

Arnold White Group

LIMITED

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Response to the CMA's Electric Vehicle Charging Market Study

Theme One: Developing competition while incentivising investment

Q1. How is the EV charging sector developing and how will technological or other developments impact sector development and competition?

A1. The International Council on Clean Transportation (ICCT) states (August 2020): *'To support 5.2 to 6.7 million cumulative electric vehicles and a 50% –70% electric share of new passenger cars by 2030, an increasingly comprehensive charging network will be needed. We estimate that 341,000 to 430,000 workplace, public, and fast chargers and an approximate 30% annual growth rate in the UK's charging infrastructure will be needed to keep pace with the UK's 2030 electric vehicle growth goals.'*

AW Group contends that to achieve the above growth, sector development will require continued Government incentivisation, such as a repeat of the £400 million Charging Infrastructure Investment Fund.

AW Group calls for incentives to be established within the National Planning Policy Framework to encourage property developers to deliver EV charging facilities as part of residential and commercial schemes.

AW Group believes the EV charging sector will need to respond to improving battery technology (such as SVOLT's cobalt-free lithium cell) to ensure the right products are developed and delivered.

The development of V2G and V2X EV chargers will also shape market demand and sector response.

Q2. How well is competition between EV charging providers working at present in the different sector segments and what are the key risks to effective competition?

A2. AW Group believes the off-street EV charging sector segments are being populated by a good number of providers, thanks to incentives such as the Electric Vehicle Homecharge Scheme (EVHS) and Workplace Charging Scheme (WCS).

A risk to effective competition might arise from the large number of existing refuelling sites such as motorway services being owned and operated by a relatively small number of organisations.

Community locate EV charging needs a stronger focus and strengthening of incentives such as the On-street Residential Chargepoint Scheme, although the practicalities of town centre on street parking schemes are limited. It seems to AW Group that purpose designed neighbourhood charging points are the most effective way forward.

A key risk to effective competition would be the absence of UK Government grants to allow smaller and perhaps community-owned schemes such as Hubs to develop. The current Government spending review allows only £90 million for rapid Hubs, compared to much larger sums for other EV charging schemes.

AW Group urges a review of this position with a greater emphasis on future grants being placed with community and rural charging projects.

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Although the CMA Electric Vehicle Charging Market Study does not explore electricity supply, AW Group contends that opportunities for local renewable generation should be considered as part of the EV charging offer, thereby improving competition through innovation and partnerships.

AW Group expresses the hope that the CMA study will factor in the research being undertaken by BEIS/Ofgem.

Q3. How will the competition in the different sector segments be strengthened as the sector develops?

A3. The Road to Zero Industrial Strategy quotes Rt Hon Chris Grayling MP as Secretary of State for Transport saying: *'At the heart of this strategy is a commitment to work in partnership with industry, businesses, academia, environmental groups, devolved administrations, Local Government, consumers and international partners.'*

AW Group supports this approach and contends that competition will be strengthened by businesses having continued access to grants that will allow sector innovation and participation to grow.

Q4. What are the main existing and potential barriers to entry and expansion for EV charging providers and how can they be addressed?

A4. EV charging networks require significant investment and continued access to UK Government grants is critical for expansion, particularly in the on-street sector and in rural areas or those with low population density.

Purpose designed neighbourhood fast charging points / hubs are, in AW Group's view the most effective way forward.

Q5. How can charge points be effectively deployed to ensure there is sufficient supply to meet future demand?

A5. Supply will meet market demand provided operators believe that a return on investment is a realistic prospect. Continued access to UK Government grants is critical until such time as the market matures.

The House of Commons Library Briefing Paper 'Electric vehicles and infrastructure' Number CBP07480 published 4th December 2020 stated: *'The Government's current approach to delivering chargepoint infrastructure was set out by Baroness Vere of Norbiton, Parliamentary Under Secretary of State for Transport, in response to a PQ as follows:*

'The Government's vision is to have one of the best electric vehicle infrastructure networks in the world but has not set targets for the number of chargepoints. We want to encourage and leverage private sector investment to build and operate a self-sustaining public network supported by the right policy framework. In many cases, the market is better-placed than the Government to identify the right locations for chargepoints and it is essential that viable commercial models are in place to ensure continued maintenance and improvements to the network.'

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In the November 2020 Spending Review the UK Government announced that it would “invest £1.9 billion in charging infrastructure and consumer incentives” including:

- £950 million to support the rollout of rapid electric vehicle (EV) charging hubs at every service station on England’s motorways and major A roads.
- £582 million for the Plug-in Car, Van, Taxi, and Motorcycle Grant until 2022-23.
- £275 million to extend support for charge point installation at homes, workplaces and on-street locations.
- £90 million to fund local EV charging infrastructure to support the roll out of larger on-street charging schemes and rapid hubs in England.

AW Group suggests this funding is made available at the earliest opportunity.

Q6. What incentives are there for private investment in EV charging infrastructure in different sector segments? How might incentives need to change?

A6. AW Group refers the CMA to previous answers.

Q7. What impact does public subsidy have on private investment incentives: Are there any areas / gaps where public support is most likely to be needed?

A8. AW Group refers the CMA to previous answers and repeats its concerns about rural areas and those with low population density.

AW Group supports the comments made by NFU Chief Climate Change and Renewable Energy Adviser Jonathan Scurlock who said in response to the UK Government’s consultation on petrol / diesel vehicle phase-out: *‘The electricity grid and the provision of charging points in rural areas are far from adequate. There needs to be a major scale-up in government support and investment when it comes to EV infrastructure if we are to sustain rural businesses and support rural tourism in a world where fully electric vehicles are the only option.’*

AW Group supports the comments made by Country Land and Business Association (CLA) Director of Policy and Advice Judicaelle Hammond, made in response to the UK Government’s 2020 Spending Review.

Describing it as ‘a missed opportunity, ’Ms Hammond said: *‘A £12bn envelope for the green industrial revolution sounds massive. It’s a start, but it’s spread over a number of years, it’s rather less than what France and Germany are committing to spend, and it is fairly tech- and urban-oriented. The challenge for the CLA will be to work with others to promote nature-based climate solutions and ensure that the infrastructure needed for net zero - upgraded electricity grid, EV charge points - does not bypass rural homes and businesses.’*

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Q8. What is required in order to ensure that rural / remote communities and those without off-street parking are well served by charging infrastructure?

A8. AW Group refers the CMA to previous answers.

AW Group contends that the NPPF should list EV Car charging stations and their ancillary infrastructure to include transformers, batteries and welfare facilities to include refreshments should be identified as being permitted development with a presumption in favour of sustainable development.

Q9. What role should Local Authorities play to help deliver EV charging in a way that promotes competition? What support would they need?

A9. AW Group contends that Local Authorities have a key role in stimulating the growth of EV charging in the context of the UK Government's Road to Zero Industrial Strategy but there needs to be a presumption in favour of EV charging schemes or permitted development rights for suitably located fast charging points.

Local Authorities have an interest in promoting local businesses. In 2010 the UK Government announced an aspiration for 25% of its spending to go to SMEs by 2015. In August 2015, the Government announced that it would extend this target to 33% by 2020.

Opportunities to expand EV charging exist through routes such as the NPPF, Local Plan reviews and the Garden Communities initiative, the latter two administered by Local Authorities but it is the appropriately incentivized private sector that will ultimately have to deliver if the Government's aspirations are to be met.

Published on 20th December 2018, the UK Government's response to 'Electric vehicles: driving the transition', stated:

'The Government agrees that Local Authorities are well placed to understand local charging infrastructure needs. In July 2018, the Government published a revised National Policy Planning Framework, which requires Local Plans to consider adequate provision of chargepoints according to local needs.'

Government is already working closely with Local Authority partners in helping to drive chargepoint installations and has responded to their feedback. The Government accepts that on-street charging provision will not be practical in all instances, however, as demonstrated by the uptake of On-Street Residential Scheme, there is significant interest from Local Authorities in this solution and many believe it does provide a viable solution (whether that be on-street chargepoints or, for example, clusters within car parks).

The Government agrees that sufficient provision will vary depending on local needs and that Local Authorities are best placed to understand these requirements.'

AW Group believe that it is Government policy that will drive the migration to electric vehicles and it is the private sector that will respond to the need for well located and profitable EV charging points. That is not to say that Local Authorities do not have an important role to encourage through Local Plans the provision of those points.

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Q10. What can be learned from the different policy approaches taken in the devolved administrations for the EV charging market's development?

The Chargeplace Scotland EV charging network is operated by the Scottish Government. It came third in the 2020 Auto Express Driver Power EV charging survey, performing better than Shell and BP (Polar).

The Welsh Government is currently consulting on its EV charging strategy with submissions invited until the 24th February 2021 deadline.

The ecarNI EV charging network in Northern Ireland was created with support from UK and Northern Irish Governments, Local Authorities and energy companies and is operated by the ESB Group.

With EV charging still a fledgling industry and much yet to be learned, AW Group contends that the UK Government needs to be cognisant of all devolved administrations' policies and those in countries where EV uptake is successful, notably Norway and Holland.