



Electric Vehicle Charging Market Study

Submission from LV= General Insurance

About LV= General Insurance:

LV= General Insurance (LV= GI) is the UK's third largest personal lines insurer with over seven million customers. We provide car, home, pet, travel, landlord, breakdown, and home emergency insurance, and offer our services directly to consumers as well as through intermediaries, such as brokers, affinity partners and IFAs. In April 2019, LV= GI launched the UK's first insurance product designed exclusively for electric cars. Given the Government's ambition for all new cars and vans to be zero emission vehicles by 2030, we want to help people feel more comfortable with the shift to electric vehicles (EVs) over the next few years, and we therefore believe that insurance must keep pace with the advancements.

Introduction:

As an insurer with a dedicated product for electric cars, LV= GI welcomes the opportunity to respond to the Competition and Market Authority's Electric Vehicle Charging Market Study. LV= GI has always strongly supported the Government's ambition around electric vehicles and the UK's target to reach net zero greenhouse gas emissions by 2050, alongside the Prime Minister's desire for the UK to be the "home of electric vehicles". However, we believe that in order to further increase the uptake of electric cars it is essential that people are actively encouraged to make the switch to EVs, whether through fiscal incentives or through 'nudges', including making charging EVs a similar experience, if not better, to filling up a car with petrol or diesel. We hope that some of the points raised in this response are of help with your work in this critical area.

Responses:

THEME ONE: DEVELOPING COMPETITION WHILE INCENTIVISING INVESTMENT

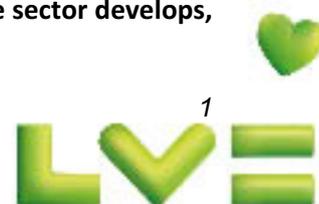
1. How is the EV charging sector developing and how will technological or other developments (for example smart technologies) impact sector development and competition?

We believe that the development and implementation of more smart systems will be helpful in terms of helping to identify periods when there is sufficient charging capacity and effectively plan around these. In addition, improvements in battery technology could also change the competition dynamic over time as fewer people will require charging their EVs away from their home.

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)?

And

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?





LV= GI believes that one of the key risks to effective competition in the charging system is the current split between AC and DC charging. Whilst there are fewer issues with AC charging, DC charging is more of a concern, with the key competition risk stemming from some chargepoint providers being unable to access the grid due to the high connection costs. This means that smaller chargepoint providers can essentially be priced out of providing the service, and therefore only larger providers being able to access the market.

Another area of concern is that some chargepoint providers are effectively locking-in customers to using their service by not allowing other companies access. In many cases this can mean that customers are forced to download each individual operator's app, and sign-up to be a member. To ensure that the system works in the best interest of the consumer, we believe that the UK should follow other European nations by allowing access to Emobility Service Providers (EMSPs) – companies which offer an EV charging service to customers by enabling access to a variety of different chargepoints. EMSPs can enable drivers to find charging stations and pay for their EV charging using a variety of different payment methods via an app. We believe that it is vital that chargepoint operators are required to allow EMSPs to access their networks in the UK in order to make the charging process as easy and convenient for EV drivers as possible.

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

As outlined in our response to questions 2 and 3, we believe that it is vital that the UK follows other European nations by allowing access to EMSPs which would enable drivers to find charging stations, and pay for their EV charging via a variety of different payment methods via an app. This would make the charging process both easy and convenient for EV drivers.

We also believe that it is critical that, as far as possible, the public charging network is open and available to all EVs, regardless of manufacturer or model. The current system whereby Tesla drivers are able to use all EV chargepoints, and yet other EV models are unable to use Tesla chargepoints could potentially create a dangerous precedence and could encourage other car manufacturers to follow a similar model. It is essential that the benefits for the customer are put above those of companies.

It is also absolutely essential that the reliability of chargepoints in the UK is addressed in order to improve confidence in EVs and help persuade people to make the switch from petrol and diesel. Drivers need to know that when they embark on a journey, the chargepoint that they stop at will be in working order and is safe to use.

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?

It is our strong belief that there needs to be an adequate number of chargepoints on major trunk roads of the UK in order to alleviate some of the range anxiety that can deter people from purchasing an EV. Research recently conducted for LV= GI found that two in five (40%) are deterred from purchasing an EV because they believe that they cannot be used for long distances, with a further 48% concerned by the battery running out. By ensuring that there is a good provision of EV chargepoints on major trunk roads as well as on the motorway network, some of these concerns can be alleviated. It is of course vital that these chargepoints are properly maintained to ensure that they are always working.





We also believe that due consideration should be given to the price charged by some motorway service stations to ensure that customers are not overcharged given their location and the limited charging options available for EV drivers. As outlined in our responses to previous questions, EMSPs could alleviate some of these concerns by allowing drivers to properly map their route and see how much the charging cost is before embarking on their journey.

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?

And

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?

Whilst there has been positive progress in terms of encouraging private investment in the EV charging infrastructure, we believe that further work is needed in order to accelerate the delivery of ultra-rapid chargepoints in the UK. However, we do not believe that the private sector can and will be able to deliver this alone, and therefore there needs to be more Government intervention in order to ensure that the EV charging infrastructure reaches all parts of the UK, rather than concentrated in a selected number of more favourable areas (e.g. cities at the expense of more rural areas).

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

In order to be able to serve those without off-street parking, we believe that more work needs to be done to ensure that there are adequate opportunities for people to be able to charge their EVs as close to their homes as possible, whether through the roll-out of more charging sockets in lampposts or through more charging points at local petrol stations and carparks; these would also help to ensure that those in rural or remote communities are served. We also believe that the development of charging forecourts, such as the Gridserve facility at Braintree, should be accelerated to meet the growing demand that will speed up as we move closer to the 2030 ban on the sale of new petrol and diesel cars.

It is essential that the question of how to best serve those in rural/remote communities and those without off-street parking is addressed soon in order to avoid the development of a two tier system whereby those with driveways or garages are able to save money by charging at home on cheaper tariffs, while those who do not have to pay higher prices in order to charge their vehicles in car parks or charging forecourts.

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

We believe that local authorities should be supported in facilitating the installation of EV charging points in their real estate, for example, car parks. This would not only help to increase the number of charging points available, but could provide an opportunity for local authorities to generate income. In order to help drive competition, these chargepoints should be open to all EVs, regardless of manufacturer, and accessible on EMSP apps.

We would urge officials to work with local authorities to establish what support they require in order to contribute to the UK's charging infrastructure.





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

No response.

THEME TWO: EFFECTIVE CONSUMER INTERACTION WITH THE SECTOR

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?

LV= GI believes that in order to help more consumers make the switch from petrol and diesel cars, charging an EV should be a similar experience to filling up a car with petrol or diesel in order to make the process more familiar. As part of this, we believe that ultimately all rapid chargepoints must be made as easy to use as paying for petrol is today. Whilst inevitably charging at a chargepoint will be a new and different experience, we believe that in order to help people feel comfortable with the switch to electric, the process of charging at a public chargepoint should incorporate processes that are already familiar to drivers, which could include elements of the payment process. We therefore believe that all rapid chargers should allow debit and credit card payments as a minimum, and where possible contact payment should be an option. We also believe that prices per kWh (kilowatt hour) should be advertised on chargepoints, similar to how the price is currently advertised on petrol pumps.

It is also essential that the reliability of chargepoints in the UK is addressed in order to improve confidence in EVs and help persuade people to make the switch from petrol and diesel. Drivers need to know that when they embark on a journey, the chargepoint that they stop at will be in working order and is safe to use.

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

It is our opinion that the current system is inoperable for many EV owners, given that there are several different operators, all requiring a different app to use their charging point.

We therefore strongly believe that in order to help improve the consumer experience, it is essential that open data is facilitated. We would therefore welcome the Government mandating that all data can be accessed via API, and open to everyone. It is our strong opinion that open data would help with the development of EMSP apps to help people plan their journeys, and could include information that would allow them to see whether or not a chargepoint is working and at what price. LV= GI recently ran a survey which found that two in five (40%) of those asked were deterred from purchasing an electric car because they believed they could not be used for long journeys. In order to challenge this view, it is essential that the technology is available to help people to plan their journeys before they set off, and enable them to feel comfortable and confident that they will not run out of battery. It is vital that EMSPs are allowed in the UK in order to make the charging process as easy and convenient for EV drivers as possible.

We also believe that open data via API could encourage a greater number of independent and regional networks to enter the market, which would be of benefit to the customer.





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?

It is our opinion that a growing number of consumers will need more information around EV charging in order to help them to make the switch to EVs ahead of the 2030 ban on the sale of new petrol and diesel cars. For example, it may be beneficial to educate people on the differences of AC and DC charging, including the impact that it could have on charging times and costs.

As outlined in our previous responses, we feel that consumers would also benefit from the introduction of EMSPs in the UK, which would allow them to allocate charging points on their routes and pay using their preferred payment method without being penalised for not being a member of a certain charging point operator membership or being charged a different rate based on their payment preference.

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

LV= GI strongly agrees that ultimately all rapid chargepoints must be made as easy to use as paying for petrol is today. It is therefore critical that the pricing system for EVs is reformed to ensure that there is full price transparency, and that consumers are not penalised by their choice of payment method – in the same way that you go to a petrol station and you pay one price regardless of whether you pay by cash, card or contactless, the same should be the case when charging an EV. The current system is both complex and unfair, and creates an additional level of intricacy that petrol and diesel car owners do not face.

It is our opinion that pricing should be based on the price per kWh (kilowatt hour) and not price per hour. Our reason for this is based on the fact that not all cars take the same amount of time to charge. For example, one model of EV could take 30 minutes to fully charge, whilst another model may only be half charged in the same time. Alongside this, to make the experience of charging an EV similar to filling up a car with petrol or diesel, as well as ensuring pricing transparency, the price per kWh should be clearly advertised on the chargepoint and be the same price no matter how the consumer wishes to pay whether that be via an app, RFID card or contactless payment as some chargepoint networks have multiple different costs per KWH depending on how the customer decides to pay.

As the UK moves towards its 2050 Net Zero deadline and more people become engaged in the environmental debate, it may also be beneficial for consumers to see the benefit of charging their EVs by presenting a carbon cost.

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?

Older consumers could face additional challenges in interacting with the sector as many public EV chargepoints require an app in order to charge a vehicle and make the payment, and some may not feel comfortable with doing so, particularly if they are required to have downloaded a number of apps for different chargepoint operators. For those in rural areas, the challenge will lay in the limited number of operators in their area, which could possibly impact the charging cost as there will be low levels of competition.

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?





We strongly believe that EMSPs could significantly support consumers to navigate the charging system, enabling drivers to find chargepoints and pay for charging with their chosen payment method via an app of their choosing (from a number that will inevitably emerge). As an example, Plugsurfing, an app that is available in European nations, enables consumers to see multiple chargepoints on their app and shows the price at each.

It is vital that EMSPs are allowed in the UK in order to make the charging process as easy and convenient for EV drivers as possible.

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

No response.

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

As highlighted in previous responses, we strongly believe that in order to help improve the consumer experience, it is essential that open data is facilitated. We would therefore welcome the Government mandating that all data can be accessed via API, and open to everyone. It is our strong opinion that open data would help with the development of apps to help people plan their journeys, and could include information that would allow them to see whether or not a chargepoint is working and at what price.

It is for this reason that it is essential that the UK follows other European nations by allowing access to EMSPs which will enable drivers to find charging stations, and pay for their EV charging via a variety of different payment methods via an app.

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

As highlighted throughout our response, it is vital that all chargepoints must be made as easy to use as filling up and paying for petrol is today. Whilst inevitably charging at a chargepoint will be a new and different experience, we believe that in order to help people feel comfortable with the switch to electric, the process of charging at a public chargepoint should incorporate processes that are already familiar to drivers, which could include elements of the payment process. Complexity in the system, such as the need for multiple apps to use different chargepoints, should be eradicated and replaced with more consumer friendly systems through the introduction of EMSPs. We also believe that all rapid chargers should allow debit and credit card payments as a minimum, and where possible contact payment should be an option.

