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The Chair
Australian Energy Market Commission
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Consultation Paper Electricity Network Regulation Review (Package 1) and related rule change requests.

References: EPR0106, ERC0435, ERC0437 including the Energy Networks Australia (ENA) rule change request on Enabling Distribution Network Service Provider-led Electric Vehicle Charging Infrastructure (EVCI)

Related to: Essential Energy 'Plug and Play' kerbside EV charging trial, regional NSW

Dear Commissioners,

We welcome the opportunity to respond to the Commission's consultation paper on Package 1 of the Electricity Network Regulation Review and the related rule change requests, including the Energy Networks Australia (ENA) proposal to enable distribution network service provider (DNSP)-led electric vehicle charging infrastructure (EVCI). This submission is made on behalf of members of Zero Emissions Byron Northern Rivers and is informed in particular by Essential Energy's proposed 'Plug and Play' kerbside charging trial in regional NSW.

We support the goal of accelerating accessible, affordable EV charging in regional communities, and recognise the genuine 'chicken and egg' problem the rule change seeks to address. However, we raise a number of concerns below that we believe warrant further clarity and consideration before the Commission progresses its draft determination.

Open Access and Retailer Competition

We understand that because the distributor pays for and maintains the charger, but doesn't sell power through it, customers would be able to choose whichever retailer has the best price or service, rather than being tied to one operator's app or paywall. The intent is to create competition at the charger itself, pushing prices down. Our concern is that although competition is, in principle, a good thing, the practical mechanics of selecting a retailer at the point of use could involve complex information that is not user-friendly, and could include hidden charges that undermine the competition principle.

Competition does not automatically translate into a good customer experience. If multiple providers compete to sell charging at the same physical charger, customers may be confronted with a confusing array of pricing structures, subscription plans, or per-minute versus per-kWh rates, right at the point

of use. This has occurred in parts of Europe. Without clear, standardised, upfront pricing, the ‘open access’ model risks working against the very competition it is meant to deliver, since customers cannot meaningfully compare offers if the pricing itself is complex or obscured by hidden fees.

One way this could be resolved is through the platform ENA/Essential Energy chooses for the rollout: if all retailers are required to display a standardised cost per unit, prices could be compared directly, onsite, and in real time, in the way fuel retailers display price per litre before a customer commits to stop. Showing an equivalent per-kWh price on screen at the charger, in a consistent format for every retailer, would let the ‘open access’ model deliver the competition it promises without requiring customers to decode complex tariffs on the spot. We ask the Commission to consider what the optimal (minimum) level of DNSP investment is that contributes to solving the chicken-and-egg problem, while not unduly impacting the contestable market or transferring risk to consumers.

Cost Recovery Through Regulated Network Charges

If the costs of installing this infrastructure are recovered through regulated network charges, which ultimately appear on everyone’s electricity bills, not just EV owners, the argument advanced is that this is fair because more EVs on the road means the network is used more efficiently, which ENA suggests could lower network charges for all customers over time. We raise, respectfully, that this benefit is speculative, while the cost is not. ENA’s claim that network charges will fall for everyone rests on a chain of assumptions: that EV uptake actually accelerates because of the scheme (the chicken-and-egg dilemma); that the resulting extra network usage is large enough to offset the infrastructure cost; and that any savings are actually passed through to consumers rather than absorbed elsewhere. By contrast, the cost of installing and maintaining the chargers is immediate and certain. Non-EV owners are effectively being asked to fund something upfront in exchange for a projected, uncertain future benefit, and may reasonably push back on this.

Given this, we consider one important ask of Essential Energy (and DNSPs more broadly) is greater clarity around the cost modelling that underpins this proposal. A clear estimate of the infrastructure cost and how it translates to an amount on a typical bill would be a useful reference point, since at present this appears uncertain. The consumer conversation is very different depending on whether the impact is 25 cents or \$100 extra a month, and without a concrete figure it is difficult for consumers to judge whether the trade-off being asked of them is reasonable.

A Cross-Subsidy, Not Yet an Efficiency Gain

From a social and policy perspective, we consider this arrangement to currently be a cross-subsidy rather than a demonstrated efficiency gain (noting it may become one in future, once the chicken-and-egg problem is resolved). Charging every electricity consumer for infrastructure that primarily benefits a smaller group, EV owners, and currently, disproportionately, wealthier early adopters, represents a transfer of cost from one group to another. Describing this as ‘fair’ because non-EV owners might benefit indirectly in future reframes, rather than resolves, the fact that the direct beneficiaries and the direct cost bearers are not the same people. Renters and low-income households who cannot currently afford an EV would still contribute to this cost on their bills.

The Limits of the ‘Efficiency’ Argument

We note that the ‘efficiency’ logic underpinning this proposal could, in principle, justify almost any cost recovery. The argument that greater network utilisation lowers everyone’s unit costs holds true of nearly any investment that increases electricity demand, so it does not, on its own, specifically justify EV charging infrastructure over other competing priorities for network spending, such as grid resilience or pole replacement. Distributors have an inherent incentive to expand their regulated asset base, since that is how they earn a return, so claims that an investment is ‘good for everyone’, made by the party that stands to profit from it, warrants careful scrutiny by the Commission and by consumers.

Could Private Capital Fund This Instead?

If EV charging is genuinely expected to become profitable as EV numbers grow, the commercial case should, in principle, be capable of attracting private investment without needing to be socialised through regulated charges. Folding EVCI into the regulated asset base removes the market discipline that comes from investors having to prove the business case stacks up, and shifts risk from investors onto captive electricity customers who have no choice but to pay their network bill. We suggest the Commission consider whether an off-ramp or exit path should be built into any rule change, allowing DNSP participation to scale back should the market develop sufficiently for private investment to take over. DNSP participation in this market need not be locked in permanently.

What Happens When a Site Isn’t Commercially Attractive to CPOs?

Following from the point above, we would welcome further clarity on the business model at the level of an individual site. If charge point operators (CPOs) are not interested in retailing through a particular charger, this signals the site is not commercially attractive to them, raising the question of how the DNSP recovers its costs there. One option might be a shared lease arrangement, where all retailers are charged a fee that covers the infrastructure cost, spread across the group so it is not a burden on any single retailer. However, if a site is fundamentally uneconomical, we are concerned this could simply become a way of requiring consumers to fund it indefinitely, dressed up as a mandatory network cost rather than a genuine commercial service. We would find it helpful if Essential Energy, and DNSPs more generally, set out how they intend to recover costs at sites CPOs choose not to serve, and what happens if that gap does not close over time.

No Guaranteed Pass-Through of Savings

We are concerned that there is no guaranteed pass-through of savings to consumers. Even if network utilisation improves, regulated distributors are not obliged to reduce charges by a corresponding amount. The AER’s revenue cap framework spreads fixed revenue over more energy, which lowers the unit rate mathematically, but total bills depend on many other cost inputs, so a lower unit charge does not necessarily translate into a lower total bill for the average household. Consumers are, understandably, likely to be sceptical of any assurance that this will reduce the amount on their bill over the long term.

Charging Anxiety and a Fair Timeframe for Return on Investment

Charging anxiety is a real and legitimate concern for prospective EV owners, and we support DNSPs playing a role in addressing it, as a tangible way of demonstrating that EVs are a workable choice rather than an aspirational one. We would encourage the Commission to consider whether the return on investment for this infrastructure should be assessed over a longer timeframe, or weighted so the cost burden is lower now and increases as EV uptake grows, rather than asking today's small base of EV owners and non-EV owners alike to carry the full cost upfront. While there is no ready-made answer for how this should be structured, we would welcome DNSPs showcasing how they intend to address charging anxiety, and exploring options for making the cost profile fair over time.

Grid Capacity, Electrification, and the Potential for V2G/VPP

We would welcome further explanation from Essential Energy, and DNSPs more broadly, of how increased EV uptake is expected to translate into broader electrification, and whether plans exist alongside kerbside charging to increase grid capacity accordingly. We note it has been suggested that a single EV per household could double that household's electricity usage, and would welcome clarity on what this means in practice for grid upgrades more generally. We also note EVs may eventually support vehicle-to-grid (V2G) applications, meaning DNSPs may have an additional interest in promoting EV uptake in order to offer virtual power plant (VPP) services that help manage grid loads for the benefit of all consumers, not only EV owners. We consider this angle is worth the Commission drawing out explicitly in its consideration of the rule change.

Procurement and Local Manufacturing

Finally, we would welcome clarity on procurement plans and whether these favour local Australian manufacturers over imported infrastructure and technologies. This would benefit local employment and supply chains, and we consider it worth factoring into the proposal alongside the cost and fairness questions raised above. If Essential Energy, and DNSPs more generally, can set out the positives of their proposal clearly while directly addressing the concerns raised in this and other submissions, this will help demonstrate that the proposal has been carefully considered and worked through in detail.

Conclusion

We thank the Commission for its consideration of these issues and would welcome the opportunity to discuss any aspect of this submission further. We look forward to the directions paper and draft determination, and to continued opportunities for community input as this rule change process progresses.

Yours sincerely,

Dr Anne Stuart

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