AGL Energy Limited
T 02 9921 2999
agl.com.au
ABN: 74 115 061 375

Level 24, 200 George St
Sydney NSW 2000
Locked Bag 14120 MCMC
Melbourne VIC 8001

Attention: The Australian Centre for Evaluation, Department of Treasury

Submission made via online portal only.

06 February 2026

Dear Sir or Madam,

Statutory Review of the Electric Car Discount

AGL welcomes the opportunity to provide feedback on the *Statutory Review of the Electric Car Discount: Terms of Reference* (the Review). As transport now accounts for 12% of Australia's emissions, this review is timely and pivotal to understanding how Government and industry can best meet a 62-70% emissions reduction below 2005 level by 2035, and Net Zero targets by 2050.

We are committed to policies that help Australia meet its Net Zero targets and accelerate uptake of clean transport technologies. Our insights are informed by direct experience delivering Electric Vehicle (EV) products and services, including the Kerbside Charging Program, the EV NightSaver plan, and our current Vehicle-to-Grid (V2G) trial in partnership with major Distribution Network Service Providers, vehicle manufacturers, and charger developers.

AGL supports continuation of the Electric Car Discount which has proved a simple, efficient and highly effective tool to support EV uptake, affordability, and market growth accelerating the shift to low cost and clean electric transport.

Since its introduction in 2022, the Electric Car Discount (Discount) has made a meaningful contribution to EV adoption, particularly by improving affordability through novated leases. The simplicity and effectiveness of the policy has broadened access to EVs beyond early adopters and has supported further uptake across Australian households and small businesses, in addition to building on the second-hand EV market.

AGL supports the Australian Government's recent announcement of up to $60m green bank funding to reduce interest rates on electric vehicle loans in effort to lower upfront purchasing costs[1]. However, with most state-based incentives now discontinued, the Discount remains one of the most influential financial levers available to consumers. Prematurely phasing it out would likely risk stalling EV adoption, send mistaken signals to the market, delay transport decarbonisation, and undermine progress towards Australia's overarching 2050 Net Zero commitments.

AGL therefore encourages the Government to adopt a measured, multi-year phased exit, aligned with EVs reaching a sustainable level of new vehicle sales to help meet Climate Change Authority's target of five million EVs on the road by 2030,[2] and support outcomes outlined in the National Electric Vehicle Strategy.[3] We also support exploring opportunities to extend incentives across the broader EV ecosystem, including charging infrastructure for households and small businesses to reduce ongoing barriers to adoption.

---

1 Financial Review, *Government spends $60 million to help with discounted EV loans*: https://www.afr.com/policy/energy-and-climate/government-spends-60-million-to-help-with-discounted-ev-loans-20260202-p5nyuk

2 Climate Change Authority, *2025 Targets Advice Support*: https://www.climatechangeauthority.gov.au/sites/default/files/documents/2025-09/2035%20Targets%20Advice%20Report.pdf

3 Department of Climate Change, Energy and Environment and Water, *The National Electric Vehicle Strategy*: https://www.dcceew.gov.au/sites/default/files/documents/national-electric-vehicle-strategy.pdf

The Electric Car Discount is a simple yet highly effective driver of EV uptake, affordability, and market growth. Maintaining this momentum will require policy certainty and a measured, evidence-based, phased exit of the Discount, only once the market is more mature. AGL also sees value in adjusting the exemption to support more equitable measures, as well as extending support to complementary parts of the EV ecosystem to address remaining barriers, including for EV chargers. This diverse and collaborative approach, alongside continued investment from the Government and industry will be necessary to influence the uptake of EVs in Australia and meet our long-term emissions targets.

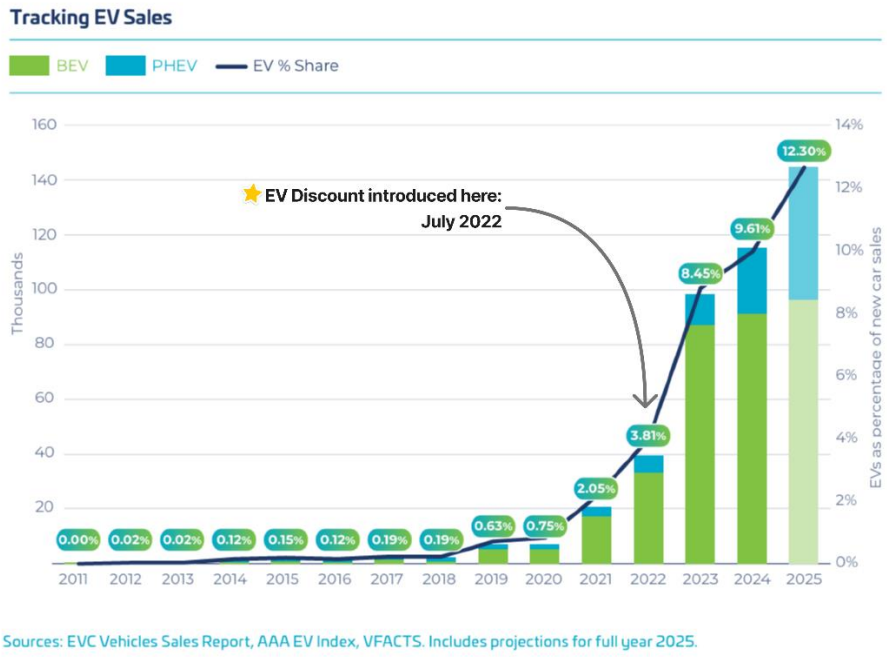
AGL's detailed responses to the Review's Terms of Reference questions are provided in the annexure below. AGL has only responded to questions relevant to its role in the market.

Annexure one

1. Were the tax exemptions (from FBT and import tariffs) effective in encouraging the uptake of zero or low emissions vehicles? What was the role of the tax exemptions compared to other factors that influenced the uptake of electric vehicles? The review is particularly interested in the impacts on early adopters, and how support of the market may have had flow-on impacts such as the development of charging infrastructure, or the broadening and deepening of the electric vehicle market

The impact of the exemption on EV uptake

In AGL's view, the Discount has been highly effective in accelerating EV adoption. After AGL introduced its novated EV subscription product, customer uptake rose substantially, showing that making EV access more affordable directly influences conversion. A further example of the strong connection between financial incentives and EV adoption was AGL's NightSaver EV Energy Plan, with around 30 times more customers now using EVs than before the incentive was introduced. A recent Magenta study also reveals the policy has supported more than 100,000 additional early adopters since 2022, with battery EVs (BEVs) now representing 13.1% of light-vehicle sales; up from around 2% in 2021.[4] Uptake through novated leases has been particularly strong, increasing from approximately 1% to 50% of all novated lease orders following the introduction of the exemption.



Electric Vehicle Council Sales Report 2024[5]

By improving the cost competitiveness of EVs relative to internal combustion engine vehicles, the Discount has broadened access across income groups and regions. This has flowed through to the second-hand market, with more than 61,000 used EVs becoming available since 2022, significantly improving affordability and cleaner options for early adopters that rely on second-hand vehicles.

Nevertheless, international data shows Australia is still falling behind its counterparts in the growth of the EV market. Jurisdictions such as Norway have achieved near universal EV adoption, with EVs representing 98% of new car sales, through long-term incentives and a stable regulatory environment enabling infrastructure to grow

[4] Electric Vehicle Council, *Statutory Review of the Electric Car Discount submission*: not yet published.

[5] Electric Vehicle Council, *State of Electric Vehicles 2024*: https://electricvehiclecouncil.com.au/wp-content/uploads/2024/12/1734312344781.pdf

alongside demand. While the Norwegian Government is phasing out some of its financial incentives, it offered several benefits and enticements over past decades to give consumers confidence that buying an EV is low risk, including Government covering 25% of the portion of an EV price, competitive grants for charging infrastructure and a tax benefit for company leased cars. [6] Norway's policy certainty and diverse incentives over the decades have allowed EV adoption to steadily rise, alongside enabling charging infrastructure to scale with demand.

Conversely, New Zealand's recent removal of its Clean Car Rebate for light vehicles and charging infrastructure grants have led to a sharp decline in EV imports and sales, dropping by 57% in 2025, compared to figures in 2024.[7] These examples illustrate the importance of maintaining targeted support until the market is more mature. Consequently, AGL holds concern around prematurely winding back the discount as it may slow Australia's transport transition, reducing consumer choice, and undermining progress towards national emissions targets.

As noted by the Electric Vehicle Council's submission the current vehicle tax regime disproportionately and unfairly favours non-electric vehicles. For example, the Luxury Car Tax (LCT) for commercial vehicles favours high-emitting, heavy weight vehicles, costing $250 million in revenue in 2023.[8] As such, it is arguable as to whether the LCT is providing equitable and environmental benefits. Meanwhile, there is little accounting for the cost savings and trade-offs EVs will bring over the long-term in relation to operational costs. Annually, ICE drivers in Australia each use approximately 1,400 litres of petrol.[9] In comparison, the approximate 450,000 EV drivers not purchasing petrol, is a reduction in imported liquid fuels of over $900m, making a sizable impact to GDP.[10] Consequently, AGL considers current tax measures related to vehicles should be reviewed and adjusted.

The flow-on impacts on charging infrastructure

EV adoption and charging infrastructure are closely interdependent. As EV sales have grown, public charging capacity has expanded accordingly. In 2025, at least 4,192 public plugs were available across 1,272 locations, a 22% increase from 2024, broadly in line with EV sales growth. Fast and ultra-fast charging also expanded significantly, particularly in urban areas, by approximately 90% in 2025.

However, several gaps remain. Remote and regional areas continue to experience limited coverage, contributing to range anxiety. Drivers without access to home charging, such as apartment residents, tenants, and those reliant on kerbside or workplace charging also face barriers, which directly impacts EV adoption. For example, AGL is aware that many apartments in Victoria lack EV charging capability, notably 30% of our customer base who reside in apartment dwellings. Recent exclusions of EV charging provisions under the National Construction Code (NCC) 2025[11] do not assist in addressing this barrier and further show that the regulatory environment is not yet ready for the transition to clean vehicles. This is partnered with the high cost of installing EV chargers, which continues to present significant challenges for Strata Owners Corporations to gain majority approval for passing charging fees onto property owners, when a minority of owners or residents have present need for such services. This present-need versus future-investment trade-off is ultimately limiting tenants' access to EV options.

While the discount, registration subsidies, and the New Vehicle Efficiency Standard have supported uptake, ARENA data indicates the market is still developing and still needs continued policy support to meet national climate and transport-sector goals. A coordinated and collaborative approach between industry and Government will be required to decarbonise Australia's fleets, including a consistent policy environment, consumers incentives, infrastructure support, and clear market signals.

---

6 Energy Economics, *Evaluating Norway's electric vehicle incentives*: https://www.sciencedirect.com/science/article/abs/pii/S0140988325003147?via%3Dihub

7 Stats NZ, *Electric vehicle imports lose charge as volumes drop*: https://www.stats.govt.nz/news/electric-vehicle-imports-lose-charge-as-volumes-drop/

8 Electric Vehicle Council, *Statutory Review of the Electric Car Discount submission*: not yet published.

9 Australian Bureau of Statistics, *Survey of Motor Vehicle Use, Australia*: https://www.abs.gov.au/statistics/industry/tourism-and-transport/survey-motor-vehicle-use-australia/latest-release

10 Electric Vehicle Council, *EV Sales Hit Record Highs in 2025 with 38% Rise and New Monthly Record in December*: https://electricvehiclecouncil.com.au/media-releases/ev-sales-hit-record-highs-in-2025-with-38-rise-and-new-monthly-record-in-december/#:~:text=The%20annual%20results%20bring%20Australia's,part%20of%20Australia's%20car%20market.

11 Australian Building Codes Board, Public Record Board Meeting 2025: https://www.abcb.gov.au/about/board/public-record-board-meeting-2025-4

AGL advocates that an appropriate threshold for discontinuing or phasing out the Discount should be determined having regard to modelling to derive the appropriate level of market share required to meet the 2050 Net Zero commitments and Outcomes in the National Electric Vehicle Strategy.

2. How did the eligibility criteria in relation to vehicle type impact the uptake of zero or low emissions vehicles? This could include responses that go to the type of vehicle eligible.

Complemented by the New Vehicle Efficiency Standard (NVES), and various state-based registration concessions, the Discount has played an important role in expanding the EV market in Australia. The number of EV models available has more than doubled, from 69 in 2022 to 150 in 2025, giving consumers a broader range of more affordable options.[12] Original Equipment Manufacturers (OEM) have indicated that up to half of EV sales fall under the Discount and below the Luxury Car Tax threshold, demonstrating the policy's influence on both pricing and market composition.[13]

Despite this growth, EVs remain relatively expensive for many customers, with most models priced around $50,000 and entry-level options starting at roughly $25,000. This compares with internal combustion engine (ICE) vehicles, which can be purchased new for as little as $18,000 in Australia. As a result, approximately 350,000 EVs at the end of 2025 remain well below AEMO's forecasted necessity of one million EVs on the road by 2027/28. Any reduction to incentives at this stage may slow uptake further and discourage OEMs from accelerating the shift manufacturing away from fossil-fuelled engines. AGL therefore maintains that a measured, evidence-based phase-out of the Discount should occur only once EVs reach a sustainable market share. Data could be leveraged from the 2026 NVES review to determine whether EVs have reached a sustainable market share for a considered exit of subsidies. The NVES is a useful baseline and credit mechanism that is providing pivotal certainty to industry via its outlined and long-term policy direction.

On the other hand, AGL acknowledges that the Discount usually favours those on higher incomes due to the Discount assisting novated leases. While this may be the case, this accessibility supports the second-hand EV market, offering cheaper options to other groups in the population. Rather than adjusting the Discount itself, AGL considers that lowering the Luxury Car Tax threshold for EVs to $80,000, bringing it in line with ICE vehicles, would encourage the import of more affordable models and help influence OEM pricing strategies, notably, potentially amending prices for EVs that are currently selling between $80,000-90,000. Similar approaches overseas, such as China's targeted subsidies for EVs under specific price and range limits, have successfully prompted manufacturers to introduce lower-cost models tailored to mass-market consumers.

Other evidence relevant to the future operation of the electric car discount for eligible electric cars

The transition of Australia's vehicle fleet is fundamental to the broader energy system transition. If designed with consumer preferences in mind, there is growing potential for EVs to function as distributed energy resources that benefit both households and the wider grid, particularly via V2G.

As noted earlier, EVs and charging infrastructure are interdependent. To support both, AGL sees an opportunity for the Discount to evolve to include economic incentives for charging infrastructure and smart-charging technologies. Expanding eligibility to home, kerbside, and workplace charging would help address range anxiety and enable broader demand flexibility, supporting the vision of the National Consumer Energy Resources Roadmap. Similar to the uplift seen in home battery uptake following Cheaper Home Batteries Program,[14] targeted support for smart charging could accelerate adoption and deliver wider system benefits, including mitigating peak demand and improved network utilisation.

---

12 Electric Vehicle Council, *State of Electric Vehicles 2025:* https://electricvehiclecouncil.com.au/wp-content/uploads/2025/10/State-of-EVs_2025_141025-2.pdf

13 Electric Vehicle Council, *Statutory Review of the Electric Car Discount submission*: not yet published.

14 Department of climate Change, Energy, The Environment and Water, *Cheaper Homes Batteries Program*: https://www.dcceew.gov.au/energy/programs/cheaper-home-batteries

Bidirectional charging, such as V2G and Vehicle-to-Home (V2H), is a critical enabler of lower household energy costs and improved energy security. These technologies allow energy to flow both ways, enabling EVs to act as mobile storage. Households can charge when renewable generation is abundant and cheap, then use or export stored energy later to reduce bills or earn revenue through market participation. V2H also provides backup during outages, reinforcing the role of EVs as dynamic energy assets rather than solely with value as transport options.

ARENA modelling highlights the substantial economic benefits of V2G, estimating reductions of $0.7-$2.7bn in wholesale generation costs and $0.3-$2.4bn in distribution network peak-demand costs.[15] However, AGL emphasises that V2G uptake must be consumer-led. Customers will only engage if technologies and services deliver clear value, are simple to use, and respect consumer preferences and protections. The long-term success of V2G will therefore depend on innovation, trusted products and a supportive policy environment that encourages voluntary participation. This could include making the Discount applicable to V2G capable EVs.

About AGL

Proudly Australian since 1837, AGL delivers around 4.6 million gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. AGL operates the largest electricity generation portfolio in Australia of any ASX-listed company, with a total operated generation capacity of almost 8000 MW across Australia. AGL is Australia's largest privately-owned hydro power station operator and operates the largest portfolio of renewables and storage assets of any ASX listed company. Since 2006, AGL has invested billions of dollars in the construction and delivery of over 2 GW of renewable and firming capacity in the National Electricity Market.

If you have any questions about AGL's submission, please do not hesitate to reach out to Emma Holloway, Manager Policy & Regulatory Affairs at eholloway@agl.com.au.

[15] ARENA, *National Bidirectional EV Charging Roadmap: V2G Electricity Market Modelling Report*: https://arena.gov.au/assets/2025/02/National-Bidi-Roadmap-MARKET-MODELLING-REPORT-2025-02-12.pdf