



RE: NEW VEHICLE EFFICIENCY STANDARD RESPONSES

About:

AUSEV was established to accelerate the adoption of electric vehicles in Australia, with a focus on Right Hand Drive (RHD) 4x4 Electric Vehicles (EV's). The company is committed to offering an end-to-end solution, including servicing, charging and fleet management.

AUSEV forms part of a larger group, which is a wholly owned Australian entity with a decade long history of importing and remanufacturing thousands of RHD vehicles into the Australian market.

AUSEV leverages that experience in remanufacturing and distributing Internal Combustion Engine (ICE) vehicles to now offer a solution to either partially or fully manufacture RHD EV's locally in Australia.

Further information on AUSEV can be found at www.ausev.com.au.

Introduction:

AUSEV has established extensive advanced manufacturing and design capability and has built a strong reputation for excellent componentry design, manufacturing, and installation through its strong partnership network.

We strongly advocate for Australian government policy which will support and enable a local EV manufacturing and assembly industry – particularly with respect to light and heavy commercial EVs. This can be seen in our previous submissions to the National Electric Vehicle Strategy, Federal Battery Strategy and Powering Queensland's Battery Consultation papers.

Australia has previously been neglected by vehicle manufacturers supplying fuel efficient vehicles to the market due to a lack of regulation on fuel emissions standards. However, given the new government's EV ambitions with the introduction of the New Vehicle Efficiency Standards, there are extensive opportunities to establish, extend and increase EV supply in Australia.

AUSEV makes this submission on the New Vehicle Efficiency Standards to ensure that as a supplier who is capable of manufacturing, assembling, and producing EVs on scale we are considered within the policy framework that aligns with Australia's EV, decarbonisation, and electrification future.

Responses:

9. Briefly, describe how the NVES might impact your organisation?

A: The NVES is a necessary initiative for reducing vehicle CO₂ emissions in Australia and aligns with AUSEV's mission statement of accelerating the adoption of electric vehicles in this country.

AUSEV is an early adopter and market leader in the decarbonisation of vehicle emissions, through the manufacturing and supply of light commercial electric vehicles.

As an early adopter, this has come at a significant commercial cost, with large investments from an operational and R&D standpoint. Application of an advanced credit would allow AUSEV to recapture some of these costs, while continuing to invest in growing capacity for increased supply of much-needed zero-emission light commercial vehicles.

There remain however, despite the NVES, significant market barriers that will restrict AUSEV's growth within the EV industry in the short term and ultimately slow the potential uptake of EV's to the Australian marketplace.

AUSEV seeks policy measures which will not only support the supply of EVs once the scheme has commenced but will also encourage R&D and investment into supply of EVs in advance of the proposed scheme's commencement.

AUSEV proposes that the scheme include recognition of the investment being made by early adopters as a means of bringing forward the supply of EVs. Under this proposal companies will be incentivised not just once the scheme has commenced, but rather they will be incentivised to invest now to bring vehicles to the market, in volume as soon as the new scheme commences.

We propose that early adopters in the EV industry and who are already supplying EV's to the market ahead of the fuel efficiency standards be provided advanced credits that can be banked or pooled for vehicles that have been entered onto the RAV since its inception. This would ensure regulatory approval with the Government's own guidelines.

AUSEV has been a strong advocate for the transition to EV's for light commercial vehicles as evidenced in the company's response to the National Electric Vehicle Strategy Consultation Paper.¹ As foreshadowed in our submission at that time, we have become a significant enabler of the uptake of light commercial EVs in Australia. Over the last 12 months, our entire business has pivoted to align with government policy around the uptake of EVs in anticipation of the now proposed fuel efficiency standards.

An advance credit scheme will support the very significant investment already made by AUSEV for the supply of light commercial EVs, mitigate the risk of this investment and our pivot to 100% EVs, and in so doing send a powerful message to the market of EV suppliers that a business supplying high-quality light commercial EVs is commercially viable and sustainable.

For AUSEV, an advance credit scheme will also enable the company to invest in accelerating our planned supply of light commercial EVs into the Australian market.

¹ <https://consult.dcceew.gov.au/national-electric-vehicle-strategy/submission/view/408>



10. Who should the regulated entity be?

A: The regulated entity should be open not only to Vehicle Type Approval (VTA) holders, but also to concessional RAV entry holders.

AUSEV will be the first regulated entity to enter a vehicle onto the RAV with model report approvals already in place for its flagship Ford F-150 Lightning EV that is ready to be released to the market at volume shortly.

AUSEV requests that concessional RAV entry holders should be eligible for inclusion in the scheme from the launch of the program and be eligible for the same or similar concessions available to VTA holders. It is planned that 500 vehicles will be in market by the close of calendar year 2024 and a further 1000 vehicles by the end of calendar year 2025 – though these numbers are likely to increase significantly if concessional RAV entry holders are included in the NVES scheme from its commencement.

AUSEV can supply OEM EVs to consumers that would otherwise take years to develop and make suitable for Australian conditions, while ensuring its integration within the confines of the regulatory system. Through the concessional RAV pathway, consumers will have access to EVs well in advance of major OEM's. AUSEV's involvement in the market creates competition with major OEMs, delivering benefits for consumers, while also supporting and delivering the Government's desired policy objective of accelerating the adoption of EVs – an outcome which has been recognised as a challenge in the light commercial segment.

The standard contemplates a mechanism to expand the scheme to vehicles under the concessional RAV entry pathway (Pg 27, Footnote 7) for the future. We are aware of no reason why this pathway should not be made available at the inception of the program and indeed in our view this approach would more effectively align with the policy purpose of the proposed scheme, which is to incentivise greater and faster uptake of electric vehicles.

We note two guiding principles have been adopted in considering which entities should be regulated under the scheme: the '*desirability of being integrated into the existing regulatory system*'; and on '*ensuring very good regulatory coverage and reducing the possibility of avoidance*'. (page 58). In our view it is both desirable to include concessional RAV entry holders in the scheme from its commencement to avoid the potential for a loophole developing through the import and remanufacture of high-emitting vehicles.

We make the following points, consistent with the two guiding principles set out in the Consultation Impact Analysis, which in our view make the inclusion of concessional RAV entry holders highly desirable:

1. From a regulatory consistency standpoint, it is preferable to ensure treatment of vehicles based on their impact on the environment and air quality standards through their emissions, rather than confining the impact of the scheme to cars only approved via the RAV type approval.
2. It is highly desirable for concessional RAV entry holders to be integrated into the existing system due to the potential volume that may come to market via this system and the benefits for the environment which would follow. As already mentioned, AUSEV plans to bring 1,500 light commercial EVs to the market over 2024 and 2025. In the event it is



included in the scheme, the company will be able to expand its capacity and production of light commercial EVs over this period well beyond 1500 vehicles.

3. Confining the benefits of the scheme which from the award of credits to RAV vehicle-type approvals creates a new and additional point of unfair treatment by the Australian government toward vehicles produced by OEMs, which are eligible for RAV vehicle-type approval, when compared with local manufacturers who are only able to access a concessional RAV entry pathway. This is despite, in the case of AUSEV, that our vehicles are of the same or perhaps better quality, standard of production and safety. In the event credits are not made available to local manufacturers like AUSEV, OEMs will have a new substantial commercial advantage for no reasonable policy reason.
4. It is likely the case that DITRDCA officials are simply unaware of or are sceptical of the potential for Australian manufacturers to supply light commercial EVs to the market at scale. If this is the case, then the decision to exclude concessional RAV entry holders from the benefits of this scheme might reasonably be considered inconsequential when considering the impact of the NVES. It is critical that officials and decisionmakers hear loud and clear that scale production is in existence at AUSEV, and we would strongly encourage they take the opportunity to verify this with us, should they consider it necessary.

There are a range of barriers against the uptake of light commercial EVs, including: inflation; exchange rate fluctuations, and the relative weakness of the AUD against the USD and EURO; cost-of-living increases; and price large cost differences between light commercial EVs when compared with ICE variants. The barriers are compounded for commercial users by ongoing scepticism with respect to range, towing power and access and speed of charging – referred to in the Consultation Impact Analysis at page 24 as “consumer awareness and education.”

Eligibility of concessional RAV entry holders for NVES from its commencement will have four key positive effects:

- Provide an alternative point of supply of light commercial vehicles into the Australian market from AUSEV and potentially other manufacturers using the concessional RAVS entry pathway – particularly if they are incentivised by the NVES to enter the market for right-hand drive light commercial EVs. Inclusion of concessional RAV entry holders will support the supply of an additional 500 vehicles by AUSEV in 2024, and 1000 vehicles in 2025 – numbers which are likely to significantly increase in the event the NVES incentives become available.
- Encourage the uptake of light commercial EVs by placing downward pressure on prices of these vehicles and reducing the price differential (or “environmental premium”) between EV and ICE variants.
- Support the establishment of an Australian manufacturing base able to supply high-quality light commercial vehicles, at increasing volume into the Australian market.
- By supporting a local base of manufacturing of light commercial EVs in Australia, increase the available supply of these vehicles that can be made available to difficult-to-abate sectors such as mining.



We strongly support the option of including concessional RAV entry holders to the NVES at its commencement.

AUSEV would welcome an opportunity to discuss this submission with officials and respond to any requests for information which may be of assistance.

We would also welcome a visit to our plant in north Brisbane to provide clarity around the details of our capabilities, capacity and production of Ford F-150 Lightning light commercial EVs for the Australian market.



Organisation questionnaire response

Privacy Setting: I agree for my response to be published with my name and position withheld.

What organisation do you represent? (required)	AUSEV Pty Ltd
Please rank the proposed options in order of preference. (optional)	Option A - 3rd, Option B - 1st, Option C - 2nd
Briefly, what are your reasons for your choice? (optional, 3000 character limit)	NULL
Do you support the Government's preferred option (Option B)? (optional)	Yes
Do you have any feedback on the analysis approach and key assumptions used? (optional, 3000 character limit)	NULL
Briefly, describe how the NVES might impact your organisation (optional, 3000 character limit)	<p>The NVES is a necessary initiative for reducing vehicle CO2 emissions in Australia and aligns with AUSEV's mission statement of accelerating the adoption of electric vehicles in this country. AUSEV is an early adopter and market leader in the decarbonisation of vehicle emissions, through the manufacturing and supply of light commercial electric vehicles.</p> <p>As an early adopter, this has come at a significant commercial cost, with large investments from an operational and R&D standpoint. Application of an advanced credit would allow AUSEV to recapture some of these costs, while continuing to invest in growing capacity for increased supply of much-needed zero-emission light commercial vehicles. There remain however, despite the NVES, significant market barriers that will restrict AUSEV's growth within the EV industry in the short term and ultimately slow the potential uptake of EV's to the Australian marketplace.</p> <p>AUSEV seeks policy measures which will not only support the supply of EVs once the scheme has commenced but will also encourage R&D and investment into supply of EVs in advance of the proposed</p>



	<p>scheme’s commencement. AUSEV proposes that the scheme include recognition of the investment being made by early adopters as a means of bringing forward the supply of EVs. Under this proposal companies will be incentivised not just once the scheme has commenced, but rather they will be incentivised to invest now to bring vehicles to the market, in volume as soon as the new scheme commences. We propose that early adopters in the EV industry and who are already supplying EV’s to the market ahead of the fuel efficiency standards be provided advanced credits that can be banked or pooled for vehicles that have been entered onto the RAV since its inception.</p> <p>This would ensure regulatory approval with the Government’s own guidelines. AUSEV has been a strong advocate for the transition to EV’s for light commercial vehicles as evidenced in the company’s response to the National Electric Vehicle Strategy Consultation Paper. As foreshadowed in our submission at that time, we have become a significant enabler of the uptake of light commercial EVs in Australia. Over the last 12 months, our entire business has pivoted to align with government policy around the uptake of EVs in anticipation of the now proposed fuel efficiency standards.</p> <p>An advance credit scheme will support the very significant investment already made by AUSEV for the supply of light commercial EVs, mitigate the risk of this investment and our pivot to 100% EVs, and in so doing send a powerful message to the market of EV suppliers that a business supplying high-quality light commercial EVs is commercially viable and sustainable. For AUSEV, an advance credit scheme will also enable the company to invest in accelerating our planned supply of light commercial EVs into the Australian market.</p>
<p>Who should the regulated entity be? (optional, 3000 character limit)</p>	<p>The regulated entity should be open not only to Vehicle Type Approval (VTA) holders, but also to concessional RAV entry holders. AUSEV will be the first regulated entity to enter a vehicle onto the RAV with model report approvals already in place for its flagship Ford F-150 Lightning EV that is ready to be released to the market at volume shortly. AUSEV requests that concessional RAV entry holders should be eligible for inclusion in the scheme from the launch of the program and be eligible for the same or similar concessions available to VTA holders.</p> <p>It is planned that 500 vehicles will be in market by the close of calendar year 2024 and a further 1000 vehicles by the end of calendar year 2025 – though these numbers are likely to increase significantly if concessional RAV entry holders are included in the NVES scheme from its commencement. AUSEV can supply OEM EVs to consumers that would otherwise take years to develop and make suitable for Australian conditions, while ensuring its integration within the confines of the regulatory system. Through the concessional RAV pathway, consumers will have access to EVs well in advance of major OEM’s. AUSEV’s involvement in the market creates competition with</p>



major OEMs, delivering benefits for consumers, while also supporting and delivering the Government’s desired policy objective of accelerating the adoption of EVs – an outcome which has been recognised as a challenge in the light commercial segment. The standard contemplates a mechanism to expand the scheme to vehicles under the concessional RAV entry pathway (Pg 27, Footnote 7) for the future. We are aware of no reason why this pathway should not be made available at the inception of the program and indeed in our view this approach would more effectively align with the policy purpose of the proposed scheme, which is to incentivise greater and faster uptake of electric vehicles.

We note two guiding principles have been adopted in considering which entities should be regulated under the scheme: the ‘desirability of being integrated into the existing regulatory system’; and on ‘ensuring very good regulatory coverage and reducing the possibility of avoidance’. (page 58). In our view it is both desirable to include concessional RAV entry holders in the scheme from its commencement to avoid the potential for a loophole developing through the import and remanufacture of high-emitting vehicles. We make the following points, consistent with the two guiding principles set out in the Consultation Impact Analysis, which in our view make the inclusion of concessional RAV entry holders highly desirable: From a regulatory consistency standpoint, it is preferable to ensure treatment of vehicles based on their impact on the environment and air quality standards through their emissions, rather than confining the impact of the scheme to cars only approved via the RAV type approval.