30 October 2025

Parliament of Victoria
Legislative Council Economy and Infrastructure Committee
Parliament House
Spring Street
East Melbourne VIC 3002

**Submission to the Inquiry into Electricity Supply for Electric Vehicles in Victoria**

Nexa Advisory welcomes the opportunity to contribute to the Victorian Legislative Council's *Inquiry into Electricity Supply for Electric Vehicles (EVs)*.

Nexa is an advisory firm with an unwavering focus to accelerate the clean energy transition in a way that provides secure, reliable, and affordable power for consumers of all types. Nexa Advisory is a team of experienced specialists in the energy market, policy and regulation design, stakeholder engagement, and advocacy. We work with public and private clients including renewable energy developers, investors and climate impact philanthropists to help them get Australia's clean energy transition done.

## Introductory remarks

Nexa Advisory welcomes the opportunity to contribute to this important Inquiry into how Victoria can best harmonise EVs with electricity supply and demand. Overcoming barriers in EV uptake is critical for achieving Australia's emission reduction goals, given that vehicles contribute to about 13 per cent of the country's greenhouse gas emissions[1]. Advocating for policies to support the EV transition is pivotal for addressing climate concerns and economic pressures, particularly in a way that is equitable, competitive and consumer-focused.

*The opportunity*

There are an estimated 260,000 EVs on the road today, which is expected to approach 4 million by the start of next decade[2]. As EV charging technology, grid integration and network regulation matures, this will enable vehicle-to-grid (V2G) capability which can support households, reduce demand on the grid and provide resilience and back-up at critical times.

The EV industry and Victorian Government through this Inquiry must prioritise user experience and meeting the needs of new customers, as ultimately, they are the ones responsible for adopting EVs. Nexa Advisory believes the Inquiry should investigate the importance of public charging and its role in consumer EV uptake. Although governments have funded several programs aimed at promoting EV adoption, little has been done to support one of the critical links in the EV chain - the provision of power supplies for EV charging infrastructure.

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[1] Australian Government, Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Cleaner, Cheaper to Run Cars: The Australian New Vehicle Efficiency Standard, February 2024
[2] Nexa Advisory, Empowering Consumer Energy, September 2025

For widespread EV adoption, consumers need confidence in the accessibility and reliability of EV charging. State and Federal governments are already providing funding to support the growth of EV charging infrastructure– such as through Victoria's *Destination Charging Across Victoria* Program.

The Victorian Government through this Inquiry also has the opportunity to deliver equitable benefits for all Victorians – particularly rural and regional communities. Regional communities are grappling with economic challenges and widespread energy poverty, largely stemming from historical challenges in electricity infrastructure and maintenance. These same communities often bear the responsibility of hosting critical national infrastructure projects, such as transmission lines and renewable energy installations.

However, the prevalence of energy poverty in these regions poses a significant obstacle to widespread electrification and the associated benefits of EVs, primarily due to inadequate distribution network capacity. Addressing these issues should be prioritised to ensure that regional communities are not left behind in the transition to EVs.

*The challenges*

Ensuring timely, cost-effective access to electricity supply is crucial for building this EV infrastructure. Even with targeted government support, the continued rollout of EV charging infrastructure currently faces challenges including:

- the lengthy and costly process of securing power supply from Distribution Network Service Providers (DNSPs);
- a lack of national consistency to connections;
- lack of network data transparency, impeding EV charging infrastructure providers making investment decisions to ensure assets are efficiently located to support the grid while serving consumers; and
- slow network tariff reforms – favouring the current model of DNSP cost recovery over incentivising behavioural changes that could support more efficient use of the grid.

In particular, the application of inflexible 'traditional' tariff structures for public EV charging remains a key barrier to public charging providers developing commercially viable projects[3].

These represent significant bottlenecks in EV charging infrastructure deployment and have the potential to increase costs for consumers.

There are several practical actions which the Victorian Government and market bodies should take to improve the competitive delivery of these solutions. A thriving and competitive EV charging industry is essential to achieve energy transition targets and to realise the benefits for consumers and the grid.

[3] Evie Networks, Submission on NSW DNSPs' 2024-2029 Pricing Proposals, May 2023

Instead of regulated monopolies presenting EVs and EV charging as a problem and seeking to benefit from owning and controlling these assets themselves, (DNSPs) could instead work with their customers to create solutions, for the benefit of all consumers.

**Key recommendations**

Nexa Advisory has continued to advocate for these practical improvements to be urgently prioritised to accelerate consumer energy in Australia.

1. **Strengthen data transparency obligations on DNSPs Federal and State Energy Ministers must reform the current regulatory arrangements to embed stronger obligations on data sharing – across both operation and planning horizons.**
   Access to critical network data - including hosting capacity, network constraints, and locational value - remains fragmented and inconsistent across jurisdictions and DNSPs. This is a major roadblock to the adoption of Consumer Energy Resources (CER) and competitive delivery of network services by non-DNSPs. To address this, Federal and State Energy Ministers should:
   - Enforce DNSPs minimum transparency requirements criteria and obligations across all NEM jurisdictions to allow open access to network data.
   - Embed obligations for joint planning transparency between DNSPs, AEMO, and Transmission Network Service Providers (TNSPs) - including updating the Distribution Annual Planning Report (DAPR) template to ensure the publication of estimated costs of network upgrades, locational investment signals and non-network assessment outcomes.
2. **Streamline grid connections and reduce cost**
   Consumers applying for new distribution network connections can face unpredictable timeframes and high-cost connections. This is exacerbated where new technology is involved where processes and network rules had not considered when written.
   To address this, Victorian Government and the Australian Energy Regulator (AER) should require DNSPs to:
   - Develop standardised, transparent connection timeframes in negotiating Service Level Agreements (SLA) with connecting parties, enforcing penalties for excessive delays.
   - Streamline connection requirements and fees by establishing standardised technical requirements to prevent excessive and unpredictable connection fees.
   - Develop flexible connection options by offering flexible connection arrangements to optimise the use of latent network capacity through controllable load management of smart infrastructure, with customers responding to network forecasts and through clear tariff signals.

   This would reflect a shift away from DNSPs capital expenditure bias and avoid capital-intensive network augmentation to meet demand shifts.
3. **Develop tariffs that recognise smart infrastructure**
   Network tariffs that include blunt demand or capacity charges are high cost and unsustainable for consumers and new connections. These ignore the substantial network benefits provided by EVs and EV charging coordination.

While the Australian Energy Market Commission (AEMC) is currently undertaking a pricing review[4] – this is largely focused on residential and small business consumers but omits larger commercial and industrial connections. This is an area that has had limited to no innovation for decades and therefore is no longer fit for purpose.

As such, the AEMC must be directed to evaluate the tariff regulation of DNSPs, with regard to customers of all types and consumption thresholds. This should include reform to enable: innovative tariffs such as energy-only charges for new, low utilisation sites; solar soak incentives; and load control incentives during critical events. Innovative tariffs should be available for both low and high utilisation sites.

**Other recommendations**

We also recommend the Inquiry to consider the below recommendations which would address broader barriers which threaten the uptake of EVs in Victoria. These would ensure competitive neutrality and minimise misuse of monopoly powers by distribution network businesses.

To address these challenges, we strongly urge the Victorian Government to direct the AER to:

1. **Uphold and reinforce ring-fencing obligations** to ensure that regulated DNSP businesses cannot own EV charging infrastructure and other assets which can be delivered competitively;
2. **Support greater performance monitoring of DNSPs – particularly where they are granted ring-fencing waivers.** The Victorian Government should champion an improved performance reporting regime which includes a robust framework of audit, compliance and performance monitoring of DNSPs in meeting the conditions of any ring-fencing waivers. This can be achieved through the Energy and Climate Change Ministerial Council, tasking the Australian Competition and Consumer Commission (ACCC) with developing this framework.
    - Ensure any further DNSP waivers are jointly assessed by the Department and AER to safeguard competitive neutrality. Ideally to prevent any further similar trials in VIC by DNSPs and that this trial is used as the basis for knowledge sharing and input into future decision.
    - Implement enforceable oversight measures, including:
        - independent audits of CPU's neutrality compliance;
        - mandatory publication of access applications, queue positions, and fees; and
        - clear reversal triggers for breaches.
    - Additionally, require independent evaluation of DNSP-led trials to ensure data and learnings are shared publicly and not used to justify future DNSP market entry.
3. **Strengthen data transparency obligations through DNSP licencing arrangements,** requiring DNSPs to publish network data relevant to hosting capacity, congestion and constraint locations to level the playing field for competitive third-party providers – as well as within infrastructure planning undertaken by local councils and community groups.

[4] AEMC, The pricing review: Electricity pricing for a consumer-driven future

The remainder of our submission provides insights and recommendations relevant to Victoria's context, across the scope outlined in Terms of Reference of this Inquiry, including:

- economic regulation of electricity distribution networks – including tariff alignment;
- the need for greater distribution network data transparency; and
- defining the role of distribution businesses in facilitating the uptake of EV charging infrastructure.

Thank you for the opportunity to provide a submission to the Inquiry. We also attach our recent *Empowering Consumer Energy* report which further details the opportunity and challenges as it relates to the delivery of CER – including public EV charging – and the role of DNSPs.

We welcome the opportunity to further discuss any aspect of our submission [redacted]

Yours Sincerely,

Stephanie Bashir
CEO and Principal
Nexa Advisory

## Address power supply challenges

The industry must prioritise user experience and meeting the needs of new customers, as ultimately, they are the ones responsible for adopting EVs. Although governments have funded several programs aimed at promoting EV adoption, little has been done to support one of the critical links in the EV chain - the provision of power supplies.

For widespread EV adoption, consumers need confidence in the accessibility and reliability of EV charging. State and Federal governments are providing funding to support the growth of EV charging infrastructure, however, regulatory and policy settings need to be reviewed and updated to support this significant change in how the electricity network is being used.

If Victoria's EV adoption target (50% of all new light vehicle sales by 2030) is to be met, the provision of electricity supply for EV charging must be:

- delivered in a timely manner that allows charging service providers to build infrastructure expeditiously;
- have the capacity to meet initial requirements and accommodate future upgrades to meet increased consumer demand;
- cost-effective, ensuring consumers do not bear the burden of costly network infrastructure costs;
- supported by policies and funding to incentivise DNSPs to deliver services efficiently; and
- priced based on tariff structures that consider network usage relative to the initial cost of supply provision.

## Monopoly networks have a history of RAB growth and gold-plating – particularly in Victoria

We've previously discussed Victoria's experience of how monopoly incentives of DNSPs can drive a bias towards capital expenditure growth of the Regulated Asset Bases (RAB) of these monopoly network businesses[5]. This is because - despite regulatory incentive schemes designed to mitigate this bias – DNSPs have continued to make the argument for capital intensive solutions as they encroach on competitive CER markets, including EV charging.

Victoria's smart meter rollout is a cautionary case study. In 2006, the Victorian Government mandated state-wide smart meter deployment for all residential and small business electricity consumers, electing for a distributor-led rollout delivered under its Advanced Metering Infrastructure (AMI) Program.

The rollout suffered from a lack of innovation, cost-effectiveness, competition and consumers choice. A Victorian Auditor-General's Office (VAGO) review of the program found that, by the end of 2015, consumers had paid approximately $2.239 billion in metering service charges to install 2.79 million smart meters, with an economic net cost of $319 million[6].

*This Inquiry can drive the shift towards a totex regulatory model for DNSPs.*

[5] Nexa Advisory, Empowering Consumer Energy, September 2025
[6] Victorian Auditor-General's Report, Realising the Benefits of Smart Meters, September 2015

Although this 'capex bias' has been a focus of economic and regulatory reviews over the past decade – which have proposed solutions such as a 'totex' model - these have not yet resulted in any major changes to network regulation.

We have previously discussed the potential for a totex model to remove incentives for asset investment and regulated asset growth for distribution businesses. This was commenced by Ofgem in the U.K. through the Electricity Distribution (RIIO-ED1) framework from 2015-2033.[7]

This treats capital and operating expenditure together as total expenditure, which removes the bias towards capital investment. As such, distribution networks are better incentivised to meet consumer outcomes at least coast rather than maximise their RAB.

In its 2018 Electricity Network Economic Regulatory Framework Review[8], the AEMC examined totex as recommended by the Finkel Review (explicitly testing for capex bias) but ultimately recommended the status quo of the existing 'building block' regulatory model. Currently, the only incentives for customer/demand-side responses include the Demand Management Innovation Scheme and Allowance (DMIS and DMIA) – but these see low usage by DNSPs. For example, we have previously shown that DNSPs on average utilised 33% of the available allowance, indicating reluctance to access demand-side flexibility.[9]

### Economic regulation of electricity distribution networks – including tariff alignment

Network tariffs have not kept pace with two-way energy flows or the potential of CER to support the grid. Victoria now experiences midday surplus from rooftop solar and evening peaks, without taking advantage of the opportunity provided by EV charging at the right time and in the right location.

During periods of minimum energy demand in the middle of the day, surplus energy generated by rooftop solar PV could be used by EVs to charge, mitigating potential network management issues.

The National Electricity Rules require distributors to propose tariffs via their Tariff Structure Statements (TSS), which reflect recent changes – namely two-way pricing - to better integrate solar, batteries and EVs.[10]

However, we have previously discussed that network tariffs have failed to adapt to the two-way energy flow or acknowledge the potential of CER in network and power system management[11].

EV network tariffs and 'solar soaker' network tariffs that incentivise both rooftop solar PV customers and non-solar customers to shift their EV charging to the middle of the day have

[7] Ofgem, Guide to the RIIO-ED1 electricity distribution price control
[8] AEMC, Electricity network economic regulatory framework review 2018
[9] Nexa Advisory, Accelerating Consumer Energy in Australia, April 2024
[10] AER, Export Tariff Guidelines
[11] Nexa Advisory, Accelerating Consumer Energy in Australia, April 2024

proven highly effective elsewhere[12] in managing load without requiring direct orchestration or managed charging.[13]

**Connections for EV charging proponents**

But tariff reform is slow, and outdated tariffs – particularly those of large users such as EV charging providers – don't reward flexibility. Additionally, these users face lengthy, complex and costly connection processes.[14]

The lengthy and costly process of securing power supply from DNSPs remains a significant bottleneck in EV charging infrastructure deployment and has the potential to increase costs for consumers. Through our advisory work, we understand that current connections could take up to 18 months to complete and can often cost between $250k and $750k depending on the capacity and location.

### The need for greater distribution network data transparency

**Network data transparency is needed to ensure EV charging is installed competitively and used at the right time and in the right location.**

DNSPs possess monopoly access to critical network data, including locational information and hosting capacity constraints which is critical to the integration of distributed and consumer energy resources – including EV charging infrastructure. However, third parties do not have adequate access to the network data needed to support delivery of third party-owned infrastructure such as public EV charging infrastructure.

The current role of DNSPs to identify and forecast distribution network need, with no requirement to share that network data with other market participants, means that it is not possible to identify where and how non-DNSP-led investments (such as EV charging infrastructure) could offer value.

The DAPR and the Energy Networks Australia "Network Opportunity Maps" (based on the DAPR) do not provide sufficient, publicly available, up to-date data to underpin the development of third-party CER resources – particularly EV chargers, where the connection location and configuration forms a key input to the business case and in understanding how charger location can best meet the needs of consumers.

**Recent reforms on network data access**

All distribution networks are required under the National Electricity Rules (NER) to publish annual information on network constraints at the zone substation and sub-transmission levels through their DAPRs - but not more granular data. In recent years, some networks have begun using mapping platforms to share this data, along with limited information on lower voltage assets. While all DNSPs now maintain digital maps of their network areas, the level of

[12] UQ, The UQ CHARGE-EV Project, February 2024
[13] EnX, Network tariffs for V2G, February 2024
[14] Nexa Advisory, Untapped potential of Commercial and Industrial Energy Resources in the NEM, September 2025

detail and accessibility varies significantly. Victorian networks tend to offer more granular data due to their access to smart meter infrastructure; however, this data is not always publicly available or easily accessible - even to customers.

Currently, most publicly available mapping data focuses on demand-side constraints, with minimal visibility into export constraints. Tools such as the Rosetta Analytics portal provide general insights into the Australian energy system, but do not pinpoint areas where CER capacity exceeds local network hosting capacity – or where CER, including EV charging infrastructure, could support the grid by providing minimum load.

The AER Network Visibility Review seeks to improve access to network data for CER consumers, installers and operators, building on the Energy Security Board's (ESB) data strategy. While recent rule changes require DNSPs to share data with select stakeholders - including market bodies, AEMO and federal and state governments - there remains no broad obligation for DNSPs to share network data with CER owners, their agents, or third-party service providers beyond what is currently disclosed in the DAPR.

This information asymmetry benefits the DNSP, creating the potential for discrimination against third parties, because the limited access to network data impacts third parties' ability to develop viable battery or EV charging projects[15].

Even with regulatory safeguards, this may remain a risk due to market structures and broader network regulatory arrangements. For example, this asymmetry limits the ability for third parties to negotiate around the connection of their project (e.g., EV charging infrastructure) to the distribution network. This discrimination is difficult to demonstrate under the current arrangements, and therefore difficult to enforce through regulations (e.g., ring-fencing provisions).

Without addressing this issue, DNSPs will continue to benefit from this asymmetric information, undermining the ability for non-DNSP businesses to deliver assets competitively, maximising the value for consumers as well as benefiting the network.

To foster innovation and enable competitive alternatives to traditional network investment, DNSPs should be required to publicly release detailed network data, including information on the low-voltage network and the associated costs of network improvements. This would empower third-party providers to develop and offer alternative solutions that achieve the same outcomes, enhancing consumer choice and driving efficiency in the energy transition.

DNSPs should also be required to publish hosting capacity maps, real-time and forecasted network constraints and the costs to implement network solutions and connection queue data. This data should be standardised, machine-readable and updated regularly.

[15] AER, Ring-fencing Guideline Explanatory Statement (Electricity distribution) Version 3, November 2021, p.33

In addition, Nexa Advisory proposes the introduction of interim updates or "mini-DAPRs" that focus on emerging issues such as CER integration, EV uptake and flexibility services. These updates should be provided more regularly than the annual report, which would ensure that planning remains responsive to rapid changes in technology and consumer behaviour.

To ensure the quality and consistency of DAPR reporting, Nexa also recommends strengthening the AER oversight. This should include independent audits and regular reviews of DAPR content and compliance, to ensure that improvements are rigorously implemented and maintained over time.

### Defining the role of distribution businesses in facilitating the uptake of EV charging infrastructure

Another key area of concern for this Inquiry should be the regulation and governance of infrastructure to support electric and alternative energy vehicles, including the role of DNSPs and the importance of maintaining market competition.

DNSPs will play a role in facilitating the electricity infrastructure that underpins EV charging, as well as broader integration of CER. However, without proper regulatory safeguards, DNSP involvement in contestable markets such as EV charging infrastructure or energy storage risks distorting competition and reducing innovation.

The obstacles discussed above are the direct result of the current governance and regulatory framework favouring incumbent DNSPs, limiting the evolution and competitiveness of new entrants and the development of consumer-centric technology solutions. We have previously discussed that despite the monitoring efforts by the ACCC and AER, there is a gap in the monitoring efforts of competition and innovation of CER – including EV infrastructure.

Additionally, recent waivers granted by the AER have allowed DNSPs to exploit their regulated monopoly positions to compete with third parties, communities and consumer energy service providers[16].

This is despite the poor track record and missing incentives for these businesses to efficiently deliver the best outcomes for consumers in these services. This has been evidenced through the recent *Community Batteries for Household Solar* program, for which the AER granted a Class Waiver for DNSPs[17]. In the assessment of the program - which was administered by the Australian Renewable Energy Agency (ARENA) – it was found that "network batteries were more expensive on average than non-network (behind-the-meter) batteries" with a weighted average cost of $2,300 compared to $1,330 per kWh ($2,240 vs $1,270 per kWh unweighted)', where weighted by the number of batteries across projects. This reflects that services provided by regulated monopoly businesses are inherently less consumer-centric than those provided by competitive markets.

[16] AER, AER grants trial waiver for innovative kerbside EV chargers, 6 March 2025
[17] AER, Batteries funded under the Commonwealth Government's Community Batteries for Household Solar Program - Ring-fencing class waiver, February 2023

This not only disadvantages third-party proponents but also risks slowing the pace of EV infrastructure deployment across Victoria, undermining broader decarbonisation and electrification objectives.

*There is a considerable risk of monopoly electricity network businesses encroaching into the competitive market of EV charging infrastructure which the Victorian Government must urgently address.*

## Maintaining competition through strong ring-fencing protections

### The benefits of competition

Critically, all aspects of EV charging infrastructure are contestable and open to competition, supported by strong and effective monopoly regulation of DNSPs to ensure open access to the network and regulated assets owned by DNSPs which are ultimately paid for by consumers.

Competition is the single most effective way to give Victorian EV drivers abundant, affordable and user-friendly charging infrastructure. International evidence shows that when multiple charge-point operators can invest on equal terms, rollout is faster, costs are lower and service quality is higher[18].

Conversely, DNSP-led deployment inherently lacks the service and cost incentives for efficient and consumer-centric delivery of EV charging infrastructure. This gives rise to the need for economic regulation of price, service and access for distribution networks, as well as ring-fencing to ensure regulated monopoly businesses do not exploit their position adjacent unregulated markets, like public EV charging.

### The need for ring-fencing

The rapid deployment and evolution of CER, enabled by competition and innovation in the provision of these products and services, is driving the decentralisation of our energy system. This decentralisation is challenging the traditional role and business models of DNSPs.

In response, these regulated monopoly businesses have presented CER as a problem and sought to benefit from owning these assets themselves. This has seen the weakening of regulation which they are subject to - in particular 'ring fencing' arrangements – which allows these businesses to encroach on competitive markets.

The objective of the Ring-fencing Guideline is to:

- promote the National Electricity Objective by providing for the accounting and functional separation of the provision of direct control services by DNSPs from the provision of other services by them, or by their affiliated entities.
- promote competition in the provision of electricity services[19].

[18] U.K. Government, Department of Transport, Government response to the CMA's Electric vehicle charging market study, March 2022

[19] AER, Ring-fencing Guideline Electricity Distribution, February 2025

The ring-fencing framework prevents DNSPs from cross-subsidising contestable activities with revenue earned from electricity customers from regulated services.

Further, the Guideline operates to ensure that the regulated electricity DNSPs do not exercise their monopoly powers by separating regulated activities from competitive business activities, to support competitive markets. However, this framework is currently being eroded by waivers granted by the AER for community batteries and EV charging infrastructure[20].

In our submission to the AER on the proposed Ring-Fencing Class Waiver for Community Batteries[21], we strongly opposed the AER's class waiver for DNSPs, which we consider set the wrong precedent for distributed and consumer energy resources (including EV charging infrastructure) which can and should be delivered competitively.

The AER itself acknowledged in its Guideline that DNSP-led projects without sufficient controls could "risk the foreclosure of other players" and would "not be in the long-term interest of consumers"[22].

Moreover, DNSP ownership and operation of community batteries and charging infrastructure - without proper ring-fencing or transparency - limits the realisation of the full value stack of services these assets can provide.

As discussed above, this has been seen historically through the DNSP-led smart meter rollout in Victoria. In this case, the delivery of otherwise competitive services resulted in adverse outcomes including a lack of innovation, cost-effectiveness, competition and consumer choice[23].

As such, we consider that third-party providers are better placed to deliver these services competitively and innovatively.

*Regulatory oversight and enforcement*

There is a significant gap in regulatory oversight and enforcement regarding the participation of DNSPs in competitive markets, particularly in the provision of public EV charging infrastructure. DNSPs are increasingly seeking ring-fencing waivers from the AER to own and operate EV infrastructure. This practice risks distorting market dynamics, crowding out private investment, and undermining the development of a competitive and innovative energy services sector.

Compounding this issue is the lack of scrutiny applied to the ring-fencing waiver process itself. To date, the AER has not rejected any waiver applications, despite growing concerns from industry stakeholders. This pattern suggests that DNSPs are being permitted to leverage their

[20] AER, Decision - Ring-fencing Class Waiver for Batteries funded under the Community Batteries for Household Solar Program, February 2023
[21] Nexa Advisory, Initiation notice - Ring-fencing class waiver Community batteries funded under the Commonwealth Government's Community Batteries for Household Solar Program, January 2023
[22] AER, Electricity distribution Ring-fencing Guideline Explanatory Statement, November 2021, p.30
[23] Victorian Auditor-General's Report, Realising the Benefits of Smart Meters, September 2015

regulated monopoly positions to compete directly with third-party providers, communities and consumer energy service businesses - contrary to the principles of competitive neutrality.

Further, there is a notable absence of public, standardised metrics to monitor DNSP activity in competitive markets, including how they process and compete with EV and CER connections. While anecdotal evidence of connection delays and disputes exists, it is not being captured or reflected in AER compliance and monitoring frameworks. This may be due to smaller market participants lacking the resources or awareness to initiate formal complaints, or a reluctance to escalate issues for fear of damaging future relationships with DNSPs.

These challenges are described in the context of the recent Citipower, Powercor and United Energy (CPU) trial waiver described below. This decision and the DNSP-led model is contrary to the accelerated rollout of public EV charging which is needed in Victoria.

**AER decision circumventing Inquiry into Electricity Supply for Electric Vehicles in Victoria**

On 23 October 2025, the AER approved a ring-fencing waiver application made by CPU.[24] This allows CPU to run a kerbside EV charging trial across their Victorian networks – owning and maintaining up to 100 pole-mounted public EV chargers.

The trial aims to "test":

- dynamic tariff response and modulation to manage local network constraints;
- efficient use of existing pole infrastructure without network augmentation; and
- interoperability via multiple e-Mobility Service Providers (e-MSPs).

In this AER decision, the AER claims the waiver promotes long-term interests of consumers because it:

- supports EV transition and decarbonisation;
- generates "network learnings" about demand response and tariffs; and
- expands public charging access.

However:

- these benefits are not measured or guaranteed;
- the decision creates real competition and governance risks that could lead to higher long-term costs or reduced innovation
- the conditions are not enforceable and there are no guarantees by the AER to do so.

While the limitations placed on the approval of this trial may be welcomed by some stakeholders, it is important to acknowledge that the AER has not adequately safeguarded the integrity of competitive markets. This oversight risks undermining consumer interests by

[24] CitiPower, Powercor, and United Energy - Ring-fencing waiver - Electric vehicle charging infrastructure | Australian Energy Regulator (AER)

enabling a foreign-owned monopoly to encroach upon a sector that should remain open and contestable.

The approach taken by CPU appears to align with a broader strategy advocated by monopoly network operators - namely, the socialisation of costs associated with public EV charging infrastructure across all electricity consumers, regardless of their ability to own or operate an EV.

It is important to clarify that the technical feasibility of modulating EV charging demand is not the subject of this trial. This capability has already been demonstrated extensively, including within Australia through initiatives supported by ARENA and involving multiple DNSPs.[25]

Rather, what is being tested here appears to be the political and institutional tolerance for allowing monopoly entities to assume control over segments of the EV charging market that have, until now, remained competitive. This raises significant concerns for existing market participants, many of whom must now divert resources away from infrastructure development to defend the regulatory settings that enable their continued operation.

These developments collectively signal a need for more robust policy leadership and regulatory clarity to ensure that Australia's transition to electric mobility is equitable, efficient and aligned with consumer interests.

We note the following shortcomings of the trial waiver:

1. **Enforcement Gaps**
   The waiver conditions set by the AER in granting the waiver depend heavily on CPU self-reporting and annual disclosures. However, these requirements lack independent verification, formal audits or a structured penalty framework. This creates significant enforcement gaps in ensuring compliance and accountability.

   There is no effective mechanism in place to prevent or detect breaches of neutrality or discriminatory practices. This absence of oversight raises concerns about the integrity and fairness of CPU's operations under the waiver conditions.

   Furthermore, while the AER has indicated its intention to reclassify pole access as a negotiated distribution service in the upcoming 2026–31 Victorian regulatory reset, this reclassification has not yet been finalised or made enforceable. As a result, a regulatory vacuum exists during the initial trial phase commencing in 2025–26, leaving stakeholders without clear guidance or protections during this transitional period.

2. **Market Distortion**
   The dual role of the CPU as both the monopoly pole owner and an electric EV charging operator presents a significant risk of market distortion. This arrangement allows CPU to control access to essential infrastructure, potentially disadvantaging third-party charging

[25] Jemena EV Grid Trial Knowledge Sharing Final Report - Australian Renewable Energy Agency (ARENA)

providers. Such control may lead to exclusion or delays for competitors, reinforcing CPU's first-mover advantage in the EV charging market.

Although the AER acknowledges these risks, its current approach relies solely on transparency measures to mitigate them. The regulator has stated that "risks are sufficiently mitigated by conditions and reclassification proposals." However, this reliance on transparency alone highlights a regulatory gap, as it does not adequately ensure competitive neutrality.

In the interim period, CPU retains full discretion over the terms of pole access, including pricing and connection prioritisation. This effectively allows CPU to operate in a contestable market using monopoly-owned assets, without sufficient regulatory oversight or safeguards to ensure fair competition.

3. **Lack of Information and Transparency**
   The CPU possesses unique and critical network data, including hosting capacity, voltage levels, and constraint maps. However, its obligations to publish this information are limited and largely reactive, rather than proactive or comprehensive.

   This lack of accessible data creates a persistent competitive imbalance, making it difficult for other market participants to enter the contestable EV charging space. Without equal access to essential network information, third-party providers are disadvantaged in planning and investment decisions.

   Moreover, this opacity undermines Victoria's broader policy objectives aimed at fostering private investment and innovation in zero-emission transport infrastructure. Transparent and equitable access to network data is essential to support a competitive and dynamic market aligned with the state's sustainability goals.

4. **Profit Retention Without Consumer Benefit**
   The AER has permitted CPU to retain all profits generated during the trial period, while explicitly excluding the project from the Shared Asset Guideline. This decision means that consumers, who bear the risks associated with reduced competition, receive no direct economic return or benefit from the use of monopoly infrastructure.

   This arrangement has broader implications for consumer outcomes. If contestable providers are discouraged from participating due to unlevel playing conditions, consumers may ultimately face reduced choice, slower infrastructure rollout, and potential cost increases. The absence of mechanisms to share financial benefits with consumers further exacerbates concerns about fairness and efficiency in the emerging EV charging market.

5. **Weak Oversight of Site Selection and Access**
   Site selection for EV charging infrastructure remains entirely under the control of CPU. While the AER requires CPU to publish site information, there is no requirement for independent review or pre-approval of site choices.

This lack of oversight enables potential self-preferencing by CPU, particularly in securing high-value or strategically advantageous locations. It also allows for selective engagement with local councils, which may further entrench CPU's position and limit opportunities for other providers to participate in the market.

To address these gaps, Nexa Advisory recommends that the AER take a more proactive role in collecting, analysing and publishing data on DNSP connection performance and competitive market impacts - particularly in cases where waivers have been granted. This would improve transparency, support accountability, and help ensure that the long-term interests of consumers and the integrity of competitive markets are upheld.

While the process currently sits with the AER, there is a role for the ACCC to oversee and ensure there is no misuse and misconduct in exercising regulatory monopoly powers and discrimination behaviours. In addition, clear guidelines could help prevent these behaviours by regulated monopoly electricity distribution networks.

We also acknowledge that the Victorian Minister for Climate Action, Energy and Resources does have a critical role in safeguarding consumer interests and ensuring competitive neutrality is maintained throughout the energy transition.