Box 1: Our themes and key questions

Theme one: developing competition while incentivising investment

1. How is the EV charging sector developing and how will technological or other developments (for example smart technologies) impact sector development and competition?

The EV charging sector is developing slowly but in line with sales of vehicles however 2021 and 2022 are critical years for the UK to encourage investment into the sector for it to have confidence to develop. The encouragement of new challengers to the market will encourage competition and the Government can assist these SMEs to grow through a variety of ways that we highlight in this response. The market itself needs encouragement with investment in education and novelty promotions to encourage consumers to make the switch to EV and help our environment.

The focus for EV charging should be predominantly on rolling out proven technology at scale in the UK. New technology has a role but shouldn't become a distraction in focussing on supporting the development of existing technology. The investors in charging assets need confidence that the payback periods can be achieved (which typically don't get to break even for at least 6-8 years) followed by a good period post generating a business return rather than investors worrying that current technology risks becoming obsolete before returns are made.

This is a long term investment and regulators and government should recognise investors are risking money today in a nascent market in order to make a return over a 20+ years period.

2. 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 (including any emerging competition concerns)?

To date, the market has regulated itself. We have seen the major oil and gas companies compete against smaller rivals in similar locations without any significant issues. New entrants have been able to come to the market without facing anti-competitive behaviour. The cost of charging between different charge operators is comparable and there has been, in our experience, little or no dominant party behaviour whilst charger rollouts are being considered and managed on a commercial basis. However, this should be monitored but we do not believe regulation is necessary today.

Encouragement of more new entrants with tax incentives and funding offerings should be encouraged in order to keep the market as open and competitive as possible.

3. How can competition in the different sector segments be strengthened as the sector develops, either by building on current policies and/or through other approaches?

A major distortion in the market is one of the factors which was initially trying to help the market develop. Local or regional authority involvement with their charger infrastructure instalment and operations is a distortion to the market. Many offer the charger to the consumer with free power and funding doesn't have to be paid back, thus the direct provision of state grants gives them an unfair advantage. Free power is admirable because the asset was paid for by the state but it will ultimately distort the market and put off investment in private infrastructure. Desire to build a privately invested network will be lacking if the state has funded one right next door to it and is providing free power. The state has a role in helping the market develop but this may not necessarily

be the best approach long term. Where grant funding continues to be provided, it should be focused on complementing private investment rather than replacing. Criteria on grant funding to be deployed in harder to reach areas/less commercially attractive areas would put this money to good use and ensure the sum of the public/private charger deployments increases as a result.

4. What are the main existing and potential barriers to entry and expansion for EV charging providers and how can these be addressed?
   A. State distortion – as per the answer to question 3; if the state funds chargers at scale then the private sector cannot compete on price or return and will look to invest in other asset types.
   B. Funding support – access to private funding support is needed to get a charging infrastructure network off the ground in a particular area. This needs to be directed to private companies to focus on building unified regional (or national) networks covering cities, suburbs and rural areas.
   C. First wave funding – Government commitments to helping fund the market should be carefully targeted. There is significant appetite in the funding markets for EV charger rollouts but few want to be the 'first mover' given the of the market and with longer term returns not yet having been proven. Whilst big oil and gas majors can simply fund initial projects on balance sheet, directing Government support to pilot/initial projects of smaller players will have a bigger impact on accelerating the market rather than offering larger scale funding later in time to help future rollouts.
   D. Greater support to new entrants and risk takers in the EV market to encourage greater competition. Today there is no differential for EV charging companies from others in more mature markets and cash flow support in early development of SMEs will encourage the market to develop.

5. How can chargepoints be effectively deployed to ensure there is sufficient supply to meet future demand? What factors need to be taken into account?

In general, normal market dynamics, rationale and commercial behaviour should ensure the alignment of supply and demand. Each charge point can be assessed on its own merits/return metrics and so where there is more demand, the business case for more chargers can be made.

Local authorities have a role too and regional bodies such as Transport for Greater Manchester have developed a clear programme of public and private investment running alongside each other. This is a regionally thought out programme bringing in multiple councils to provide a better customer experience. Its not anti-competitive as others can access the region and install assets but it brings some form of unity in planning and roll out.

There is a larger role to play for data analytics, which can assist in the decision making of the locations at which to install chargepoints.

6. What incentives are there for private investment in EV charging infrastructure including within the different sector segments? How might incentives need to change for the future growth of the sector and development of competition?

Very little incentives exist currently. Tax breaks or access to grant funding directly to chargepoint operators would assist in accessing hard to reach areas/rural/ deprived areas in cities where the business justification for installing chargers is lower.

SME's should be encouraged to enter the market through enterprise incentives and tax breaks. These organisations will ensure fair competition with many operators in the market.

The end customer is crucial and should always be kept in mind. Therefore, rather than simply supporting single, isolated projects, support should be provided to on-going, growth businesses that will use the support to continue and accelerate rollouts and expand their offerings.

We do believe that direct support to private sector firms in this way should be time limited; this is because the market will develop and consequently the justification for the support reduces.

This is a nascent market and a challenge that is a global one. The UK should look to develop and accelerate this with support and encourage UK firms to export solutions around the world to develop infrastructure in other countries.

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

As explained in the answers to Q3 and Q4, public subsidy direct to local authorities creates a negative distortion in the market and instead public support needs to be provided as per our response in Q6, where it supports growth rather than replaces it.

The Treasury have attempted to support the market by offering matched funding in EV infrastructure via Zouk but it's only offered on real commercial terms. Therefore, it again plays in the space where other funders are looking at rather than the areas where funding is harder to raise. The approach is a sensible one in more mature sectors but it's harder to apply in nascent markets such as EV charging and tends to help companies who already have some scale and they could access funding in the commercial market.

What the market needs is something more akin to what we saw in the infrastructure market which is European Investment Bank type equity and debt. The EIB was still rigorous but took into account 'non-commercial factors' such as social/economic/development factors to drive investment in nascent projects/sectors/regions. This kick started funding in areas where funding was hard to come by at that moment.

SMEs in charging infrastructure have a role and the UK should be a leading light in increasing competition by supporting SMEs and offering tax breaks and direct grant/cashflow funding. These SMEs one day will be our export champions and today will break the potential stranglehold on the market by the oil and power majors.

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

Rural, remote and deprived communities are in danger of being left behind and support via grants or tax benefits should be provided to the private sector to kick start development of charging infrastructure. It should be noted that in some cases that support will be needed for a longer term (break-even is harder to achieve in these areas) because the asset may struggle to justify private investment. Close co-operation is required with local bodies in these areas and encouragement of SME/local employment/local authorities could create a 'win-win' for all parties.

Off-street parking shouldn't all be classified in the same group. The business case for these can be made when the correct approach is taken and addressed by an organised public charging process as we described in the response to Q5.

9. What role should local authorities play to help deliver EV charging in a way that promotes competition? What support would they need?

Please see our response to Q5; they should complement and facilitate private rollouts rather than operating competing/distorting services

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

At this stage it is too early to see any benefit to any route followed. We are concerned that an overly subsidised zero tariff charging infrastructure, as seen in some regions, is deterring substantial private investment but this will become more apparent as the market develops. This is a real life experiment!

Our analysis of the market is that it is a market that can sustain itself long term without the need for central Government support. Support can be provided to help accelerate the early phases but it should ensure it does not inadvertently cause impacts to the long-term viability of the market.

Theme two: effective consumer interaction with the sector 47 Including on whether the CMA should make a market investigation reference under section 131 of the Act. 18

1. What challenges or difficulties related to chargepoints might act as a barrier to consumers switching from a conventionally fuelled passenger vehicle to an EV and how might these be overcome?

    1. Range Anxiety is a genuine concern
    2. Lack of understanding – on a recent visit to a car showroom I was shocked by the lack of explanation given by the sales team on charging options and a public education programme could assist sales
    3. Cost – a diesel/petrol scrappage scheme would promote people switching especially if it's time limited and attractive. Whilst 'cost parity' for EV cars is close, it still requires up front investment for the vehicle before benefits materialise over time versus conventional cars through tax incentives etc. This is only possible for those with sufficient cash today and risks alienating those on lower incomes or with less savings

2. What are the key challenges for consumers already interacting with the sector and how might these change over time as the sector grows?

    1. Confidence that chargers will be available when they drive to a site
    2. Confidence that a charger is working
    3. Ability to pay through some 'tap and go' mechanism
    4. Ease of use – clear explanation how to use the chargers
    5. Consistency – long distance travel shouldn't lead to a worry that chargers in another part of the country are different or not openly available for use

3. How do consumers decide which chargepoint services and providers to use? What information do consumers need to make this decision and at what stage in the decision-making process?

Today it's predominantly based on convenience. Consumers are typically price inelastic and will use the service that is available, often opting to return to ones previously used that they know.

4. Can consumers easily understand and compare charging tariffs in this sector and what barriers, if any, do they face?

Consumers understand that the price is cheaper than combustion engine alternatives and are not put off by the prices on offer today. The market has settled prices at a comparable rate across many operators so this doesn't feature in the research we have undertaken as a major concern. As previously mentioned, availability of charge points appears to rank higher in decision making that the price of the charge itself

5. Do particular groups of consumers face additional challenges to interacting with the sector and if so, who and why? How might these be overcome?

We remain concerned about a number of societal groups who fear they will be left behind if we don't think about their needs:

- Its easier to switch vehicles if you can afford it but lower income families need assistance to be able to switch to electric

- they then need access to chargepoints in their areas. Being the first EV adopter in your area may unfairly punish you as chargers are less likely to be already installed in your region

- concern has been raised about elderly and disabled users and we want to have an inclusive charging system and encourage lessons learnt form petrol forecourts to make charging easier for all.

6. Are there any technological developments or tools that could support consumers to navigate the sector, for example by helping to make more informed choices?

In our business we offer an app which can provide assistance. In addition we offer a 24 hour 7 days a week back office if people wish to speak to a human to address any concerns and this has been useful. As a competent charge point operator we feel this is a service we must provide.

7. Are existing protections offered by consumer law and other measures (such as sector regulations) sufficient?

Yes, we believe the market needs to be encouraged to develop and not be heavily regulated that risks hampering the speed of growth. Any level of uncertainty at this point of the cycle of investment will deter investors from this type of infrastructure and slow down the roll out of investment.

8. What, if any, open data measures are needed to support consumer interaction, such as through the growth of comparison sites and apps?

Again it can be seen that the market has initially regulated itself and doesn't need additional measures. Zap-map, and very likely others, will come along to provide charging assistance across different platforms. Each provider also offers access to its systems via apps and websites.

9. What else is required to help ensure that the EV charging sector develops in a way that is responsive to consumer needs?

The market needs to be encouraged to develop and any intervention should be done to accelerate this rather than restricting or adding additional hurdles and regulation. To date the behaviour of infrastructure installers and owners has led to increased competition, balanced price setting and a drive to install more, all of which should be encouraged.

Getting the consumer engaged is key to driving the switch to EV. The Government should provide support which drives consumer behaviour such as:

- Grants to switch to EV and better publicise these
- Free parking in the UK (except airports) for all EV owners and this should be reclaimed back via dealerships (similar to eat out to help out) for 2 years post purchase of an EV
- No tolls for EV drivers
- Free power for EV drivers for 2 years to encourage the switch

These incentives to offer 'Free' items are novelties to drive behaviour and should be time limited and could be paid for by a tax on the sale of new and second hand combustion engine vehicles.