Submission No 83

INFRASTRUCTURE FOR ELECTRIC AND ALTERNATIVE ENERGY SOURCE VEHICLES IN NSW

Organisation: BP

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Legislative Assembly Committee on Transport & Infrastructure Parliament of New South Wales 6 Macquarie Street SYDNEY NSW 2000

Via email - transportinfrastructure@parliament.nsw.gov.au

bp Australia submission to the *Infrastructure for electric and alternative energy source vehicles in NSW* inquiry

bp Australia thanks the committee for the opportunity to provide our views on the above inquiry.

Our key points:

- bp pulse, bp's EV charging business, is an owner and operator of rapid and ultra-fast EV charge points.
- Retaining the AER's 'ring fencing' provisions is critical to ensure a competitive level playing field where users of public EV charging services pay, rather than unrelated households.
- Public support for EVs will likely be undermined where households are forced to crosssubsidise investments in charging infrastructure they do not use.
- EV charging infrastructure is constrained by the very slow rollout of grid connections taking place, not by too-few Charge Point Operators (CPO).
- Low Carbon Liquid Fuels (LCLF) are alternative fuels that can contribute to decarbonisation and energy security while using existing infrastructure.



About bp

bp's purpose is to deliver energy to the world, today and tomorrow. With operations in some 80 countries, supported by enablers of business delivery (finance, legal, people and culture) we're organized into the following entities:

- Production & operations to find and develop hydrocarbon resources, operate oil and gas production assets, as well as refineries, pipeline and terminals.
- Gas & low carbon energy to combine and integrate our heritage natural gas capabilities with significant growth in low and zero carbon businesses and markets.
- Customers & products innovate with new business models and service platforms to deliver the future of mobility, energy, and services for our customers.
- Technology drive digital & innovation with our science, engineering, & digital capabilities.
- Strategy, sustainability & ventures define & accelerate the delivery of our strategy, while engraining sustainability in our business and promoting ethics and compliance across bp.
- Supply, trading & shipping connect energy producers, suppliers, markets and customers to keep energy flowing today and help build out tomorrow's energy system.

bp has been in Australia for over 100 years with operations in every state and territory including:

- Fuels to consumers and on-road / offroad business fleets, via a network of import infrastructure, terminals and retail network (with convenience offering).
- EV charging available at select sites in Queensland, New South Wales, Victoria, Tasmania, Western Australia and the ACT.
- Aviation and marine fuel supply across air and marine ports.
- Supply of lubricants (Castrol)
- Lightsource bp (LSbp) a major developer and operator of commercial scale solar farms
- Gas interests in Western Australia as a foundation partner of the Woodside-operated Northwest Shelf Joint Venture (JV) and are developing the Browse project with our JV partners. We're working on ways to decarbonise these operations to provide domestic and export natural gas.
- Working with partners exploring the possibility of a Carbon Capture and Storage (CCS) hub, Angel, off the coast of Western Australia.
- Operatorship of the Australian Renewable Energy Hub (AREH) in the Pilbara, planned to provide green electrons and green hydrogen to help decarbonise local customers and to provide hydrogen for export.
- Feasibility studies on an energy hub in Kwinana to produce green hydrogen and renewable fuels (SAF and renewable diesel).



The role of electrification to decarbonise transport

bp's <u>Energy Outlook</u> is an annual publication of the world's changing energy system based on two scenarios (*Current Trajectory* and *Net Zero*) out to 2050. The scenarios are not predictions of what is likely to happen or bp would like to happen. Rather they explore the possible implications of different judgements and assumptions concerning the nature of the energy transition.

The publication's 2024 edition provides insights into the role of electric vehicles (EVs), noting that oil is increasingly replaced by electricity as the main energy source for road transport:

- The fleet of light-duty vehicles is increasingly electrified over the outlook, led by changes in developed economies. This increasing electrification is driven by tightening policy and regulation standards, supported by increasing cost competitiveness of electric vehicles as battery costs continue to fall and the manufacturing of such vehicles.
- The share of electric vehicles in the global light vehicle parc increases from less than 2% in 2022 to between 20-30% by 2035 in Current Trajectory and Net Zero, growing to between 50 and 85% respectively by 2050.

bp pulse – bp's EV charging infrastructure business

To meet this growing demand for EV charging, bp's EV charging business, bp pulse, has more than 39,000 charge points around the world. Understanding what our customers want, almost all new charge points we roll out are rapid (50-150 kW) or ultra-fast (above 150 kW) at bp retail sites, dedicated charging hubs and at key destinations with operations in many countries including Australia, the United Kingdom, China and the United States.

Understanding the key role that vehicle fleets and commercial partners can play, the bp pulse fleet team also works with global partners including Tesla, Iberdrola, DiDi, Hertz, Uber, and Marks and Spencer.

bp pulse commenced operations in Australia in late 2022 and now has some 226 charge points nationally, with 76 in New South Wales.

Response to the inquiry's terms of reference

Funding and location of EV chargers or infrastructure for other potential energy fuel sources bp pulse has been a recipient of government funding grants (including from New South Wales) to accelerate the installation of EV charging infrastructure. Such funding has been, and is,



important to improve the business case for expensive investments in a nascent industry where EV charge point utilization is often low.

As EVs sales continue to grow (typically led by capital cities), and investments in EV charging infrastructure follow (over 2/3 of bp pulse's NSW chargers are in Sydney) utilization rates in metropolitan areas will increase – therefore presenting a case for prioritizing government funding toward regional areas. This will have the benefit of ensuring all New South Wales car users have equitable access to public EV charging, as well as improve 'destination charging' options for city dwellers to visit other parts of the state.

In addition to 'grants', from our experiences in overseas markets we see opportunities for governments to accelerate EV adoption and EV charging infrastructure rollout by facilitating collaborative partnerships of regional fleet operators and charge point operators. In addition to enabling infrastructure on the ground, such funding arrangements ensure adequate levels of charge point utilization and decarbonisation / electrification of regionally based fleets.



The viability of alternative energy sources for freight, heavy vehicles and other licenced vehicles in regional communities



Light duty vehicles by technology and region Medium and heavy duty vehicles: energy use by fuel

bp's Energy Outlook indicates that, as with light-duty vehicles, tightening regulation standards drive a shift away from the use of oil-based products towards lower carbon fuels (the above chart on the right). Increasing electrification of trucks accounts for most of this shift, with hydrogen playing a supporting role, especially for long-distance heavy-duty trucks in the *Net Zero* scenario. (dark and light purple in the above chart).



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

bp supports the Australian Energy Regulator's (AER) current ring-fencing provisions (Version 4 dated February 2025). There are several reasons why DNSPs should not be permitted to effectively own public facing EV charging hardware:

- Firstly DNSPs would obtain an unfair advantage in the market. Unlike Charge Point
 Operators (CPOs) who must attract, deploy efficiently, and recoup a return on capital via
 their EV charging business, DNSPs would have the ability to cross-subsidise this capital
 from their (monopoly) distribution services. Furthermore, DNSPs would likely optimise their
 capital investment by deploying EV charge points where power is most available on their
 own network key strategic information which private CPOs do not have immediate
 access to and generally must pay significant fees (and wait) to understand.
- Secondly as monopoly grid connectors within a region, DNSPs would be conflicted to
 prioritise their own EV charging investments ahead of those of third-party CPOs. This is
 exacerbated when DNSPs would be able to monitor (and reject) private CPO power
 applications as a source of 'competitor intelligence'.
- Thirdly removing ringfencing provisions and allowing DNSPs to broaden their role to own and operate EV charging infrastructure will distract them from the challenges of fulfilling their existing remit – which they struggle with today. Indeed, bp pulse has redirected capital to other countries due to our inability to secure grid connections and rollout infrastructure at our planned rate in Australia.

Proponents of removing regulatory ring fencing typically justify their position by claims of 'accelerating the rollout of EV charging'. In bp's view, this fundamentally misreads the bottleneck as the EV charging point - rather than what it is – timely and economic grid connections.

Lastly, we believe such a change would also negatively impact the public's view of EVs, as the payers of power bills have no choice but to subsidise EV charging assets they do not use.



Existing infrastructure

In addition to electrification, bp brings to the Committee's attention the role that Low Carbon Liquid Fuels (LCLF) can and will play to decarbonise transport emissions and enhance energy security – while using the state's existing fuels storage, distribution, and retail infrastructure.

In addition to supporting announcements of the Federal Government to list LCLF as a priority industry under *The Future Made in Australia Act* (FMA), bp's position to accelerate supply of and demand for these fuels may be found in the following <u>public policy submissions</u>:

- bp submission to the Transport and Infrastructure NetZero Roadmap (2024)
- bp submission to the LCLF consultation (2024)
- bp submission to the FMA: Unlocking Australia's low carbon liquid fuel opportunity (2024)

Conclusion

bp thanks the Committee for the opportunity to participate in the inquiry, and we welcome further engagement with you to discuss our insights and recommendations in detail.