Tesla Motors Australia, Pty. Ltd.
546 Gardeners Rd
Alexandria NSW 2015

Barry Sterland and Martin Stokie (Commissioners)
Productivity Commission
4 National Circuit
Barton ACT 2600

5 May 2026

To the Commissioners,

RE: Tesla's response to the Productivity Commission's call for submissions on the Impacts of Heavy Vehicle Reform.

Tesla Motors Australia, Pty Ltd (Tesla) welcomes the opportunity to provide a follow-up submission on regulatory reforms supporting the uptake of heavy zero emissions vehicles in Australia. Tesla's mission is to accelerate the transition to abundance, underpinned by sustainable energy and transport systems. To accomplish this, Tesla designs, develops, and manufactures energy storage systems and high-performance fully electric vehicles including the Tesla Semi heavy electric truck[1].

As a global manufacturer, Tesla operates in an international market where the near-term supply of Heavy Zero Emission Vehicles (HZEVs) is highly constrained, given its status as an emerging technology. As Semi ramps up production to 50,000 units per year, Tesla, like other global OEMs that constitute the heavy vehicle sector, will strategically allocate limited inventory to regions that provide the strongest regulatory and economic signals. Markets that actively bridge the commercial gap between legacy diesel and electric trucks, for all use-cases, have and will continue to receive priority allocation.

For example, most of the suite of policies that the Commission is currently exploring have already been implemented in the European Union, in addition to further policy mechanisms. By establishing permanent mass concessions based on technology weight, implementing heavy vehicle emissions standards, providing curfew and toll exemptions for HZEVs, and integrating CO_2 emissions into road user charging, the EU has created an environment where electric trucks are highly incentivised. For fleet operators, transitioning to electric freight becomes a clear, financially compelling business decision, while for OEMs such as Tesla, this policy-driven demand makes the European market an undeniable priority for vehicle allocation.

If Australia is to secure its share of global HZEV production and accelerate road freight decarbonisation for the benefits of productivity, a safer climate, public safety, improved air quality and fuel sovereignty, it must adopt a similarly robust and globally harmonised policy framework. Policy is the key lever in ensuring that Australia can position itself as a world leader in transport electrification, on par with its leadership in grid-scale battery storage and rooftop solar penetration. However, fragmented regulations, temporary trials and administrative & regulatory barriers to charging infrastructure rollout currently leave the Australian market at a notable competitive disadvantage.

[1] Tesla, *Tesla Semi*, https://www.tesla.com/semi

By implementing the permanent, structural reforms as recommended by the Commission – in addition to others put forward by this submission – the Australian Government can help attract global HZEV supply to Australia, reduce the freight sector's reliance on costly imported fuels, and stimulate private infrastructure investment.

Summary of Recommendations

Tesla supports the following recommendations to be put forward to Government:

1. Implement nationwide, lifecycle-guaranteed mass concessions for HZEVs.
2. Accelerate grid connections for heavy charging sites by addressing administrative and regulatory barriers.
3. Plan and fund proactive make-ready network upgrades in designated heavy vehicle charging zones.
4. Standardise commercial agreement templates for CPOs seeking to build out charging infrastructure on public lands such as truck rest stops.
5. Institute a blanket curfew exemption for all new heavy BEV models.
6. Provide targeted road toll exemptions or relief for HZEVs.
7. Introduce a heavy vehicle fuel efficiency standard addressing CO_2 emissions.

Tesla looks forward to continued engagement with the Productivity Commission on this key topic.

Kind regards,
Tesla Energy Policy Team

Information Request 2.3 – Mass concession for electric HZEVs

Tesla welcomes the Commission's proposal for electric HZEV mass concessions as a method to facilitate payload parity with diesel trucks and increase freight productivity. International precedent demonstrates that harmonised, national-level concessions work, such as the EU's 4 tonne concession for HZEVs[2]. Given a BEV truck is typically 1-4 tonnes heavier than a diesel equivalent due to battery weight, these concessions allow operators to achieve payload parity and equal access, providing improved investment certainty.

Tesla recommends that any concessionary scheme should be nationally consistent in its eligibility, vehicle specifications, and duration. State and federal reforms are largely ineffective if the "last mile" on local council roads remains inaccessible. Heavy vehicles must be able to travel from depots to customers, therefore any viable concessionary framework must also streamline approvals for key freight routes managed by local councils.

Rather than implementing a three-yearly review of any mass concession – which will create investment uncertainty and the risk of assets being rendered uncompetitive under scaled back concessions – Australia should take heed of the EU's regulatory model (2019/1242)[3]. In the EU, the concession is tied to the actual, documented additional weight of the vehicle's zero-emission powertrain (up to the concessional limit) as provided by the OEM. This provides certainty for fleet operators, as the vehicle retains its specific allowance for its entire lifecycle. The EU model features an implicit phase-out mechanism in that as battery technology improves and becomes lighter in the coming decades, new vehicles will qualify for a smaller, or even zero, additional mass allowance. This addresses the Commission's note on scaling back concessions as technology matures, without penalising early adopters or requiring disruptive, short-term legislative reviews.

Information Request 4.1 – Administrative and regulatory barriers to charging infrastructure

Tesla strongly supports the Commission's Draft Recommendations 4.1 and 4.2. As conveyed in Tesla's prior submission, the rollout of a national heavy vehicle charging network is currently stalled by an investment deadlock: CPOs are hesitant to invest without a critical mass of electric trucks, while fleet operators cannot commit to electric trucks without reliable public charging. Breaking this impasse requires decisive government action to remove administrative friction and de-risk initial investments.

While the Commission notes that broader grid connection regulations are out of scope, the administrative burden of navigating grid connections remains perhaps the largest barrier to HZEV charging and is important to discuss in this context. In many states, DNSPs conduct and manage public charger grid connection works, including transformer upgrades. DNSP monopoly over these works results in a process with no competitive pressure, leading to poor performance, unreliable communication, and excessive project timelines. Tesla has observed that establishing a connection for a passenger vehicle site typically takes between 9 and 18 months. By comparison, we note that comparable infrastructure can be deployed up to three times faster in other APAC markets. When dealing with even higher voltages required HZEV sites, the greater onus on engineering requirements will likely blow out connection works further.

---

[2] Council of the EU, *Council sets position on maximum weights and dimensions for road vehicles,* Dec 2025. https://www.consilium.europa.eu/en/press/press-releases/2025/12/04/council-sets-position-on-maximum-weights-and-dimensions-for-road-vehicles/

[3] European Union, https://eur-lex.europa.eu/eli/reg/2019/1242/oj/eng

To reduce these administrative barriers, Tesla recommends:

1. **Enhancing the EV Charging Infrastructure Mapping Tool (Draft Rec 4.1):** Tesla supports incorporating granular, distribution substation-level capacity into the mapping tool. Currently, receiving a preliminary capacity response from NSP may take upward of two months. This may be addressed by upgrading the mapping tool to include deterministic functionality based on local network capacity, rules and policies. If a CPO knows their minimum and maximum connection requirements (MVA/MW), they should be able to use the map as an evidence base to instantly verify viability, significantly accelerating the approval process. The inclusion of pre-approved truck charging development zones would also be highly beneficial, as per below.
2. **A National Freight Charging Network Plan and proactive make-ready works**: Rather than requiring CPOs to navigate bespoke, protracted DNSP applications for every site, governments could undertake administrative pre-works. This would involve identifying key freight charging corridors, and funding make-ready upstream network upgrades in these designated charging "development zones"– inspired by the Renewable Energy Zones framework. These charging zones would be best planned and articulated through a National Freight Charging Network Plan, allowing CPOs, DNSPs and operators to coordinate and fast-track charging applications.
3. **Expansion of contestable works framework across the country**: In NSW, CPOs can tender connection upgrades ("contestable works") to a third-party Accredited Service Provider, in a competitive environment that fosters efficiency and accountability. While the upfront cost of a connection in NSW is sometimes higher than in other states, it is typically completed in 6–8 months, shaving nearly a year off project timelines. The resulting opportunity cost from lost revenue in states without an ASP scheme far outweighs any upfront savings, creating a significant disincentive for investment in fast charging infrastructure.
4. **Enhanced resourcing of DNSPs**: Governments should support enhanced resourcing of DNSP connection teams subject to clear service level obligations, or promote dedicated heavy BEV infrastructure connection teams alongside updated computer systems, to accelerate approvals and installations. Furthermore, the Commission should recommend the mandate of clear and consistent quoting standards for grid connections to provide the investment certainty needed by CPOs.

Information Request 4.2 – Facilitating private investment at government-provided heavy vehicle rest areas

A primary administrative barrier to private investment at State and Territory provided heavy vehicle rest areas is the absence of a standardised commercial and regulatory framework. Currently, when Tesla approaches local or state authorities to install infrastructure at government-owned sites, the lack of precedent often causes road managers to recoil. Without an established process, authorities default to risk-aversion, leading to ad-hoc, protracted, and often prohibitive negotiations.

To facilitate investment, governments must remove the administrative guesswork for road managers. Tesla recommends that governments develop and publish standardised agreement templates and basic commercial terms for CPOs bidding or applying to install infrastructure at public rest stops. Standardised templates ensure that when a CPO approaches a local authority, the authority has an informed, off-the-shelf process ready to execute, rather than having to draft bespoke legal and commercial terms from scratch. Governments may also establish a clear, unified mechanism or portal for CPOs to apply for site access at these rest areas, providing clear guidelines on spatial requirements, lease terms, and expected service level obligations.

Information Request 5.2 – Heavy vehicle curfews

Tesla supports the PC's Draft finding 5.1 to reduce curfew burdens on HZEVs, specifically applying a blanket curfew exemption for all new model battery electric vehicles as the simplest approach to interpret and administer. Because low noise is an intrinsic characteristic of a 100% battery-electric drivetrain, the technology itself is a sufficient proxy for low-noise performance. Second-generation BEVs, designed from the ground up on dedicated electric chassis (rather than diesel conversions), also address concerns on nighttime operation and community safety, as they are equipped with superior ADAS. Features such as automatic emergency braking, advanced pedestrian and obstacle detection, increasing levels of autonomy, superior camera-based visual fields for drivers, and highly responsive regenerative braking make these BEVs significantly safer to operate in urban environments at night compared to legacy diesel fleets. Regarding enforcement, distinguishing BEVs from internal combustion engine vehicles can be made straightforward. State and territory registration databases already capture fuel/drivetrain types, and visual identification is already supported in several jurisdictions via EV-specific license plate labels which can be expanded across the HZEV sector (e.g. blue or green triangles). Road managers and enforcement agencies can utilise these mechanisms to manage curfew exemptions without needing to invest in expensive acoustic monitoring technology as proposed in the alternative application methods.

Further recommendations for HZEV uptake to improve productivity

To realise the productivity benefits of HZEVs, further policy reform to improve the commercial case (TCO) for fleet operators is necessary. The following levers align with international best practice and are worthy of the Commission's consideration in addition to the proposed reforms:

Road toll exemptions: Tesla recommends that state and territory governments, in coordination with toll road operators, implement targeted road toll exemptions or significant concessions for HZEVs.

While toll networks are geographically concentrated in Sydney and Melbourne, these urban corridors represent the primary operating environments for early HZEV adopters engaged in port logistics, distribution, and urban freight. In Australia, heavy vehicles are typically subject to a toll multiplier of 2-7x the standard passenger vehicle rate, depending on the route and time. For a heavy vehicle operating daily on networks such as Sydney's WestConnex or Melbourne's CityLink, annual toll costs can exceed $15,000 per vehicle.

Providing toll relief directly addresses this operating expense, improving the TCO business case for fleet operators and unlocking private capital for zero-emission fleet transitions. There is strong international precedent for this mechanism. Under the European Union's revised Eurovignette Directive, member states are mandated to implement CO_2-based tolling, with zero-emission heavy-duty vehicles receiving toll discounts of up to 100% in their initial phase[4]. Implementing a similar, temporary toll exemption for HZEVs in Australia would act as a powerful, non-grant-based financial lever to stimulate market uptake during this critical early transition phase.

Aligning fuel emissions standards with international best practice frameworks: It is important for policymakers to distinguish between regulations targeting local air quality (noxious pollutants) and those enforcing systemic fleet decarbonisation through greenhouse gas emission standards. While Tesla commends the Australian Government's recent adoption of ADR 80/04 (aligning with Euro VI standards)

[4] ICCT, April 2026: https://theicct.org/fast-tracking-the-eurovignette-directive-how-road-toll-exemptions-can-accelerate-zero-emission-truck-adoption-apr26/

to reduce tailpipe pollutants such as NOx and particulates – and supports Australia's future alignment with the stricter Euro VII standards – Australia still lacks a CO_2 standard for heavy vehicles.

This regulatory gap acts as a structural barrier to the uptake of HZEVs, as there is an effective incentive for OEMs to "dump" legacy polluting stock into Australia at a discounted price, given these vehicles will soon be ineligible for sale in regions with enforceable CO_2 standards. As the Commission notes, the median age of the Australian truck fleet is 15 years, meaning polluting diesel trucks sold new this decade are likely to remain on the road until 2050. In the EU, noxious pollutants are governed by the Euro VI/VII standards, while decarbonisation is concurrently enforced through the previously cited Regulation (EU) 2019/1242. This sets legally binding, fleet-wide CO_2 emission reduction targets for heavy vehicles, e.g. 30% reduction by 2030 underpinned by penalty units of up to €6,800 gCO_2 per tonne kilometer. Tesla recommends the Commission advise the Australian Government to phase in a similar heavy vehicle efficiency standard, aligned with these leading global markets. Such a standard would be best served by a tradable credit mechanism modelled off Australia's NVES for light vehicles, as a crediting system simultaneously rewards the development, import and sale of new and improved HZEV options while protecting against legacy diesel powertrains from flooding the market. A heavy vehicle CO_2 standard will go a long way in ensuring that HZEVs are structurally incentivised, highly competitive, and prioritised for delivery to the Australian market.