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Senate Economics Legislative Committee
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COAG Reform Fund Amendment (No Electric Vehicle Taxes) Bill 2020

AGL Energy (**AGL**) welcomes the opportunity to respond to the Senate Economics Legislative Committee's inquiry on the COAG Reform Fund Amendment (No Electric Vehicle Taxes) Bill 2020 (**Inquiry**).

AGL is one of Australia's leading integrated energy companies and one of the largest ASX listed owner, operator, and developer 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.

AGL is also 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 distributed energy resource (**DER**) assets to optimise their energy load profile and better manage their energy costs. Our current DER product and services include our leading-edge Virtual Power Plant¹, Peak Energy Rewards demand response program,² retail offer for electric vehicle (**EV**) owners³ and EV subscription service.⁴ Through our EV Orchestration Trial⁵, we are also seeking to understand how EVs could help the wider energy system by 'orchestrating' vehicle charging through smart chargers, Vehicle to Grid chargers and API technology.

Accelerating the uptake of EVs will be an integral technology pathway for decarbonising Australia's economy. As we previously observed to the 2018 Select Committee on Electric Vehicles,⁶ the widespread uptake of EVs, when coupled with the decarbonisation of the electricity grid and increasing penetration of local solar photovoltaic (**PV**) technologies, presents a substantial opportunity to deliver emissions reductions consistent with Australia's long-term commitments under the Paris Agreement.

¹ For further information regarding AGL's Virtual Power Plant, currently available to customers in New South Wales, Queensland, South Australia and Victoria please refer to https://www.agl.com.au/solar-renewables/solar-energy/bring-your-own-battery?cde=sem-r&gclid=EA1a1QobChMlicjKmKup5wIVyjUrCh2eXwvVEAAYASAAEgLRPD_BwE&gclidsrc=aw.ds.

² See further AGL Peak Energy Rewards, available at <https://www.agl.com.au/newcampaigns/peakenergyrewards>.

³ See further, AGL EV Plan, available at <https://www.agl.com.au/electric-vehicles>.

⁴ See further, AGL Electric Vehicle Subscription, available at <https://www.agl.com.au/get-connected/electric-vehicles/ev-subscription>.

⁵ See further, AGL Electric Vehicle Orchestration Trial, available at <https://arena.gov.au/projects/agl-electric-vehicle-orchestration-trial/>.

⁶ See further AGL Submission to the Commonwealth Parliament Senate Select Committee on Electric Vehicles, 2018 (27 July 2018), Available at https://thehub.agl.com.au/-/media/thehub/documents-and-submissions/2018/agl-submission-commonwealth-inquiry-into-electric-vehicles_final_27-july-2018.pdf?la=en&hash=11D9929521DB27D43CFF3D803E826DC0.

We are concerned by the South Australian and Victorian governments' announcements last year to introduce road charges for electric vehicles.

We support the view in this Bill that Australia will be best served by a national electric vehicle strategy. With the comparatively small market that exists in Australia, the introduction of short-sighted and ad-hoc taxes will stunt the development of this emerging industry and leave Australia well behind other developed nations.

Overarching policy and regulatory framework for electric vehicles

We consider the Commonwealth Government's Future Fuel Strategy currently open for public consultation provides an optimal opportunity to develop and articulate a national EV strategy in collaboration with the states.⁷ As the Commonwealth Senate Select Committee on Electric Vehicles concluded in 2019:

EVs are at the forefront of a major transformation of the world's transport sector [but] EV uptake in Australia lags behind that of other comparable countries due to a relative absence of overarching policy direction from the Australian Government.⁸

Australian governments should work together through the Energy and Infrastructure and Transport National Cabinet Reform Committees and national market reform processes to develop a national EV roadmap that establishes a nationally agreed target and supporting policy initiatives. Complementary measures should also be deployed through state-based policy and regulatory levers.

In our view, the overarching policy and regulatory framework should focus on the following areas:

1. *Increase the variety (diversity) of choice and affordability of new and used EVs in the Australian market* - through emissions targets, vehicle fuel efficiency standards, quantitative EV targets and government fleet targets. A nationally agreed EV target would set the 'light on the hill' objective that can then drive coordinated State and local governments' initiatives in support of the national target. It would also establish a clear benchmark against which to measure ambition and progress across the national economy. Establishing an EV target is the centrepiece of most international government policy support frameworks for EVs, with the scope and scale of other supporting policies crafted to achieve that target.⁹
2. *Consider complementary policy levers to phase out internal combustion engine vehicles to support accelerated transition towards EVs.* Importation rules and/or fuel fee arrangements that 'escalate' over time may present useful avenues to facilitate transition.¹⁰

⁷ See further, Australian Government Department of Industry, Science, Energy and Resources, Future Fuels Strategy discussion paper (5 February 2021), Available at <https://www.industry.gov.au/news/future-fuels-strategy-discussion-paper-have-your-say>.

⁸ See further Senate Select Committee on Electric Vehicle, Report (30 January 2019), Available at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Electric_Vehicles/ElectricVehicles/Report. AGL made a submission to the Inquiry, a copy of which is available at https://thehub.agl.com.au/-/media/thehub/documents-and-submissions/2018/agl-submission_-commonwealth-inquiry-into-electric-vehicles_final_27-july-2018.pdf?la=en&hash=11D9929521DB27D43CFF3D803E826DC0.

⁹ For example, the Norwegian Parliament set a target that all new cars sold by 2025 be zero emissions vehicles (battery electric or hydrogen), see further <https://elbil.no/english/norwegian-ev-policy/>. The UK Government's Road to Zero Strategy (2018) includes the ambition to see at least half of new cars to be ultra low emission by 2030, Available at <https://www.gov.uk/government/news/government-launches-road-to-zero-strategy-to-lead-the-world-in-zero-emission-vehicle-technology>.

¹⁰ In a presentation to Australia's Electric Vehicle Council in November 2020, Vice Chair of the UK Climate Change Committee Professor Julia King noted that fuel price was a key driver of changes in consumers' purchasing behaviour in the UK with the introduction of 'elevator' fuel fees able to stimulate transition away from fossil fuel vehicles. See Baroness Browne of Cambridge and Vice Chair UK Climate Change Committee, 'ZEVs: Accelerating transport decarbonisation' (17 November 2020) Presentation to the Electric Vehicle Council.

3. *Reduce consumers' "range anxiety"* - through concerted state policies on EV charging infrastructure planning and deployment including planning schemes to improve information asymmetry and early market competitive grant funding to stimulate efficient industry investment in charging infrastructure.
4. *Enable EV grid integration so that EVs can interact with Australia's energy markets for the benefit of all energy users* - through harmonised energy market rules and associated technical standards required to support innovative EV solutions such as demand response and orchestration.
5. *Improve consumer confidence in the emerging market for EV products, systems and services* - by ensuring a harmonised national customer protections framework that is fit-for-purpose and through which customers receive the same rights and protections irrespective of how they choose to receive their EV energy supply and services.
6. *Ensure fuel and transport pricing reform accelerates the uptake of EVs in the short-term whilst laying the groundwork for a nationally harmonised distance-based road user pricing framework in the long-term.*
Into the future, Australia's fuel and transport pricing frameworks will need to adapt to support a fit-for-purpose approach in response to emerging technologies such as EVs.

AGL supports a nationally harmonised distance-based road user pricing framework that can be applied equally to internal combustion engine (**ICE**) vehicles and EVs. Initially, this framework should be applied to ICE vehicles only to test the parameters of the framework whilst supporting the continued development of Australia's EV market.

In the medium term (5-10 years and as EVs reach price parity with ICE vehicles), EVs should be transitioned into the road user pricing framework. At this point in time, consideration should also be given to developing more sophisticated cost reflective charges (considering inputs such as costs of building and maintaining roads, congestion, carbon emissions, air and noise pollution including the associated public health impacts and costs, and road trauma) as well as variation of charges by time, location, and vehicle type.

Should you have any questions in relation to this submission, please contact Kurt Winter, Regulatory Strategy Manager, on 03 8633 7204 or KWinter@agl.com.au.

Yours sincerely



Elizabeth Molyneux

GM Policy and Markets Regulation