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## National Electric Vehicle Strategy Consultation Paper

AGL Energy (**AGL**) welcomes the opportunity to respond to the Department of Climate Change, Energy, the Environment and Water's National Electric Vehicle (EV) Strategy Consultation Paper (**Consultation Paper**).

AGL welcomes the introduction of a National EV Strategy and its focus on establishing a national framework for the uptake of EVs as part of Australia's decarbonisation ambitions. AGL will continue to support the development of an EV market in Australia as the first Australian company to sign up to EV100.<sup>1</sup>

Accelerating the uptake of EVs will be an integral technology pathway for decarbonising Australia's economy. As we previously observed in our submissions to the [2018 Select Committee on Electric Vehicles](#) and the [2021 Senate Economics Legislative Committee's Inquiry](#), the widespread uptake of EVs, when coupled with the decarbonisation of the electricity grid and increasing penetration of local solar photovoltaic technologies, presents a substantial opportunity to deliver emissions reductions consistent with Australia's long-term commitments under the Paris Agreement. AGL welcomes the introduction of a National EV Strategy and its focus on establishing a national framework for the uptake of EVs as part of Australia's decarbonisation ambitions.

AGL is one of Australia's leading integrated energy companies and one of the largest ASX listed owners, operators, and developers of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources.

We are a significant retailer of energy and telecommunications with 4.2 million customer accounts across Australia. AGL is a market leader in the development of innovative products and services that enable consumers to make informed decisions on how and when to use their consumer energy resource (CER) assets to optimise their energy load profile and better manage their energy costs. AGL conducts multiple EV projects and trials and has developed a market-leading understanding of the implications of EV uptake. Relevant projects and expertise include:

- \$1/day electric car energy plan - launched in 2016 and concluded in 2018, the plan provided consumers unlimited EV charging for \$1/day with complimentary carbon offset for the EV load.
- AGL's current offer for electric vehicle owners includes bonus credits and complimentary carbon offset for the whole of house energy load.
- As part of the Australian Renewable Energy Agency (ARENA) funded Demand Response trial in New South Wales, AGL tested deferral of EV charging for 14 consumers to reflect a demand response event.<sup>2</sup>

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<sup>1</sup> See further <https://www.agl.com.au/about-agl/media-centre/asx-and-media-releases/2020/august/agl-first-australian-company-to-join-ev100>

<sup>2</sup> See further ARENA Advancing Renewables AGL Demand Response Project, available at <https://arena.gov.au/projects/agldemandresponse/>.



- AGL EV Subscription offer - launched in 2020, AGL's EV subscriptions have launched in Sydney, Melbourne, Brisbane, and South Australia. The product provides choice and flexibility with customers able to swap, upgrade or cancel at any time, while also including registration, insurance, tyres, repairs, roadside assistance, optional installation of an EV charger and carbon neutral credits as part of the subscription.
- ARENA funded EV charging trial across New South Wales, Queensland, Victoria, and South Australia. As part of the \$8.25 million trial, AGL has recruited 300 EV owners to demonstrate a range of smart and managed charging solutions.<sup>3</sup>
- Kaluza and AGL trial utilising Kaluza-powered products and analytics to optimise charging of EVs. AGL customers participating in the trial will be rewarded up to \$20/month for allowing Kaluza to manage their vehicle's charging.
- AGL and Wilson Parking have partnered to optimise EV chargers in car parks. The trial gives Wilson Parking subscribed customers access to their own EV charging bays, with all-day charging.

### ***Strategic Intent***

AGL recognises that all industries have a critical role to play in achieving Australia's emissions reduction targets of 43% by 2030 and net zero by 2050. The transport sector is currently responsible for 19% of Australia's emissions. While Australia still has a long way to go to catch up to leading EV countries, with federal, state and territory governments now actively supporting the uptake of this innovative, zero emission technology, we have the opportunity to not only make this switch, but economically benefit from the transition.

We support the government's three stated objectives and broader five goals within the Consultation Paper. By accelerating adoption today, and having a clear strategy, EVs can be efficiently integrated, and put downward pressure on costs for consumers, industry, and governments. We strongly support the Federal Government's work towards developing a National EV Strategy and would welcome the opportunity to continue to work together.

The Attachment provides more detailed response on the proposed objectives.

If you have any queries about this submission please contact Emily Gadaleta, Regulatory Strategy Manager at [egadaleta@agl.com.au](mailto:egadaleta@agl.com.au).

Yours sincerely,

Chris Streets  
General Manager (a/g), Policy, Markets Regulation and Sustainability

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<sup>3</sup> See further ARENA AGL Electric Vehicle Orchestration Trial, available at <https://arena.gov.au/projects/agl-electric-vehicleorchestration-trial/>



## ATTACHMENT

### **Objective 1: Encourage rapid increase of demand for EVs**

AGL welcomes the government's efforts to encourage a rapid increase of demand for EVs. Australia has seen some recent growth in EV demand in 2022, however this demand remains extremely low when compared to other more mature EV markets internationally. Appropriate incentives will be required to grow demand for EVs and to support the development of electrified transport across all vehicle types.

#### **Complementary approaches between state and territory governments**

A national target provides scope for State and Territory governments to establish complementary measures to help achieve that national target. Importantly, it also enables harmonisation across incentives that are applied to EVs across jurisdictions in Australia. A nationalised and cohesive approach will ensure we adopt the least cost approach to encouraging EV uptake by allowing industry to take advantage of scale in the delivery of EVs and supporting services and therefore keep EVs as affordable as possible for all Australians.

AGL welcomes and supports efforts by state and territory governments to commit to EV targets for their fleets. A harmonised approach on timelines and targets should be sought on these commitments.

While the Consultation Paper focuses on light EVs, we recommend the government look to coordinate targets amongst state and territory governments to electrify their bus fleets. For example, the NSW Government has committed under their Zero Emission Buses Transition Plan to have zero emission buses with Greater Sydney fully transitioned by 2035, Outer Metropolitan regions by 2040 and regional NSW by 2047. Announcements by jurisdictional governments of these targets have given strong direction to bus manufacturing industry that there is and will continue to be demand for electric busses. This has led to the recently announced partnership between ComfortDelGro Corp who is planning to join forces with Volvo Bus Australia and Volgren in NSW.

The uptake of EVs in public transport fleets would provide benefits not only to the transport sector but also to the electricity sector as transport system asset owners are empowered to participate in the electricity distribution market. Cohesiveness across the jurisdictions in Australia would support the development and demand for locally manufactured battery electric buses and help to achieve net-zero emissions by 2050.

#### **Incentives for ridesharing and taxi services**

We also recommend that the Strategy consider incentives for taxi and ridesharing services to move towards building out their fleets with EVs, as well as having access to appropriate charging infrastructure.

The UK Government announced a new Air Quality Plan in July 2017, including a commitment to ban the sale of new petrol and diesel cars and vans by 2040. As a result, in 2019 Uber pledged to support all of its drivers to make the switch to EVs and become an all-electric platform in London by 2025 and the rest of the UK by 2030. This has resulted in 90% of new vehicles joining the Uber app being fully electric, compared to 11.6% of new vehicles in entering the market in London in 2021. Rideshare and taxi services are increasing in demand and there is opportunity to capture the market and match its speed to accelerate penetration of EVs in Australia. Incentives could look to how they could support charging infrastructure that looks to reduce charging cycles for these types of services.

### **Objective 2: Increase supply of affordable and accessible EVs to meet demand across all segments**

#### **Fuel efficiency standards**

We consider that a strong vehicle fuel efficiency standard would play an important role in accelerating the uptake of EVs, as we outlined in our submission in response to the Australian Government's previous



consultation on a Model Fuel Efficiency Standard.<sup>4</sup> Additionally, the Australian Senate 2019 Select Committee on Electric Vehicles supported the introduction of fuel efficiency standards informed by those implemented in other developed countries, noting that such standards would provide environmental benefits through greenhouse gas emissions abatement. Under previous consideration of fuel efficiency targets, the Government determined that the introduction of stronger standards would result in cost savings of between \$10.8 and \$27.5 billion by 2040, in concert with a reduction in GHG emissions between 91 to 231 million tonnes.

A lack of Australian fuel efficiency standards has considerably slowed growth in our domestic EV market. Only a small proportion of EV models available globally are being supplied to Australia since we do not have a mandatory fuel efficiency standard. AGL supports the introduction of fuel efficiency standards to encourage a growth in supply of EV models to Australians. This will help to ensure that Australia can become a priority market for EVs to be supplied.

### Supporting all customer segments

We support the government's efforts to increase supply of affordable and accessible EVs to meet demand across all segments. Recognising that there is no single solution that will ensure fairness for all Australians, there is a need to consider and develop a suite of well-constructed and targeted measures which go beyond the traditional approaches.

AGL's Customer Council wrote an [Open Letter in July 2022](#) announcing its agreed priorities and considerations for policy makers, market bodies and the energy sector more broadly. In the letter the Customer Council outlined that they want the government, Energy Ministers, Regulators, Department Heads, policymakers, and market bodies to work together to address the following key structural questions for the energy transition through transparent, constructive, and effective dialogue and meaningful reforms:

- **Co-responsibility** – Specifically, how will governments, the community, and the energy industry as a whole (including, retailers, networks, and generators) work together to support customers experiencing short-term, episodic, or entrenched vulnerability?
- **Amplifying consumer agency** - How can innovative new solutions be used to strengthen consumers agency in controlling their own individual energy use, costs, and transformation journey? Affordability and equitable access should be principles that are considered when developing measures that drive market reforms such as:
  - tariff design that is simple to understand and empowers consumers to make sound decisions about how they live;
  - solutions and tools that give people access to data from smart meters that allows them to understand how they use energy so they can make informed decisions;
  - government financial support that ensures consumers can participate and benefit from the new energy system; and
  - strong consumer protections to ensure that consumers can confidently engage with and adopt new energy products and services.
- **Inter-generational fairness** - How can governments and policymakers ensure that the decisions we make today are sustainable and benefit future generations of energy consumers without transferring a huge cost burden? For example, further reforms to standards for housing will provide better energy efficiency and quality of life now and for future generations.

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<sup>4</sup> See AGL, Submission in response to the Proposed Model Fuel Efficiency Standard for Light Vehicles (1 August 2017), Available at <https://thehub.agl.com.au/articles/2017/08/submission-in-response-to-the-proposed-model-fuel-efficiency-standard-for-light-vehicles>.



This guidance by AGL's Customer Council may help to provide direction to the government in how they build in support for all customers to contribute to Australia's transition journey.

### **Second hand EV market**

Consideration should be given to complementary policy levers to phase out internal combustion engine vehicles to support accelerated transition towards EVs. Importation rules that 'escalate' over time may present useful avenues to facilitate transition. One way in which a secondhand EV market can be supported is through simplifying the process by which second hand EVs are able to enter the Australian market. This will allow for increased number of EVs from other jurisdictions to flow into Australia and provide an affordable option for customers who face barriers due to the current cost to purchase a new EV.

AGL is also committed to ensuring robust product stewardship and recycling of batteries, as their use becomes more widespread in both the electricity and transport sectors. In particular, AGL is a member of the Australian Battery Recycling Initiative (ABRI), a not-for-profit association established in 2008 to promote responsible environmental management of batteries at end of life. AGL has been working closely with ABRI and other stakeholders to develop robust product stewardship and recycling processes and standards for the Australian market.

### **Installation of EV charging infrastructure in shared dwellings**

We consider that public policy settings at both the state and federal levels can play a crucial role in supporting and accelerating the uptake of electric vehicles in the Australian market. The Government should consider how they can support states and territories in making a consistent approach that enables equitable rights for Australians who want to install EV charging equipment, whether they own or rent their home, and whether it is a shared or detached dwelling.

Australia has the third-highest proportion of detached housing stock in the OECD, at 71%<sup>5</sup> of all homes, and one of the highest rates of owner-occupied housing, at 67% of households.<sup>6</sup> These demographic factors may, in the short-term diminish the economic incentives for private investment in both public charging, and retro-fitting of existing shared/strata-managed dwellings. This is evidenced by the severely limited level of public EV charging stations in Australia. The lack of viable public charging alternatives will likely continue to drive major demand for charging stations at home, whether in new or existing buildings, such as strata properties. AGL commends the work done to date under the National Construction Code that now requires new apartments built in Australia from October 2023 to be constructed with the capability to charge electric vehicles. However, jurisdictional governments continue to regulate the installation of EV charging infrastructure in shared dwellings in different ways. There is scope for the Federal Government to consolidate efforts in supporting customers in accessing charging infrastructure in existing dwellings, to ensure both tenants, residents and owners corporations who are willing to invest in EV infrastructure have the right regulatory policy settings to enable investment.

### ***Objective 3: Establish the systems and infrastructure to enable rapid uptake of EVs***

AGL considers that EVs present substantial opportunities for retailers operating in the NEM to deliver greater value to EV owners while also offering significant benefits to the broader energy system and consumers, both through traditional energy contracts and innovative product and service offerings such as managed charging and orchestration. While the Consultation Paper has focused on how to increase demand and support uptake of EVs in Australia, a National EV Strategy should also pay focus to what energy policy or levers support customers in their uptake of EVs.

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<sup>5</sup> See further <https://www.oecd.org/social/family/HM1.5-Housing-stock-by-dwelling-type.pdf>

<sup>6</sup> See further <https://www.aihw.gov.au/reports/australias-welfare/home-ownership-and-housing-tenure>



We recommend the government work with their energy colleagues to consider and understand how the following matters may influence any National EV Strategy:

- International and Australian technical standards: promoting interoperability through technical standards will be a key enabler for the use and optimisation of EVs across Australia's energy markets. Technical standards for EVs and EV charging infrastructure should adhere to the following guiding principles:
  - Align with internationally accepted standards to ensure access to an open and competitive market for CER;
  - Be technology agnostic and remain future-proofed for future technological developments; and
  - Empower consumers with choice to utilise CER assets for their own comfort and to participate in competitive market services which address broader energy system needs through innovative aggregator models such as virtual power plants.
  
- Tariff design to address EV charging: while convenience-based charging has the potential to increase peak demand substantially, retailers and other market participants have the potential to develop incentives for customers to shift their EV load thereby reducing peak demand and providing benefits to the consumer and broader energy market., AGL envisages substantial opportunity for retailers and other new market participants/aggregators to develop innovative products and services for EV owners that also deliver significant benefits to the broader energy system and consumers. There are several ways in which products and services can incentivise customers charging behaviour:
  - EV energy plan - different pricing for different times to day to motivate behaviour change,
  - Demand response - customers receive notifications to manually switch off charging during peak times in exchange for a reward, and
  - Smart orchestration - we shift the load on behalf of customers seamlessly in the background without them needing to lift a finger.
  
- Market design of CER: market participants' ability to harness and share with consumers EV value streams will also depend, in part, on the policy and regulatory framework governing distribution market design and network planning and operations and the reforms that are currently on the horizon. AGL supports the work being undertaken in recent industry consultations to advance these key reforms, including through the Energy Security Board's (ESB) DER Integration Workplan, the Distributed Energy Integration Program (DEIP) Access and Pricing Working Group and the Open Energy Networks (OpEn) consultations.