

Australian Government
Department of Infrastructure, Transport, Regional Development, Communications and Arts

Submitted online.

4 March 2024

New Vehicle Efficiency Standard – Consultation Impact Analysis

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission to the Department of Infrastructure, Transport, Regional Development, Communications and Arts' (the 'Department') consultation on the *Australian New Vehicle Efficiency Standard – Consultation Impact Analysis*.

The Australian Energy Council is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

The AEC supports the Federal Government's preferred option (Option B) and the proposed commencement of 1 January 2025. Without immediate policy action, transport emissions are expected to grow between now and 2030, at which point transport will become the largest source of emissions.¹ In this scenario, Australia will fall short of its 2030 climate target and will limit ambition for the future 2035 target. The Climate Change Authority said as much: "accelerating the take-up of electric vehicles [is] a high priority for meeting Australia's 2030 target".²

The AEC considers that Option B strikes a reasonable balance between reducing emissions and avoiding additional costs being placed on customers. The overseas experience [indicates](#) that a well-designed efficiency standard does not lead to "statistically significant" increases in vehicle prices, and the AEC has not found any anomalies or errors in the Consultation Impact Analysis that might materially change the findings.

Of course, the New Vehicle Efficiency Standard is only one part of the puzzle. The AEC will continue to work with government and policymakers to ensure the electricity grid provides customers with proper incentives for uptake, including the rollout of public charging infrastructure, development of national, minimum standards for smart charging and vehicle-to-grid technology, and tariff design.

Any questions about this submission should be addressed to Rhys Thomas, by email Rhys.Thomas@energycouncil.com.au or mobile on 0450 150 794.

Yours sincerely,

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¹ Department of Climate Change, Energy, Environment, and Water, 'Australia's Emissions Projections 2023', November 2023, p20-21, <https://www.dcceew.gov.au/sites/default/files/documents/australias-emissions-projections-2023.pdf>.

² Climate Change Authority, '2023 Annual Progress Report', October 2023, p99.