

## **Details of the operation of the Charging Infrastructure Investment Fund**

*September 2019*

1. At Autumn Budget 2017, HMT announced its intention to establish the Charging Infrastructure Investment Fund (CIIF or the Fund). The CIIF is intended to focus on supporting faster expansion of public electric vehicle chargepoints along key road networks, in urban areas and at destinations, and to increase the amount of capital invested in the sector, thereby encouraging increased adoption of electric vehicles (EVs). The Fund comprises a £200m cornerstone investment by government to be matched by the private sector and is to be managed and invested on a commercial basis by a private sector fund manager.
2. HMT's work to establish the CIIF was led by the Infrastructure and Projects Authority (IPA). In late 2018, the IPA evaluated bids submitted by potential fund managers. After an objective assessment against a set of criteria outlined in the published Request for Proposals (RfP), the IPA team determined that the strongest bid was from Zouk Capital LLP (Zouk) and awarded the mandate to establish the CIIF to Zouk.
3. The RfP invited bidders to propose a 'seed asset', which the Fund would invest in immediately after launch. Zouk proposed InstaVolt Limited as a seed asset, which is one of the leading rapid charge point operators in the UK. This provided an opportunity to put capital to work quickly to meet one of the Fund's central objectives.
4. Prior to the launch of the Fund InstaVolt was owned by another fund managed by Zouk. An independent fairness opinion was commissioned from an expert to consider the terms of the transaction. This opinion was positive and the IPA and its initial co-investor in the Fund approved the transaction on this basis.
5. The limited partnership agreement which the IPA and the other first closing investor have agreed with Zouk, outlines the investment mandate which all investments made by the Fund must comply with. Beyond this, all investment decisions will be made by Zouk at arms-length from government.
6. The investment mandate sets out that the CIIF shall only make investments in companies whose business substantially comprises the ownership, provision, development, construction, maintenance and/or installation of electric vehicle charging infrastructure in the United Kingdom that is, or that is proposed to be, accessible to the public. This includes, without limitation:

- physical EV chargepoints<sup>1</sup> and EV hubs;
  - software and platforms that relate to the operability, interoperability, 'smart' functionality and communicativeness of such infrastructure;
  - companies whose businesses focus on grid connections or reinforcement in connection with such infrastructure; and
  - battery storage solutions relating to the provision and operation of such EV chargepoints.
7. The principal objective across the Fund's portfolio is to generate capital growth and realise capital gains whilst contributing towards the expansion of public charging networks in the United Kingdom. Each Investment shall be made with a view to contributing towards the development of accessible, reliable, self-sustaining and secure electric vehicle infrastructure for cars and vans in the United Kingdom.
8. In selecting and managing investments, Zouk shall use reasonable endeavours to ensure that the chargepoints connected with a particular investment offer a strong consumer proposition, including by promoting:
- ease of payment;
  - pricing transparency;
  - transparency and openness of information about the chargepoints for the public;
  - good reliability and maintenance;
  - compliance with relevant safety laws and regulations;
  - adequate policies and procedures in connection with cyber security; and
  - across the Fund portfolio as a whole, a diverse range of charging infrastructure types and locations (including new build EV hubs, depots or centres).
9. No Investment shall be made by the Partnership in any Investee Company whose chargepoints for cars and vans are not accessible to the public, save for:

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<sup>1</sup> A chargepoint is defined as public in the Alternative Fuels Infrastructure Regulations, 2017 if it is:

(a)intended for use by members of the general public (including those situated in public car parks, whether or not those car parks are available only to consumers of specific goods or services); and

(b)not intended for

(i) exclusive use in respect of a vehicle produced by a specific manufacturer;

(ii) use by persons engaged in specific occupations;

(iii) use by persons whilst at their place of employment (including visitors); or

(iv) exclusive use by occupiers of, or visitors to, residential premises.

- charge point infrastructure for **car clubs**;
- **Fleet charging companies** as long as:
  - such charging depots are accessible to the public, subject to finite periods of non-availability as may reasonably be required by virtue of security or efficiency considerations and/or for reasons of practicality; or
  - where there an intention integrated into the person's detailed business plan as at the time of acquisition for such charging depots to become accessible to the public.
- **Chargepoint technology companies**
- **Park and Ride charging companies**
- **Multi-dwelling unit charging companies**, provided that such chargepoints are not required pursuant to Building Regulations or in connection with planning permissions.

10. Without the prior consent of investors, no Investment shall be made by the CIIF that would cause, as assessed at the time of its acquisition, the investment cost in respect of the aggregate investments held by the CIIF in:

- Fleet Charging Companies
- Technology Companies
- Multi-Dwelling Unit Charging Companies

to exceed 40% of commitments to the CIIF at the relevant time (or at any time prior to the final closing date of the CIIF 40% of £400 million (if greater)).

11. The Fund will have a 10-year life ending March 2030. The investment period for new investments will end in March 2024, with the option for the Fund to continue supporting existing portfolio companies after this date.