset information for Ausnet's regulatory distribution services, so the same platform also supports asset rental service for EVCI.

We note that clause 4.2.3(a)(ii) prohibits a DNSP from *advertising or promoting* its direct control services and its contestable electricity services *together*. The conduct it targets is promotional, by which a DNSP could potentially leverage its regulated, customer facing position to market a contestable service alongside those regulated services, in a way that could mislead customers or confer an advantage on the contestable service.

AusNet proposes to publish factual information about how EVCI proponents can access and lease its distribution poles, and intends to make factual asset data available through Grid view – which may not be considered to be advertising or promoting one service by reference to the other. Providing accurate, neutral information about a service that only AusNet can supply is different in character from the cross advertising or cross promotion that this clause is directed at. Nonetheless because the information would appear on the same website and portal, out of an abundance of caution, AusNet also seeks a waiver from clause 4.2.3(a)(ii) so that it can use a single website for both purposes.

4. No incentive or ability to favour connections for EVCI on AusNet poles

For the reasons set out below, AusNet considers that it has neither a meaningful incentive nor the practical ability to use a shared team to prioritise or otherwise favour the connection service of EVCI mounted on AusNet's own assets, as against EVCI mounted on infrastructure lease from, or owner by a third party (e.g. council lighting columns, private structures etc).

The connection service is the same regulated distribution service regardless of where the EVCI is located. The waiver sought above is confined to the office and staff separation and advertising and promotion obligations. AusNet will remain bound by the substantive non-discrimination and cost allocation obligations in the Guideline. In each case, the connection service to supply an EVCI is a direct control service, governed by the same regulated connection framework under Chapter 5A and our connection policy, including approach to charges, information provision and timeframes. In accordance with this framework, whether an EVCI is mounted on an AusNet pole or on a third party's asset the connection that supplies it will be assessed and delivered on the same basis.

Further the incentive to discriminate is weak. As noted above, an access licence and lease over a distribution pole, for EVCI is a negotiated distribution service. AusNet does not set the terms and price of that service at its discretion – instead the service is covered by the Negotiated Distribution Service Principles and by our approved Negotiating Framework approved by the AER. Under these arrangements, the price for pole access must be cost-reflective ensuring that AusNet recovers no more than AusNet's efficient cost of providing it, including a regulated return on the assets used. Unlike other contestable electricity services, AusNet does not earn any commercial return on the negotiated distribution service and cannot improve its return by attracting EVCI on its own poles rather than onto third party infrastructure. It follows that AusNet has no commercial incentive to prefer or to expedite the connection of EVCI mounted on its poles over EVCI mounted on a third party's assets.

Notwithstanding the above, there are also safeguards in place that remove the discretion and potential for any discrimination including that connection applications for EVCI (whether involving our poles or not) will be assessed and priced in accordance with our Connection Policy, including standardised terms and conditions based on our Model Standing Offer for Basic Connection Service or negotiated connection service offer, with applicable regulated charges applying, and observing best endeavours requirements to respond to connection requests within specified timeframes. This ensures that, notwithstanding the lack of commercial incentive, AusNet has minimal practical means of preferring connections to its own poles without departing from regulatory requirements.

5. Benefits in granting the waiver

Granting the waiver enables existing assets to be efficiently leveraged to support additional services at a relatively low incremental cost. This benefits EVCI applicants and end customers and advances Victorian Government and national policy on electrification and decarbonisation. The benefits fall into three areas:

- Under the waiver conditions, AusNet can bring the service to market promptly, using resources it already has;
- The waiver avoids duplicative costs, in particular recruiting separate staff, which flow through to lower prices for applicants and end customers; and
- By improving access to charging infrastructure, the waiver supports EV uptake and Victorian Government policy.

Granting the waivers outlined in this application is also consistent with the AER's 2026-31 electricity distribution determination where the AER, in determining that this new service should be offered, considered AusNet "has a role to play in enabling and supporting the roll out of new technologies, including kerbside electric vehicle (EV) charging."[3]

AusNet's connections teams already hold the technical knowledge, network data and assessment capability needed to evaluate pole suitability, negotiate access and administer the asset rental service. AusNet's existing systems such as GridView and website can equally be used to provide information to, and manage requests from EVCI proponents. The waiver allows AusNet to deploy these existing resources immediately, so that the negotiated distribution service can be offered to the market without delay. Without the waiver, AusNet can only provide the service through a separately resourced team and standing up the procedures and systems for that team. This would delay access to pole mounted charging infrastructure to the detriment of EVCI proponents and the Victorian customers who rely on that infrastructure. AusNet's ability to offer the service now under this waiver, using resources it already has means charging infrastructure can be deployed sooner.

Without the waiver, duplicative costs incremental to the efficient cost of AusNet providing the services would be incurred including mainly the cost of recruiting and training new and separate staff rather than using existing team members. In particular, the costs that AusNet will incur in providing the asset rental service for EVCI will be carefully managed and accounted for, in accordance with AusNet's Cost Allocation Method, and costs passed onto the third-party applicants. Through the allocation of costs between Direct Control Services and the negotiated services, costs incurred as a part of this service will not be charged to Standard Control Services (**SCS**) or any other Direct Control Service (**DCS**). Standard Control Services customers will therefore not subsidise the negotiated service in any way.

Further, the service can only be provided by AusNet, so at least in the provision of the negotiated distribution service, there is no competitive market to distort, by having the same staff involved in direct control services also be involved in the provision of the asset rental service. The asset rental service involves leasing AusNet's existing distribution assets – primarily poles – which AusNet owns, operates and maintains as the DNSP in that region. By definition, no other party can lease these assets. There is accordingly no rival provider of this particular service that could be foreclosed or disadvantaged by AusNet promoting it on its existing website or using its existing DNSP staff. The cross-promotion and separation concerns that arise where a DNSP favours a related affiliate over independent competitors simply have no application to a service that is, and can only be, provided by the network provider itself.

Further, AusNet, nor any of its related entities, is competing, or intends to compete, in the contestable EVCI market. Our waiver application relates strictly to the rental of distribution assets. Accordingly, the waiver therefore creates no risk that AusNet or related parties could leverage its network position to gain an advantage in the competitive part of the value chain. To the contrary, by facilitating access to its poles on a non-discriminatory basis to third party entities, AusNet enables and supports competition among EVCI providers rather than displacing it.

Access to the distribution assets will be provided in accordance with our approved Negotiating Framework which amongst other things, requires that price must be fair and reasonable, and the dispute resolution provision provides a recourse for applicants to seek a dispute resolution with the AER if they consider it has not been resolved through AusNet's internal dispute resolution process. AusNet will also be facilitating up-to-date

[3] AER, Draft Decision - AusNet electricity distribution determination: Overview, p. xiii, 30 September 2025,

information for EVCI applicants via our Gridview portal so that [to confirm what the applicants will be able to see and determine and/or submit via that portal].

Finally, granting the waiver produces lower costs and benefits end customers. Requiring AusNet to establish a separate team and a separate website to provide a service that only AusNet can provide would impose duplicative cost without any corresponding consumer benefit. These costs would ultimately be reflected in the cost of the service. By allowing AusNet to use its existing DNSP staff who have the relevant skill set including in connections and asset management, and existing website, the waiver enables the negotiated distribution service to be provided more efficiently, with the resultant savings passed on to third party applicants and, in turn, to end customers. This directly supports EV uptake and the broader electrification and decarbonisation objectives of Victorian Government policy.

For the above reasons, AusNet submits that the matters the separation obligations are intended to guard against – in particular, discrimination – are not present in this case, and that the granting of the waiver is consistent with the long-term interests of consumers.

We consider the provision of asset rental services for EVCI, via a less complicated arrangement, will encourage EV uptake and support electrification and decarbonisation in accordance with Victorian Government Policy because it removes one of the barriers being convenient and ready access to charging infrastructure. This is consistent with supporting the emissions reduction targets in the NEO. Below is a list of relevant Victorian Government Initiatives:

- The **EV Charging Regulatory Statement** has identified kerbside EV charging, particularly pole mounted EV chargers, as being crucial to help more Victorians who rent, life in apartments, or lack access to off-street parking to feel confidential owning an EV
- The **Zero Emissions Vehicle (ZEV) roadmap** which among other targets, aimed for 50% of light vehicle sales to be ZEVs by 2030.
- Victoria's commitment to **net-zero emissions by 2045.**

Outcome	With waiver	Without waiver
EV adoption	Higher uptake because the waiver will remove one of the barriers being convenient and ready access to charging infrastructure.	Slower uptake because without a waiver, the function must be performed by a RESP, who will contact and rely on the knowledge of DNSP to provide information such as asset suitability, which is a more protracted process.

A waiver will reduce costs, and this translates ultimately to savings for end customers and supports EV adoption.

Without the waiver, the only alternative is for DNSPs to set up a RESP and lease assets to the RESP, that allows the RESP to on-lease the assets to third parties for the installation of EVCI. As outlined above, this would involve duplicative costs incremental to the efficient cost of AusNet providing the services including mainly the cost of recruiting and training new and separate staff.

In summary, without a waiver, the expected cost is expected to be a far higher which translates to higher prices to applicants and end customers.

Importantly, a waiver will also not lead to discrimination. Our waiver application strictly pertains to rental services for EVCI where we will use reasonable endeavours to negotiate with all applicants in accordance with the Negotiating Framework. We will not have a role in owning or installing the EVCI which is a highly contestable market, and we will not have a role in choosing the rental assets other than providing our engineering and technical assessment of its suitability for EVCI, and we will have no role in choosing the supplier or manufacturer of the EVCI other than assessing its technical specifications.

We are committed to facilitating the leasing arrangements without discrimination, and this is reinforced through the pricing principle[4] and dispute resolution provisions[5] in the Negotiating Framework that applies to

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the rental service. The pricing principle provision means that our price must be fair and reasonable, and the dispute resolution provision provides a recourse for applicants to seek a dispute resolution with the AER if they consider it has not been resolved through AusNet's internal dispute resolution process.

6. Additional measures that DNSP proposed to undertake if waiver granted

On the basis that the waiver is granted, AusNet would update its office and staff sharing registers with the locations and names of staff who will be shared across the provision of direct control services and negotiated distribution services to provide transparency with respect to these arrangements.

7. Period of the waiver

We would propose that this waiver be granted for the 2026-31 regulatory control period, which commenced on 1 July 2026, into perpetuity. We have therefore not proposed an expiry date. Practically, the proposed commencement date is the date on which the AER grants the waiver, should the AER elect to do so.

Sincerely,

[redacted]

Rob Ball
Manager, Regulation (Electricity Distribution
AusNet

[5] AGL - Submission - Victorian electricity distribution proposals 2026-31 - January 2026_3.pdf
[5] AER, Draft Decision - AusNet electricity distribution determination: Overview, p. xiii, 30 September 2025,