

Submission to the Australian Government on the Future Fuels Strategy discussion paper 2021.



The Electric Vehicle Council (EVC) is the peak body representing the electric vehicle industry in Australia. Our members include companies involved in providing, powering, and supporting electric vehicles.

We welcome the opportunity to make this submission to the Senate Standing Committee on Economics on the COAG Reform Fund Amendment (No Electric Vehicle Taxes) Bill 2020.

Initial comments on the Future Fuels Strategy

- The focus of the Future Fuels Strategy should respond to the direction of the automotive industry. Recent commitments by automakers have clearly indicated that the future of transport is battery electric and plug-in hybrid electric vehicles. As such, the strategy should focus on these technologies.
- While the strategy positions itself as providing 'choice' for consumers, the lack of policy to accelerate electric vehicle uptake, is in fact achieving the opposite. By excluding fuel efficiency standards, financial incentives, and electric vehicle sales/fleet targets, the Government is unequivocally restricting consumer choice for Australians. Today and into the future, as other countries compete for electric vehicle investment, Australia will remain the dumping ground for old and polluting vehicle technologies. This inaction will continue to cause Australian consumers to pay more for transport than should otherwise be necessary.
- The Electric Vehicle Council agrees that prioritising fleets is a beneficial way to grow the electric vehicle market. However, as has been identified in the strategy, the upfront purchase cost of an electric vehicle is a significant barrier. The Government should support electric vehicle procurement through financial incentives. Particular mechanisms to drive fleet uptake include electric vehicle exemptions to Fringe Benefit Tax (FBT).
- The only benefit of being a global laggard in electric vehicle policy and uptake is the opportunity to learn from international experience. It is disappointing that the Future Fuels Strategy has not looked to the policies adopted in other markets, to develop an evidence-based approach to market acceleration. The Government should look to jurisdictions, such as the United Kingdom - as a major right-hand drive market - to develop a strategy that is in line with global commitments.
- The Future Fuels Strategy should primarily focus support on transport electrification and in particular the electrification of road transport where the majority of emissions originate. Incumbent transport fuel providers are themselves diversifying their portfolios and investment to ensure they remain a player in the global transition to electric transport. Shell and BP are already investing heavily in electric vehicle charging infrastructure in Europe.¹
- While hybrid vehicles have been beneficial in shifting consumer behaviour and attitudes to early forms of transport electrification, they are not new. As a 20-year-old technology, their presence in a 'future' focused strategy is misplaced. The strategy self-identifies that the hybrid market does not need government support by highlighting the exponential increase in hybrid sales.

¹ Auto Daily (2021) How petrol providers are adapting to the EV era: <https://www.autodaily.com.au/how-big-oil-firms-are-adapting-to-the-ev-era/>

- The Government itself has conceded that its modelling of abatement costs as presented in the Future Fuels Strategy may not represent the true benefits and costs of electric vehicles.² Where:
 - More weight was given to the purchase price of an electric vehicle compared to the average lifespan of an electric vehicle. This is despite that it is widely known that the financial benefits of owning an electric vehicle are measured through total-cost-of-ownership, not the upfront purchase price. Reduced servicing and maintenance, and cheaper refuelling through electricity often position electric vehicles as more economical than internal combustion engine vehicles.
 - Like-for-like vehicle comparisons were not made - with an electric Renault Kangoo Maxi van compared against a Renault Kangoo petrol compact. Given the considerable difference between the size of the two compared vehicles and cost, the Government should have compared the 'truer' like-for-like vehicle of the Renault Diesel Maxi.
 - If a true like-for-like comparison could not be made, then it should not have been used in the modelling.
 - There are like-for-like vehicles available internationally. The Government's strategy should look to address the policy barriers that are restricting supply, so that true like-for-like comparisons can be made in Australia.
 - The model only accounted for electric vehicles that were charged using the grid, despite that:
 - states have invested significant amounts into grid decarbonisation
 - all public fast charging networks are renewably powered (including the networks that have been co-funded by the ARENA), and
 - 44% of respondents to an Electric Vehicle Council consumer attitudes survey indicated their intention to charge using renewable energy through their own solar panels/battery or via green power/carbon offset electricity contract.
- The Electric Vehicle Council has been engaging with the Federal Department on an electric vehicle policy- now absorbed into the Future Fuels Strategy – for two years. Therefore, this discussion paper should have been an opportunity to consult on defined actions, rather than intended industry consultation plans.
- Please note that any reference to 'electric vehicle' in this document refer to battery electric vehicle and plug-in hybrid electric vehicles.

The need for strong electric vehicle policy

Electric vehicles bring environmental, health, societal, and economic benefits to countries that support them.

Strong electric vehicle policy is necessary if we are to reach net-zero emissions by 2050. Given that vehicles stay on the road for an average of 15-17 years once sold, the last internal combustion engine vehicle must be sold by 2030, or 2035 at the latest to meet targets of decarbonisation by 2050.

Furthermore, exhaust fumes and vehicle pollution are damaging to human life. Improving air quality, through zero emissions vehicles, must be prioritised and included as a motivation to accelerate electric vehicle uptake.

² The Driven (2021) Officials reject suggestion Taylor asked for "dodgy" EV modelling, but admit errors: <https://thedriven.io/2021/03/23/officials-deny-taylor-asked-for-dodgy-ev-modelling-but-admit-errors/>

Research by the Electric Vehicle Council and Asthma Australia has found that in NSW, 60% more people die from vehicle emissions than car crashes.³ Additionally, that each electric vehicle on NSW roads will save \$2,400 in health costs.

Global electric vehicle policy

Globally, to demonstrate commitment to electrification with strong electric vehicle policy, that includes plans to phase out petrol and diesel vehicle sales. National and sub-national jurisdictions with plans to ban internal combustion engine vehicle sales include:⁴

- **By 2030:** Barcelona, Cape Town, Denmark, Iceland, Ireland, Israel, London, the Netherlands, Slovenia, Sweden, the United Kingdom and Vancouver.
- **By 2035:** Japan, California,
- **By 2040:** France, Sri Lanka, and Singapore.

In addition, vehicle manufacturers are investing billions towards electrification via new product lines, and setting targets:

Recent commitments include:⁵

- Audi commits \$15.4 billion to electrification with 20 electric vehicles by 2025
- BMW plans over 7 million electric vehicles globally by 2030
- Daimler announces \$85 billion investment in electric vehicle
- Ford commits to 100% all-electric passenger vehicle range in Europe by 2030
- General Motors commits to all electric by 2035
- Hyundai plans 23 electric cars by 2025
- Jaguar Land Rover commits to all electric by 2025
- Nissan plans to electrify all new models in Japan, China, the US, and Europe from the early 2030s.
- Renault announces 24 new models by 2025
- Volkswagen invests \$142 billion in electrification over the next 5 years

In Australia, the lack of formative electric vehicle policy continues to have a devastating impact on electric vehicle uptake. This is despite that fuel efficiency standards and financial incentives are recognised as the most effective means to encourage uptake of electric vehicle uptake.¹⁰ In fact, no successful electric vehicle market exists globally without having provided financial incentives to lower the upfront cost for consumers.

Projected uptake of electric vehicles in Australia

In a report commissioned by Commonwealth Government agencies the ARENA and the CEFC, Energeia demonstrates the impact of a business-as-usual approach to electric vehicles in Australia, compared to uptake as a result of policy actions in various scenarios.⁹

It finds that Australia's electric vehicle market stagnates over seven to nine years, compared to global markets, due to policy inaction.

Since this study was published, other markets have increased their policy support for electric vehicles, resulting in further lost investment for Australia.

We are currently falling short of the low / business as usual projections.

³ In 2017, 649 people died from vehicle emissions deaths compared to 389 crash deaths.

⁴ This is not an exhaustive list

⁵ Additional commitments can be found in: EVC (2020) State of Electric Vehicles 2020 appendix.

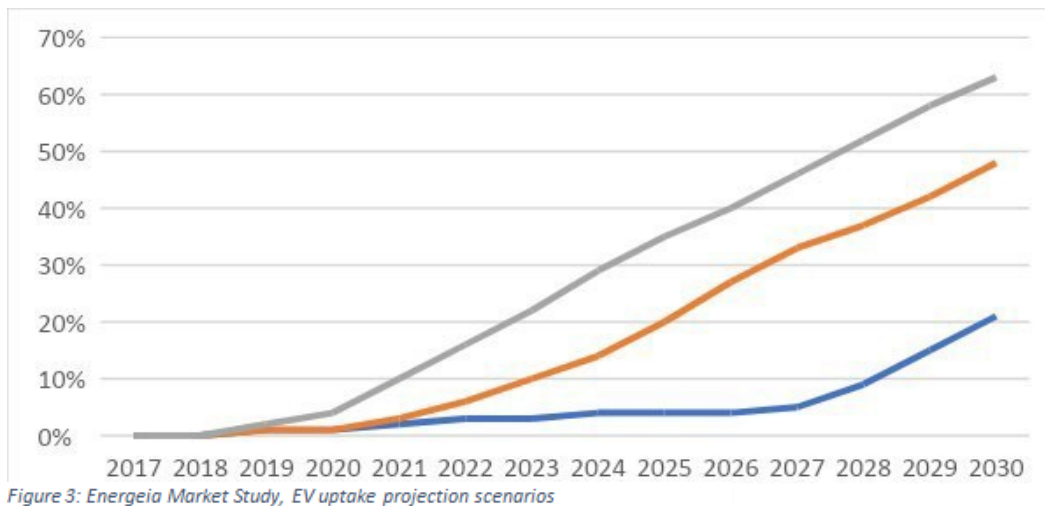


Figure 3: Enegeia Market Study, EV uptake projection scenarios

Despite this, the Federal Government recently updated their 2020 emissions projections report - increasing its forecast to 26% electric vehicle penetration by 2030⁶ - while failing to present any argument as to how that will be achieved.

The Federal Government’s emissions modelling also did not consider the new state taxes, which studies indicate could decrease electric vehicle uptake by between 25 and 38 per cent.⁷

How does policy affect the automotive sector?

The automotive sector has repeatedly stated that model availability in Australia is restricted due to the absence of government regulations and supportive policies:

- **Nissan Australia - Chief Executive, Stephen Lester**, said a lack of leadership in embracing electrified cars was out of step with the world’s leading economies and there was no reason the nation could not be a global leader in the uptake of the technology- “The manufacturers play a key role in bringing choice and availability to the market. The private sector can support the build-up of infrastructure and services. And we need the government as another arm of support by giving direction and confidence to consumers.”⁸
- **Volkswagen Australia - Managing Director, Michael Bartsch** says he “cannot convince his German head office to supply Australians with the company’s top-selling mid-range electronic vehicles because of “embarrassing” local laws.” Additionally, that a lack of carbon standards means that the VW board will not allocate electric vehicles to the Australian market.⁹
- **SAIC, China’s biggest car maker**, has criticised Australia’s “unique” lack of policy incentives for the electric car industry, saying the policy black hole is

⁶ Australia Government (2020) Australia’s emissions projections 2020 <https://www.industry.gov.au/data-and-publications/australias-emissions-projections-2020>

⁷ Australian Financial Review (2021) Electric vehicle targets likely to fail <https://www.afr.com/companies/transport/electric-vehicle-targets-likely-to-fail-20201221-p56p85>

⁸ SMH (2021) Maker of world’s most popular electric car blasts Australia’s lack of ambition <https://www.smh.com.au/politics/federal/maker-of-world-s-most-popular-electric-car-blasts-australia-s-lack-of-ambition-20210302-p5772f.html>

⁹ SMH (2021) VW boss says ‘embarrassing’ rules stop cheap electric car imports: <https://www.smh.com.au/business/consumer-affairs/vw-boss-says-embarrassing-rules-stop-cheap-electric-car-imports-20210322-p57d85.html>

preventing a healthy market for environmentally friendly vehicles from developing.¹⁰

- **Toyota Motor Corporation Australia** has commented on its delays bringing lower priced electric vehicles to the Australian market, “I don't think it's people-readiness, I think it gets down the infrastructure, and I also think it gets down to affordability, and that's really critical here.”¹¹
- **BMW Australia** “This is the technology that all major manufacturers have subscribed to, that the majority have invested in, planned for, committed to and embraced — except Australia.”¹²
- **Kia Motor Company**, has explained its indefinite delay in bringing the award-winning e-Niro to Australia, “KMC policy is e-Niro goes to countries that have CO2 regulations and have legislation in place, that's the issue with us in relation to getting e-Niro.”¹³

What does this mean for price parity?

The confidence that electric vehicle uptake in Australia will increase exponentially to 2025 and beyond, regardless of policy support and/or new charges, is unjustified.

This is demonstrated today, where lower priced electric vehicle models are not bought to Australia, due to investor uncertainty for demand.

In the United Kingdom, for example there are:

- 8 models cheaper than Australia's cheapest EV at \$44,991.
- 29 models that are cheaper than \$60,000 – in Australia there are only four.
- A total of 43 EVs under \$100,000 compared to Australia's nine.

Without the introduction of supportive policies, the rest of the world will enjoy increasingly more affordable and accessible electric vehicles, while Australians miss out and transport emissions continue to rise.

The increased model availability and declining prices forecast for electric vehicles and associated technologies will not be mirrored in Australia without the correct policy settings.

What does good electric vehicle policy look like?

Policy is the most important driver in the transition to electric road transport in Australia.

The Electric Vehicle Council recommends that a mix of regulatory, financial, and infrastructure policy is implemented in four areas:

1. Policies to directly reduce electric vehicle costs and improve model availability

Policies to reduce electric vehicle costs and improve model availability have the most impact on electric vehicle uptake. These 'carrot' policies, such as financial incentives, encourage consumers to purchase electric vehicles. Importantly, these policies are required for manufacturers to decide to bring electric vehicles, particularly models in cheaper 'mass market' segments to Australia.

¹⁰ Australian Financial Review (2019) Chinese car giant slams electric car black hole

<https://www.afr.com/companies/manufacturing/chinese-car-giant-slams-electric-car-black-hole-20191115-p53awi>

¹¹ Car advice (2019) Toyota Australia looks to roll out EVs from around 2025

<https://www.caradvice.com.au/802835/toyota-australia-electric-vehicle/>

¹² Drive (2017) BMW slams Government over “inaction” for electric cars <https://www.motoring.com.au/bmw-calls-for-government-co2-action--again-107537/>

¹³ Cars Guide (2019) Kia Australia's EV plans delayed <https://www.carsguide.com.au/car-news/kia-australias-ev-plans-delayed-76580>

The Electric Vehicle Council recommends that Australia accelerate uptake and improve model availability by:

- Providing short-term financial incentives that reduce the purchase price of an electric vehicle. This may be co-ordinated with State Governments to achieve similar levels of support as available for consumers globally.
 - This may be achieved through a combination of via an upfront incentive / cashback schemes, and/or an exemption to existing charges.
 - An incentive of at least \$5,000 would impact investment, making more affordable models of EVs available to Australian consumers. This incentive would be on the low end of upfront financial incentives available globally. The table below lists national incentives in G7 countries, excluding complementary incentives available at the sub-national level.

G7 electric vehicle purchase incentives		
Market	Incentive (local currency)	~AUD
Canada	\$5,000	\$5,000
France	€7,000	\$11,000
Germany	€6,000	\$10,000
Italy	€6,000	\$10,000
Japan	¥400,000	\$5,000
UK	£3,000	\$6,000
USA	\$7,500 USD	\$10,000
Australia	-	-

Table 1: Financial incentives for the purchase of electric vehicles

- Setting a government fleet target of 100% by 2030.
 - It is noteworthy that President Biden committed to electrify the 600,000-vehicle government fleet in his first week in office.
- Publicly stating an aim to achieve a sales target of 100% electric vehicle sales by 2030 (or 2035 at the latest).
 - The EVC is currently developing research on the annual sales objectives that would be required to achieving net zero by 2050 would be happy to work with the Government in developing their milestones.
- Supporting states to require public transport contracts procure new zero emissions buses and coaches as soon as feasible, with a target of full fleet electrification by 2030.
- Interrupting State Government plans to prematurely tax electric vehicles through a road user charge until electric vehicles account for 10% of the fleet, or set by a later date, with interim reviews.
- Creating exemptions for zero emissions freight vehicles to operate outside current residential curfews and bans, and trialling waivers for weight restrictions for these vehicles.

2. Implementation of CO₂ emission standards

Currently, 80% of the global light vehicle market has CO₂ standards while Australia does not.¹⁴ The introduction of light vehicle CO₂ emissions standards, in line with global

¹⁴ Australian Financial Review (2019) Fuel efficiency standards better than a Trump deal <https://www.afr.com/property/commercial/fuel-efficiency-standards-better-than-a-trump-deal-20190806-p52e97>

standards, would directly reduce emissions and encourage vehicle manufacturers to bring a wider variety of electric vehicles to Australia.

Research has shown that CO₂ standards have had a direct impact on electric vehicle uptake in jurisdictions that are tightening them. In Europe, 2020/2021 CO₂ standards regulate that automakers must reduce their overall fleet emissions to 95g CO₂/km (for 95% of their car sales in 2020).

Once the 2020/2021 regulations came into effect in 2020, electric vehicle (battery electric and plug-in hybrid) sales grew from 3% to 10.5%, while petrol and diesel market shares dropped for the first time under 50% and 30% respectively.¹⁵

A clear CO₂ policy commitment would signal to vehicle manufacturers that the government is serious about addressing emissions from passenger transport.

Importantly, these standards should be complemented with measures to support consumers decisions to achieve these targets, such as financial incentives for electric vehicles.

3. Policies to improve charging convenience

The provision of charging infrastructure is necessary to relieve range anxiety for prospective consumers. However, investment in charging infrastructure does not alleviate the cost burden of purchasing an electric vehicle. States are incorrect to argue that investment in charging facilities offsets the burden of new taxes.

Where electric vehicle ownership is not incentivised, the commercial viability of operating public charging infrastructure will continue to be unfeasible. As such, charging infrastructure investment should be coupled with policy drivers to encourage electric vehicle purchasing.

The Electric Vehicle Council recommends that governments improve charging convenience by:

- Providing financial incentives to reduce the cost for home chargers.
- Providing financial incentives to reduce the cost for commercial chargers.
- Investing in bus depot upgrades to power electric bus transition.
- Investing in heavy vehicle charging infrastructure along freight routes to support long distance logistics transport operators.
- Addressing inappropriate electricity tariff structures that disincentivise the rollout of public electric vehicle charging sites.

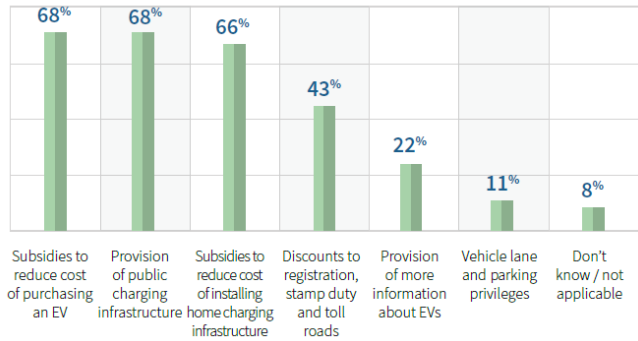
4. Policies to increase consumer knowledge and awareness

Consumers in Australia have already indicated interest in an electric vehicle as their next vehicle purchase. Research published by the Electric Vehicle Council in August 2020 found that 56% of respondents would consider purchasing an electric vehicle as their next car purchase (up from 48% in 2018 and 53% in 2019).

Furthermore, respondents overwhelmingly indicated support for government policies to reduce the cost of electric vehicles and provide public charging infrastructure, with 68% indicating these were policy mechanisms to encourage uptake.

¹⁵ Transport and Environment (2021) CO2 targets propel Europe to 1st place in emobility race
<https://www.transportenvironment.org/sites/te/files/publications/2020%20EV%20sales%20briefing.pdf>

Government polices to encourage EV purchase



Consumer surveys have shown a strong correlation between knowledge of electric vehicles and willingness to purchase.¹⁶ Government should, following effective actions to increase electric vehicle uptake, support efforts to educate consumers, including fleets, of the benefits of electric vehicles.

Responses to the actions outlined in the Future Fuels Strategy

This submission has outlined the policy drivers that are necessary to accelerate uptake of electric vehicles in Australia. These should be the primary actions of the Future Fuels Strategy.

In response to the discussion paper, our recommendations are below:

1. Electric vehicle charging and hydrogen refuelling where it is needed	
1.1 Address battery electric vehicle 'charging blackspots' through the Future Fuels Fund	<p>Given that Australia currently has limited charging infrastructure, the Government should not restrict where charging infrastructure funding goes.</p> <p>Metro regions require public charging infrastructure to support those living in apartments, without off street parking, and in rented properties. It can also be used to familiarise residents with electric vehicles and charging infrastructure by putting chargers in prominent areas.</p> <p>Public charging along highways, in between towns and cities, and interstate, is necessary to alleviate range anxiety for holidaying Australians. Additionally, investing in these corridors provides infrastructure for those living in regional areas, which is necessary to provide equity of access to electric vehicles. Charging infrastructure in regional areas also encourages tourism.</p> <p>The Electric Vehicle Council welcomes the investment in public charging infrastructure through the Future Fuels Fund. However, the provision of chargers, though necessary to alleviate range anxiety, does not help with the affordability of purchasing an electric vehicle.</p> <p>The Electric Vehicle Council recommends that co-funding for charging infrastructure not be restrictive. Additionally, that infrastructure investment be coupled with financial incentives to ensure commercial viability for charging infrastructure co-investors.</p>

¹⁶ Electric Vehicle Council (2020) State of Electric Vehicles in Australia 2020 <https://electricvehiclecouncil.com.au/reports/state-of-electric-vehicles-2020/>

<p>1.2 Support businesses with charging infrastructure costs to enable fleet uptake</p>	<p>The Electric Vehicle Council welcomes the support offered to businesses with commercial fleets to assist with charging infrastructure installation projects. However, the EVC seeks clarity on how much funding is available, what the eligibility criteria is, and when the funding will be available.</p> <p>The Electric Vehicle Council recommends grant schemes to support facility and electricity upgrades for small, medium, and large businesses, with funding determined by metrics as defined through the industry consultation.</p>
<p>1.4 Investigate future deployment opportunities for charging and refuelling infrastructure</p>	<p>Planning for charging infrastructure is critical in alleviating range anxiety. However, as previously mentioned, this should be coupled with policy to accelerate uptake.</p> <p>Given that the Federal Government is not achieving the ‘business as usual’ numbers as outlined in previous BITRE modelling, the Government should seek to drive uptake, so that there are electric vehicles to use future chargers. Mapping projects, though important, are not a policy driver. With certainty, the charging industry is ready to invest. They already have the expert knowledge to determine where charging infrastructure should be built, as they have been doing since the last decade.</p> <p>The Electric Vehicle Council recommends that the Government sets sales targets of 100% by 2035 and/or phase out dates for internal combustion engine vehicles - to provide certainty to vehicle manufacturers and charging infrastructure providers. Additionally, the Federal Government should knowledge share with states and territories who are already investing in charging infrastructure and mapping projects.</p>
<p>1.5 Collaborate with states and territories to maximise impact</p>	<p>Where Australian Governments are working together to reduce market barriers to uptake, a work program that prioritises standards and regulations is misguided.</p> <p>Given the low uptake of electric vehicles, any work that seeks to standardise charging infrastructure – including its installation and operation – must be consistent with what is happening internationally.</p> <p>Governments should consider allowing international standards as compliance pathways for Australian operators where appropriate.</p> <p>Bearing in mind the electric vehicle industry relies on consumer confidence, the Government should expect goodwill and that the industry will continue to focus this into business models.</p> <p>For example, the electric vehicle industry has already demonstrated their willingness to put the consumer first through standardisation where necessary, such as the 2017 agreement to adopt electric vehicle charging plug type standards.¹⁷</p> <p>The Electric Vehicle Council recommends that Governments do not seek to regulate or standardise the electric vehicle industry in Australia ahead of what is happening internationally. An industry-led approach is the best approach until there are international standards Australia can adopt.</p>

¹⁷ Federal Chamber of Automotive Industries (2017) FCAI technical statement on EV charging standards for public recharging infrastructure: <https://www.fcai.com.au/news/codes-of-practice/view/publication/99>

<p>Additional comments</p>	<p>One of the biggest commercial barriers to the charging industry and co-investors are the costs of electricity network connections and high operating costs. Currently, the connections process for charging infrastructure providers is costly and time consuming.</p> <p>To support charging infrastructure providers, Distribution Network Service Providers (DNSPs) must implement best-practice connection processes to facilitate timely installation. Greater information about grid capacity in potential charging locations would also help public charging operators assess locations and understand connection costs.</p> <p>The Electric Vehicle Council is currently in discussion with the ARENA and the Energy Networks Australia (ENA) to develop best practice guidelines for DNSPs.</p> <p>High operating costs stem primarily from network tariff structures. See Additional Comments - grid integration for further discussion and recommendations on tariff structures.</p>
<p style="text-align: center;">2. Early focus on commercial fleets</p>	
<p>2.1 Support businesses to incorporate new vehicle technology into their fleets through the Future Fuels Fund</p>	<p>The <i>fleets first</i> approach is not without its merit – supporting fleet access to new vehicle technologies will flood the second-hand market. However, the approach should focus on accelerating the uptake of battery and plug-in hybrid electric vehicles through incentives and/or tax exemptions, so that future fleet uptake is comprised of zero emissions vehicles.</p> <p>Additionally, and as the strategy has identified, the upfront purchase cost is a barrier to private consumers and fleet operators. As such, any efforts to accelerate uptake must include incentives to reduce the purchase gap.</p> <p>The Electric Vehicle Council recommends that fleet funding is for battery electric vehicles and plug-in hybrid electric vehicles only. Additionally, that the Government provide electric vehicles with Fringe Benefit Tax exemptions (please see additional comments below for further information).</p>
<p>2.2 Support road freight businesses to trial the latest technology and improve fleet productivity through the Freight Energy Productivity Program</p>	<p>Where the Government seeks to support the freight sector through the Freight Efficiency Program, this must not prolong the transition to electrification by providing support to existing freight technologies.</p> <p>Efforts to support the freight industry must focus on attracting heavy electric vehicle model availability to Australia and investing in charging infrastructure on transit routes.</p> <p>The Government’s proposal to support upgrades to commercial depots and base charging will support to operators of more localised freight routes, however more detail is required to understand its impact.</p> <p>Furthermore, the Government has had significant industry input through the National transport Commission, where freight operators highlighted that Australian Design Rules are restricting access to new vehicle technologies.</p> <p>The Electric Vehicle Council recommends:</p> <ul style="list-style-type: none"> - The Freight Energy Productivity Program focus on zero emissions vehicles.

	<ul style="list-style-type: none"> - The Government amends the Australian Design Rules to European standards to facilitate easier import of freight vehicles and increase model availability. - The Future Fuels Fund provides funding for heavy vehicle charging infrastructure along freight routes.
COMCAR trial	<p>Electric vehicle technology is beyond the need for further 'trials. Where the Government seeks to encourage the uptake of electric vehicles in commercial fleets, it should lead by example.</p> <p>Where the Government seeks to share learnings as part of its own trial, it should consider the trials previously undertaken and apply those learnings to its own fleet – as government fleet suitability has been proven in Australia by the ACT Government, NSW Government, local Governments, and commercial fleets.</p> <p>The Electric Vehicle Council recommends a Government fleet target of 100% zero emissions vehicles by 2030.</p>
Additional comments – Fringe Benefits Tax	<p>Model availability and upfront purchase price are the most significant barriers to electric vehicle uptake in fleets.</p> <p>The Government must provide demand certainty to electric vehicle manufacturers so that they will bring more models, in greater numbers, to our market. Such policy signals include financial incentives and fuel efficiency standards.</p> <p>The Electric Vehicle Council recommends an exemption under FBT for electric vehicles.</p>
3. Improving information for motorists and fleets	
3.1 Improve information for motorists on new vehicle technologies on the Green Vehicle Guide website	<p>Providing consumers with access to information about future vehicles is an important part of the electric vehicle transition. However, given the restricted availability of electric vehicles in Australia, education efforts must be coupled with policy to make electric vehicles more available and more affordable.</p> <p>The Electric Vehicle Council recommends consumer awareness campaigns to raise awareness on the benefits of electric vehicles, so that consumers can make informed choices, and are aware of the direction of the automotive industry.</p>
3.2 Share knowledge gained from commercial fleet trials funded through the Future Fuels Fund	<p>As previously mentioned, the Electric Vehicle Council does not support the trial of electric vehicles. Rather, the government should use learnings conducted by other governments and fleet operators as evidence of suitability for procuring electric vehicles now and setting fleet targets.</p>
3.3 Investigate what guidance is needed for businesses on the taxation of electric vehicles	<p>The government and ATO should attention on encouraging the adoption of electric vehicles in businesses. Given that FBT is set on the purchase price of the vehicle, exemptions should be offered to reduce the costs associated with purchasing an electric vehicle.</p> <p>Therefore, the Electric Vehicle Council recommends providing an FBT exemption for electric vehicles, which would provide time for the Australian Taxation Office to create a new system that address relevant issues such as the treatment of electricity as a transport fuel.</p>

<p>3.4 Assist the road freight sector with access to experts to support decisions on fleet investment through the Freight Energy Productivity Program</p>	<p>A significant barrier for the freight industry is heavy electric vehicle model availability. ‘Investment grade’ information does not address the barriers for the industry. What the freight sector needs is policy certainty to attract investment and electric van and truck unit allocation.</p> <p>The trucking industry has provided input into the Heavy Vehicle National Law Review, recommending that the Federal government adjust Australian Design Rules to allow for wider vehicles. Increasing the width requirement to Euro standards would have a significant impact on the electric vehicle models brought to the Australian market, accelerating the sector’s transition to electric.</p> <p>The Electric Vehicle Council recommends that the Future Fuels Strategy utilise information previously provided to the Heavy Vehicle National Law Review and the National Transport Regulatory Reform to determine actions that the industry is calling for to support freight electrification – including amendments to the Australian Design Rules, heavy vehicle license reform and charging infrastructure investment.</p>
<p align="center">4. Integrating battery electric vehicles into the electricity grid</p>	
<p>4.1 Researching consumer charging behaviour and mechanisms to encourage charging outside of peak electricity demand periods</p>	<p>Undertaking further analysis on improving understanding of consumer charging behaviour will benefit the energy sector, charging providers, and electric vehicle manufacturers.</p> <p>The Electric Vehicle Council notes that there are already projects underway or previously completed that are focusing on consumers.</p> <p>To ensure this additional piece of work adds value, the Electric Vehicle Council recommends the Federal Government assesses where gaps in understanding remains, through consulting with the energy sector, charging providers, electric vehicle manufacturers, and research institutions.</p>
<p>4.2 Collaborate with energy experts and the electric vehicle industry to plan for the integration of large numbers of battery electric vehicles</p>	<p>The Electric Vehicle Council supports the Federal Government’s continued engagement in the DEIP EV Grid Integration Working Group.</p>
<p>4.3 Trial emerging charging technologies through the Future Fuels Fund</p>	<p>The Federal Government, through the ARENA, should continue to support funding trials into V2G and smart charging trials.</p>
<p>Additional comments – Grid integration</p>	<p>Electric vehicles represent a significant area of electricity demand growth, and the flexible nature of this load, as well as developing V2G capability, means that electric vehicles provide significant opportunities to increase network utilisation, be a provider of ancillary services, and ultimately lower energy costs amongst other benefits to the electricity system.</p> <p>However, these opportunities could be wasted and instead represent only costly challenges if we fail to manage this load or stifle electric vehicle uptake by implementing onerous regulations, neglecting to allow innovative solutions, and failing to bring along consumers.</p>

Regulatory frameworks

As highlighted in our response to action 1.5, policy makers and regulators are sensible to consider appropriate regulatory frameworks for widescale electric vehicle adoption/ However, moving independently – either from the rest of Australia or from global regulations and standards – will affect the provision of EV technologies to Australia or individual states.

Given Australia remains a global taker of electric vehicle technologies, it is imperative that Australia aligns its regulatory framework to international frameworks. Introducing Australian-only standards and regulations will make serving the Australian market even more difficult given the existing electric vehicle market size and lack of accompanying policy support. This is true of any types of electric vehicle regulations, but the Electric Vehicle Council sees the risk of moving alone greatest in the energy sector.

Innovative tariffs

Allowing flexibility in our energy frameworks to provide innovative solutions is key to overcoming some of the different characteristics that electric vehicles bring to the energy systems. This is particularly true when it comes to electricity network tariffs for ultra-fast electric vehicle charging sites. Public electric vehicle charging sites need to be designed to meet consumer needs and expectations and play a key role in addressing range anxiety.

However, existing network tariff structures are not fit-for-purpose when it comes to these charging sites due to their low load factors, particularly at low levels of electric vehicle uptake when these sites see low utilisation. Given it is still a new technology product, the exact appropriate tariff is not yet clear. However, a more appropriate tariff structure would:

- Provide optionality to customers - allowing consumers to select either a volumetric time-of-use tariff or a demand charge tariff; ultra-fast charging sites currently only have the option of demand charges once they reach certain consumption thresholds.
- Have low fixed charge components – current C&I tariffs have high fixed charges which are incurred at very low levels of utilisation and are therefore hard to recover.

Providing customers with the certainty that they can access tariff optionality is also critical to provide confidence to the public charging industry.

Given the varying stages of regulatory periods across each state, the Electric Vehicle Council recommends:

1. Networks, governments, and electric vehicle charging providers work together to immediately address existing tariff elements that are leading to significantly high energy costs for public electric vehicle charging sites, resulting in an interim tariff structure.
2. Then, networks, governments and electric vehicle charging providers use the next few years until the next regulatory periods to collate data, analyse and trial tariff structures to determine appropriate tariff structure(s) to implement for public electric vehicle charging sites.

5. Supporting Australia innovation and manufacturing

<p>5.1 Support next generation technologies through ARENA</p>	<p>Australia could be a superpower in the electric vehicle industry and the next industrial revolution. The global race to control the electric vehicle supply chain has already begun.</p> <p>Already we have large quantities battery minerals, a skilled manufacturing industry and workforce, a decarbonising grid, and world leading research and development.</p> <p>With strong electric vehicle policy, Australia would be an attractive investment opportunity. However, the lack of commitment to electrification as shown in the Future Fuels Strategy means Australia will miss out on these once-in-a-lifetime industrial opportunities.</p> <p>The Electric Vehicle Council recommends an industry development plan that capitalises on the unique position Australia has to become a leader in the global electric vehicle and lithium-ion battery supply chain.</p> <p>Targeted policy, such as incentives to support Australian companies for research and development, go-to-market programs, and funding for manufacturing facilities, should be implemented to stimulate investment.</p>
<p>5.2 Support Australian manufacturing and innovation through the Modern Manufacturing Strategy</p>	<p>Investors who are willing to bring manufacturing opportunities to Australia are limited in business case development, where certainty of demand is restricted. In order to attract investment across the electric vehicle value chain, strong electric vehicle policy is necessary, with a domestic market that can demonstrate electric vehicles will be sold.</p> <p>Furthermore, the lack of support for the renewables sector is invariably why the grid is still 'dirty'. This is despite huge advocacy for a transition to renewables in Australia over the last decade. Should the Government seek to avoid mirroring this instance with electric vehicles in the future, it must work to reduce transport emissions through electric vehicles, while supporting the decarbonisation of our electricity supply.</p> <p>The Electric Vehicle Council recommends that the Future Fuels Strategy outlines strong electric vehicle policy actions to signal to potential investors that Australia is serious about electrification.</p>

Additional resources

1. EY report - commissioned by the Electric Vehicle Council – [Uncovering the hidden costs and benefits of electric vehicles.](#)