



10 March 2016

The Hon. Lisa Neville MP  
Minister for Environment, Climate Change and Water  
Level 17, 8 Nicholson St  
East Melbourne VIC 3002

Cc: Minister for Energy and Resources, The Hon. Lily D'Ambrosio MP  
Minister for Roads and Road Safety, The Hon. Luke Donnellan MP

Dear Minister Neville,

**Re: Climate Change and Zero Emission Vehicles (Electric and Hydrogen Fuel Cell) Policy Support**

I am writing on behalf of the Northern Alliance for Greenhouse Action (NAGA) to request that the State Government consider the implementation of policy options to support the growth of electric vehicles (EVs) and hydrogen fuel cell vehicles (FCVs) in Victoria, as part of its evolving climate change policies.

EVs are seen as a key solution in decarbonising passenger transport; in the past two years, new EVs have entered the domestic market at price points that suggest they are ready to move beyond a niche product. Supporting EVs can unlock innovation and create new advanced industries that spur job growth and enhance economic prosperity. However, to realise a mass uptake of EVs will require state government policy incentives and infrastructure investments to accelerate this transition in the short term. Around the world cities and regions are seeking to become EV ready, and are already well ahead of Victoria and Australia.

Similarly, FCVs offer a zero emission solution for heavy vehicles such as buses and waste vehicles that run on diesel. Hydrogen has the advantage of being able to generate on site (with solar), store the energy onsite, and provide refuelling on site. The Western Australian Government ran a very successful trial from 2004-2007 testing three hydrogen fuel cell buses in the City of Perth. The three EcoBuses performed well beyond expectations and at the conclusion of the trial saved 300 tonnes of tailpipe carbon emissions by not operating conventional diesel buses<sup>1</sup>. However, the main barrier at the time was the cost of the technology. The Clean Energy Finance Corporation (CEFC) has signalled its strong interest in 2015 in supporting governments to finance FCVs in their fleets, acknowledging the technology is highly versatile, transportable and flexible and economic in Australia right now<sup>2</sup>.

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<sup>1</sup> <http://www.transport.wa.gov.au/projects/ecobus.asp>

<sup>2</sup> <http://reneweconomy.com.au/2015/cefcs-yates-says-solar-to-hydrogen-fuel-cheaper-than-petrol-in-regions-71795>

NAGA members have demonstrated leadership in supporting EV infrastructure over the past five years. The City of Melbourne was the first council in Australia to introduce EVs into its fleet and the municipality includes public recharging stations. The City of Moreland with Victorian Government support was the first in Australia to install a fast charger as part of the electric vehicle trial and continues to have the largest number of charging stations within a municipality. The Moreland Energy Foundation Ltd (MEFL) has also installed an electric charging station and own and operate an EV that stimulates interest and engagement amongst the community. Melbourne's northern metropolitan region has the potential to be a pioneering region for EV adoption to prepare the ground for mass market EV deployment.

Electric vehicles suffer from a demand-infrastructure conundrum, as there is little incentive for people to buy EVs until there is appropriate supportive infrastructure, while those that may be willing to invest in the infrastructure will hold back until there is enough vehicles on the road to support the investment. Although the State Government has supported local governments and the EV industry through the Electric Vehicle Trial from 2012-2014, we recommend the Government reinvigorate its policy support. Industry analysis suggests that in other jurisdictions where EV uptake is strong, such as Copenhagen and California, success has been underpinned by legislation and government incentives to reduce emissions.

NAGA also recognises that EVs are only a sustainable solution to climate change if our energy mix is also rapidly decarbonised by increasing our supply of renewable energy. FCVs by contrast can be fuelled onsite directly from solar technology.

To this end, NAGA recommends the Victorian Government pursue the following policy incentives as part of its climate change policies:

*Market based policy levers:*

- 50% registration and stamp duty discounts for EVs and low emissions vehicles for the next five years. After this time, it can be ratcheted back based on uptake of EVs. Some countries in the EU provide a sliding scale rebate or fee (fee-bates) that incentivise or penalise vehicle choices on the basis of emissions
- Tax credits to offset the cost of installing charging equipment
- Discounted or zero state sales tax on EVs and charging equipment
- Free to use charging stations on public land.

*Non market based policy levers:*

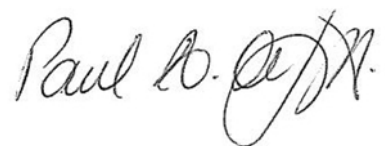
- Develop a state EV target for Victoria
- Work with local governments and other stakeholders to develop an associated Zero Emissions Vehicle strategy, including removing planning restrictions and providing incentives for enabling EV charging equipment to be installed and support for development of FCVs
- Increase EV numbers in government fleets and provide subsidies for private fleet EV ownership. One of the greatest barriers to EV uptake is familiarity, so workplaces are a sensible place to grow the industry. Also fleet vehicles also help to develop a second hand car industry for electric vehicles
- Provide information on electric vehicles and recharging infrastructure to increase awareness and acceptance.
- Investigate opportunities for trialling zero emissions FCVs prototypes for heavy vehicles such as waste trucks and buses. A trial would help to develop the prototype technology to production versions. The CEFC could be willing to help finance these technologies for government fleets and other programs<sup>3</sup>.

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<sup>3</sup> [http://www.cleanenergyfinancecorp.com.au/media/107564/cefc-factsheet\\_eclipx-lev\\_lr.pdf](http://www.cleanenergyfinancecorp.com.au/media/107564/cefc-factsheet_eclipx-lev_lr.pdf)

We thank you for your time considering this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Paul A. Murfitt". The signature is written in a cursive style with a large, stylized initial "P" and "M".

Paul Murfitt

Chair

Northern Alliance for Greenhouse Action

*The views represented here do not necessarily represent the views of all NAGA members individually.*