Liberty Charge Response to CMA EV Charging Market ITC

Liberty Charge works in partnership with Local Authorities and chargepoint operators to deliver power and connectivity for onstreet EV Charging in residential areas of Cities and Towns to serve residents without offstreet parking. In effect we deliver the 'below the pavement' infrastructure on a fully funded, Infrastructure-as-a-Service basis to CPOs who then operate charge points over the top of our infrastructure.

We are a joint venture between Liberty Global and Zouk Capital leveraging all the build capabilities and network assets of Virgin Media, a Liberty Global subsidiary. Zouk Capital is a London-based sustainable infrastructure and growth technology fund manager, investing on behalf of the UK Government's Charging Infrastructure Investment Fund (CIIF).

Background

Liberty Global first started exploring the market two years ago and formally set up Liberty Charge at the end of 2019, with a team of experienced industry leaders. Through their **experience**, the deep relationships of Virgin Media, and our co-sponsorship of an Innovate UK project for onstreet charging, we have held EVCP workshops with over 80 Local Authorities to understand their needs, share knowledge and find solutions. Liberty Charge is actively engaged with more than 40 local authorities, where we are developing EVCP strategies and deployment plans and have just started our first deployment of infrastructure through concession agreements initially in London and soon in the Midlands and South East regions.

We constantly engage with CPOs and conducted a detailed chargepoint operator tender with responses from all of the key operators with an interest in the onstreet space.

Our Views

The feedback in this response is specific to the onstreet residential charging market for cities and large towns which is the segment that is moving the slowest due to town planning intricacies and challenging market economics. Yet it is essential to reducing air pollution in urban areas where much of the population lives.

Onstreet Charging for residents of large towns and cities who do not have access to off street parking is an essential proxy for Home Charging to provide convenient charging specifically overnight, when grid constraints are minimal, energy is greenest and more cost effective for the end user. As one vehicle OEM made clear early on in our research, if city residents don't have charging options line of sight of from their front door they are unlikely to buy an EV. It is therefore an essential element to increase EV uptake in urban areas.

The **Scale** required for residential chargepoints is both massive and complex and requires time. Like power and telecoms networks it does not appear from one day to the next. However the capabilities to build such infrastructure in a timely manner already exist through DNOs, Telecoms operators and Civil Works contractors working in collaboration as we already do at scale today.

The bottleneck is and continues to be **Local Authorities** (LAs) who are the gatekeepers for highways land and are required to consider the vast variety of variables in the deployment of charging infrastructure including but by no means limited to:

- budget constraints
- legislation
- the needs of residents as end users now and in the future
- transport and mobility planning which is evolving at speed
- highways and parking constraints
- safe pavements especially in regards to decluttering e.g. street furniture
- equality for different communities within their area
- sustainability goals
- smart city applications and IoT connectivity
- due process such as good procurement processes and legal protections.

To support Local Authorities in this endeavour the government will be required to provide:

- Financial and policy assistance - to ensure that the necessary local resources are in place and;
- A suitable policy framework - which lays out the best direction of travel and;
- Enabling mechanisms - to fast track deployment of charging infrastructure.

We would emphasise that **funding** support to Local Authorities should be primarily focused on Operating expenses to support the requisite resource and expertise, rather than Capital expenditure to fund the infrastructure. The private sector through organisations like ourselves is ready and able to fund long term charging infrastructure through access initially to equity and then debt as the sector evolves. Legacy funding has in many cases inadvertently dis-incentivised private sector risk and most if not all funding and risk has been taken on by the local authority in exchange for an income stream from scheme fees, licenses, Section 50s, TRO/TMO and permitting costs or revenue/ profit shares which can be used to support LA OpEx costs.

Competition is essential but needs to be balanced against the risk of fragmented solutions and customer experience in the short term and of stranded assets and grid connections in the long term. There are many under-funded companies actively trying to deploy infrastructure in this space or contractors who are delivering at sub-scale level on the basis of risk-free government and LA funding. We are already seeing consolidation in the overall charging market which will help but greater policy co-ordination within and between LAs, their Highways and Transport departments, as well as Transport Authorities and the avoidance of blanket grant funding will help enable the private sector to deploy long term sustainable solutions as soon as possible to meet driver needs and encourage EV adoption.

The key messages for our submission are contained above, however, we have also provided additional feedback to the ten theme 1 questions below for further context. 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?

   Within the urban space smart technologies will have an enormous impact on eMobility in general and EV charging in particular – especially smart city solutions which will optimise parking and traffic management, energy efficient lighting, pollution and emissions tracking, pedestrian safety and active travel. This in part is what is behind the long term interest of Liberty Charge, with its telecoms parentage, to become a leading player in this space and why we believe that fixed and mobile connectivity solutions are an essential part of the charging infrastructure that needs to be deployed. It may be about power today but it will inevitably be about data and connectivity in the future.

   Charging hardware will also evolve over time providing an increasingly seamless and optimised solution for end users hence why we believe in deploying future proofed 'under the pavement' power and communications infrastructure which enables whatever charging hardware technology that evolves to be installed on a plug and play basis and upgraded as and when necessary. This is the lesson learnt from deploying tens of thousands of miles of telecoms infrastructure where ducts and cables can be used for decades whilst central, local and consumer hardware is upgraded on a much more regular basis.

   With the requirement for EV charging infrastructure smart grids will be an essential part of future power systems therefore connectivity is essential and the combination of broadband and power is a must have.

   To this point we note that EV charging infrastructure will fall in between the regulatory domains of OfGem for power and OfCom for connectivity. As an OfCom Code Operator Liberty Charge has certain statutory obligations and rights that could be used to fast track the deployment of both power and communications infrastructure (mixed use technology). It would be extremely helpful in light of smart city and smart charging requirements if OfGem and OfCom could take a holistic view and enable smart charging infrastructure to be deployed using Code Power rights. This would also provide greater security to local authorities as such infrastructure is provided with bond warranties guaranteeing the long term upkeep of such infrastructure.

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)?

   Competition within the onstreet charging segment is nascent and in most cases not working as it should. Legacy government funding and Local Authority contracting approaches have inadvertently led to economics for chargepoint operators that are either risk free and creating monopolistic tendencies or alternatively requiring too much risk to incentivise the private sector to engage at scale. This can be addressed by government support to Local Authorities focusing on OpEx support for resources, and policy support encouraging longer term contracts and public-private sector partnerships which provide secure economics for investors and attracting the lowest cost of capital for funding.

   Such an approach will also minimise stranded assets and ensure consistent and constantly improving customer experience.

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?

   As noted above, competition needs to be significantly enhanced and we believe the best approach is to change focus of funding away from CAPEX of infrastructure to OPEX for LAs to provide them with expertise and undertake all the activities they need to do, to enable deployment to happen (s50 applications, planning applications, TRO/TMO process and costs etc.)

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

   Local Authority capabilities and process complexities are the key barrier for Onstreet Charging today and needs to be addressed through much greater policy direction from government and co-ordination between Local Authorities and City and Combined Transport Authorities alongside greater OpEx funding towards these local government organisations.

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?

   As per the answers to points 3 and 4.

   Competition needs to be ‘for the market’ not ‘in the market’ initially to get widespread coverage avoiding overbuild. There needs to be market co-operation to improve the consumer experience. If, as the consultation estimates, 40-50% of UK residents do not have access to off street parking then an affordable planned kerbside network of EV chargers has to evolve alongside charging solutions such as those available at supermarkets, service stations and car parks.

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?

   Long term and predictable policy at government and local authority level enabling efficient investment in charging infrastructure plus short term but consistent support towards end users to encourage the adoption of EVs whether for personal ownership or use of shared eMobility.

   Examples of incentives for private investment would be long term concession agreements (10 years or more); statutory code powers recognising the utility type nature of this infrastructure cutting bureaucracy and providing clarity for LAs and infrastructure providers; and a comprehensive and consistent parking policy giving priority to local EV users which will encourage EV take up.

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 noted above we would recommend that government support for this area is focused on funding to Local Authorities specifically for additional resources and expertise to develop Mobility and EV charging strategy and masterplans, geospatial planning for optimised site selection, legal and procurement support, highways and parking support, sustainability planning etc.

   Outside of this we would focus support on encouraging end user adoption of EVs to accelerate uptake which will support and drive economics for the charging industry.

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

   Policy and regulatory evolution to enable easier, quicker and more cost effective build of EV charging infrastructure in relation to build permits, resident consultations, planning requirements in some cases.

   As we said in our response to question 5 competition needs to be ‘for the market’ not ‘in the market’ initially to get widespread coverage avoiding overbuild. There needs to be market co-operation to improve the consumer experience. If, as the consultation estimates, 40-50% of UK residents do not have access to off street parking then an affordable planned kerbside network of EV chargers has to evolve alongside charging solutions such as those available at supermarkets, service stations and car parks.

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

   As noted in various points above LAs should focus on easing investment and competition through deployment of sufficient local resources to support rapid deployment alongside consistent policy and approaches. Specifically agree long term concession agreements (10 years or more) with EVC providers and a comprehensive and consistent parking policy giving priority to local EV users which will encourage EV take up.

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

    Scotland has established a largely government funded proprietary network with limited if any private sector participation or competition.

    Northern Ireland has no regulation enabling re-sale of energy at above energy only cost which prevents economically viable deployment of infrastructure. This needs to be addressed by the regulator. Like the rest of mainland Britain, NI should agree long term concession agreements (10 years or more) with EVC providers and put in place a comprehensive and consistent parking policy giving priority to local EV users which will encourage EV take up.

    The legacy English 'Source' (e.g. London, East, West) networks were fragmented and led to stranded assets and unsustainable commercial conditions which the private sector have struggled to adopt and make viable or which were shut down. A sustainable model where providers can be awarded long term concessions and work with LAs on EVC master plans, where none exist, using geospatial planning for optimised site selection would enhance outcomes e.g. the creation of affordable kerbside EVC networks.