Submission No 70

# INFRASTRUCTURE FOR ELECTRIC AND ALTERNATIVE ENERGY SOURCE VEHICLES IN NSW

Organisation: RACQ

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Submission by RACQ to NSW Government Parliamentary Inquiry

RACQ seek to only address issues relevant to kerbside charging, as per the terms of reference points:

a) funding and location of electric vehicle chargers or infrastructure for other potential energy fuel sources

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

#### Executive Summary

RACQ takes this opportunity to provide a submission to the NSW Parliamentary Inquiry into Infrastructure for electric and alternative energy source vehicles in NSW because the issues under review are of national importance. RACQ wants to see a nationally consistent approach to kerbside charging (at least within the National Energy Market). This submission addresses the current barriers to the deployment of EV charging and responds to the proposed kerbside charging model put forward by Distribution Network Service Providers (DNSPs) and Energy Networks Australia. While RACQ's operations are Queensland based, these are nationally relevant issues which is why we are willing to provide our input.

RACQ supports the expansion of both DC fast and AC slow EV public charging infrastructure across Australia. We recognise the need for many different types of infrastructure to support the uptake of EVs, including kerbside charging. However, we have significant concerns about the proposed model which would allow DNSPs to deploy kerbside EV charging infrastructure under the Regulated Asset Base. This approach threatens to undermine competition, stifle innovation, and ultimately result in higher costs for all energy consumers. We propose alternative approaches that better serve community needs while fostering a competitive market environment.

## Strategic Aims

We note important strategic aims that are of widespread agreement:

1. Infrastructure Growth: Australia requires a significant expansion of charging infrastructure, including kerbside options to support the growing adoption of electric vehicles.

2. Grid Efficiency Benefits: EV charging can and should be orchestrated through regulations, tariffs and incentives to provide substantial benefits for grid efficiency:

o Greater utilisation of fixed network assets creates efficiency savings that can lower the average cost per kWh delivered by networks.

o Data from (EV) public charging companies and ARENA demonstrates that public charging demand aligns with solar peak production, with charging loads typically peaking around 1pm across networks. This can help to save network costs of managing excess solar generation.

o Modern charging equipment is designed for orchestration and can be controlled to avoid network peaks – networks are designed for just a few peak events each year.

3. DNSPs' Important Role: Distribution Network Service Providers have a crucial role in enabling public charging infrastructure through:

o Facilitating timely and cost-effective network connections

o Helping to develop and facilitate innovative tariffs that recognise the unique load characteristics and controllability of EV charging

These areas are currently major barriers to the deployment of sustainable charging infrastructure, and we believe DNSPs can provide significant support to the rollout of EV charging by focusing on these enabling factors.

## Concerns with DNSP-led kerbside EVCI proposals

The current proposal by DNSPs seeks to modify ring-fencing rules to allow DNSPs to deploy kerbside EV charging under the Regulated Asset Base. This approach presents several significant concerns:

1. Undermining consumer protections: The proposal would alter regulations specifically designed to protect consumers from monopolistic behaviour.

2. Lack of efficiency incentives: Without direct market exposure, DNSPs would have limited incentives to operate efficiently, innovate, or optimise the consumer charging experience – areas that require significant commitment from competitive operators.

3. Misalignment with community and council needs and objectives: Councils have previous experience with DNSPs deploying infrastructure to suit their own operational agenda rather than addressing local community requirements. Ensuring kerbside charging and local parking requirements are not in conflict will be essential to community support.

4. Risk of misaligned supply: The guaranteed returns model creates incentives for DNSPs to simply build infrastructure, regardless of actual demand patterns. It will be essential for kerbside charging to respond to localised demands, whether this be in inner city residential areas or industrial areas

5. Prescriptive technology approach: The proposal assumes uniform technology requirements without considering the varying needs of different consumer segments across diverse geographic areas.

6. Anti-competitive effects: Most critically, this approach would severely hamper competition and innovation in the EV charging market.

7. Cost shifting to consumers: By design, the DNSP proposal would ultimately shift costs to all energy consumers, regardless of their EV ownership status.

## Best practice

There are successful programs deployed in overseas markets, such as the UK and Europe, where EV uptake is well ahead of Australia. These models have been formed based on public-private partnerships, with a coordinated approach that involves all stakeholders, while maximising the funding available from both government and industry, for the benefit of consumers.

We note that DNSPs are already able to deploy kerbside EV charging today, but not as part of the Regulated Asset Base. We question why it is not appropriate for DNSPs to participate in such models instead of changing ring-fencing rules.

Principles of a successful kerbside charging program

RACQ's view is that policy objectives for kerbside EV charging should focus on:

- Following a nationally consistent approach
- Actively encouraging private investment, competition, and innovation
- Ensuring mechanisms to match supply with demand over time
- Identifying blackspots where market forces alone are insufficient

• Directly addressing barriers to charger deployment, including grid connections and tariff structures

- Initial community needs assessment and local demand forecasting
- Bringing together all stakeholders including local councils, DNSPs, charge point operators, and government representatives.

#### Conclusion

The transition to electric vehicles represents a significant opportunity for Australia to reduce emissions while reducing the cost of transport for consumers. However, this transition must be managed through policy frameworks that protect consumer interests and foster market competition. We strongly urge the Parliamentary Inquiry to consider alternatives to the DNSP proposal that better align with these principles and draw upon successful international models.