

Submission by Evie Networks

To The

Australian Energy Market Commission

On

AEMC Draft Guide To Applying

The Emissions Component

of the

National Energy Objectives

17 August, 2023

Evie Networks (Evie) welcomes the opportunity to respond to the AEMC's draft guide on how it will look to apply the Energy Ministers' decision to amend the National Energy Objective (NEO) to now include a specific Emissions Reduction Objective.

Evie believes the draft guide clearly sets out the approach the AEMC will take in applying the new NEO and, within this, the Emissions Reduction Objective. Evie particularly notes that in future Commission consultation papers and decision documents (that includes decisions on Rule Change Proposals) will discuss how it has chosen and applied the various criteria in the NEO, which necessarily will include details as to how it has applied the Emissions reduction Objective.

However Evie would wish to make one specific comment that it believes the Commission needs to address in its final guidance document, namely:

The draft guide makes a subtle, but potentially significant, change to the detailed explanation provided in the May 2023 Information Paper approved by Ministers on the breadth of application of the new NEO and, therefore, could potentially change a key priority set by Ministers.

Specifically Ministers provided a detailed explanation as to why they had decided to not only include targets that were directly linked to reducing greenhouse gas emissions, but also targets that "are likely to contribute to reducing Australia's greenhouse gas emissions" – with very specific examples being provided in the following terms:

"Including the words 'or likely to contribute to' retains the intent that targets that may not be promoted as primarily for reducing emissions, but which would contribute to that goal, such as renewable energy targets or electric vehicle targets could be captured".

The Second Reading Speech for the enabling legislation also specifically references EVs.

But the draft guide does not pick up this specific reference to EVs and, instead, refers to "electrification".

The use of the term "electrification" is broad enough to include EVs, and this appears to be the intention of the AEMC as, at an AEMC forum (webinar) on 7 August last on harmonising the energy rules and AEMC guide to applying the emissions component of the national energy objective:

- An AEMC Commissioner specifically noted that as the "target list" of Government policies for determining the application of the new NEO would include the Commonwealth's Net Zero Policy, this would mean that the new NEO would apply across other Sectors (ie, not just the Energy Sector).
- In elaborating on this, the Commissioner specifically referenced Electrification of the Transport Sector.

However, Evie considers that Ministers adopted this additional wording for a specific purpose, with this wording serving to highlight the importance Ministers place on the role of Electric Vehicles in reducing emissions.

Further, Evie particularly notes that Commonwealth and State EV policies directly link the role of EV charging infrastructure to the take up of EVs within the context of reducing emissions/achieving emissions reduction targets.

As set out in Evie's submission to the AER on its corresponding guidance document on the application of the new NEO (copy attached), this issue of a Ministerial focus on EVs is very significant in the context of the AER's current review of NSW DNSPs' 2024-2029 Tariff Proposals and how the proposed tariff structures now before the AER would have an adverse impact on a critical component of Government policies to promote the take up of EVs designed to reduce emissions in the Transport Sector and the overall economy: Publicly available fast, and ultra fast, EV charging infrastructure.

Therefore Evie recommends that the Commission's final guidance document retains the specific reference to EVs as previously determined by Ministers and, as part of this, the Commission adopt a pro-active role in identifying Rules that have prevented the AER in the past from adopting network tariffs designed to facilitate the rollout of publicly available EV charging infrastructure.