

SOCIAL MARKET FOUNDATION – EVIDENCE SUBMISSION

Competition and Markets Authority – Electric vehicle charging market study

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About the Social Market Foundation

The Social Market Foundation (SMF) is Britain’s leading cross-party think-tank, standing proudly in the centre-ground of politics since 1989. The Foundation’s main activity is to publish original papers on key topics in the economic and social fields, with a view to stimulating public discussion on the performance of markets and the social framework within which they operate. The SMF is a registered charity (1000971) and a company limited by guarantee. It is independent of any political party or group and is funded predominantly through sponsorship of research and public policy debates. The SMF is overseen by a Board of Trustees and Chair.

About this evidence

The SMF is currently undertaking a stream of work exploring public attitudes to, and political leadership on, the decarbonisation of the UK and the just transition to Net Zero. The third report in the series – to be published in early-2021 – will analyse public attitudes to the EV transition and the challenges surrounding the expansion of a fair and inclusive market for EVs. This research is sponsored by ScottishPower and informed by a series of high-level roundtables, alongside polling commissioned by the survey company Opinium.

- 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?**
 - A. As part of its on-going *Towards Net Zero* series, the Social Market Foundation commissioned polling from the survey company Opinium on public attitudes to EVs and charging infrastructure. The survey data was collected in March 2020 using a nationally representative sample of 2,004 UK adults.
 - B. We find that cost remains the most pervasive barrier of switching to EVs. 56% of respondents in our survey said expenditure prevents them from moving to an electric alternative. This should raise cause for concern given estimates from the Climate Assembly indicate EVs and conventional vehicles won’t reach price parity until 2030. Our survey also reveals concerns over unequal experiences of EV switching across the socio-economic distribution. We find that a majority (57%) of those in the ABC1 social grade are more likely to support or accept a ban on petrol-diesel vehicles, compared to those in the

C2DE grade (43%).¹ Whilst an individual's decision to oppose the prohibition of new petrol and diesel vehicle sales may not necessarily dictate whether they would not or could not buy an EV, we note that the differentiation in support for the ban across socio-economic grades could reflect concerns amongst those on lower incomes about the cost of transition.

- C. Anxieties over the lack of charging points (40%) and range limitation (38%) were the next most commonly reported barriers. A quarter of respondents also said that charging would take too long or that charging at home was not possible. These barriers are reflective of the fact that one third of households do not have access to off-street parking, and driveways remain the most desirable location for EV charging infrastructure (37%). It also indicates that housing tenure type will be a critical barrier to switching to EVs. Our survey reported that whilst 23% of the public say it is 'not possible to install a chargepoint near my home', this figure rises to 35% amongst renters, compared with 17% of homeowners. We discuss concerns over distributional impacts of EV switching in section 3, however homeownership is clearly likely to be a significant dividing line on EV switching uptake. Research has shown that early adopters are more likely to live in single-dwelling buildings² where home charging is typically more widely available.ⁱ While installation grants are available to drivers with "dedicated off-street parking", those without driveways or garages will be largely reliant on their local authorities to deploy public charging in their neighbourhood. With charging infrastructure deployment rates varying across local authorities, the availability of charging points could become a postcode lottery, rendering the market development ununiform.
- D. Notably, just 1 in 10 in our survey said 'personal preference for internal combustion engine' and 'scepticism of environmental benefits' were barriers to switching to an EV, likely indicating that electric alternatives are viewed both as desirable technology to adopt and an effective way of reducing an individual's climate impact.

2. 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?

- A. Widespread public understanding of electric alternatives and their benefits will be an essential precondition for ensuring consumers switching occurs smoothly and at speed.
- B. However, our research and polling indicates the existence of a significant information gap. Notably, more than two in five respondents said that they don't know enough to even identify what types of information would be helpful, indicating that public knowledge of EVs is significantly limited and consumers are unsure of how to make a first step in learning more and what information would help. We find this to be consistent with SMF research on the decarbonisation of home heat, where 2 in 3 respondents said they did not know enough or were unfamiliar with alternatives to gas heating. Policymakers must accept and act on this

¹ At the time of conducting, polling questions were informed by the Government's consultation to bring the ban on the sale of new petrol-diesel cars forward from 2040 to 2035 or earlier. Despite the Government bringing forwards the ban to 2030, it is likely that these responses would remain consistent or plausibly shift towards further opposition to the ban.

² Single-dwelling buildings are defined as having a private entrance at ground level.

lack of awareness and understanding about how the public's day-to-day lives will be impacted by the urgent need to transition to Net Zero.

- C. For those who do identify what information would be helpful, transparent pricing and the value for money of electric alternatives were cited most frequently (around one in five), supporting our findings that expense is the most significant barrier to entering the EV market. Respondents indicated a stronger desire for information on pricing (21%) and value for money (19%) in the instance that an EV would cost the same or less than their petrol-diesel vehicle, compared to more. Conceivably, greater information on the pricing of EVs could help to reduce expense concerns and stimulate uptake, without the need for greater emphasis on grants and subsidies.
- D. Additionally, there is an apparent information gap between individuals from different social grades, whereby those who are more disadvantaged (C2DE) report that they "don't know enough" about the mandatory end to new petrol and diesel sales at a higher rate (9 percentage points) than their more affluent counterparts (ABC1).

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

- A. Decarbonising private transport through EV ownership is unlikely to be successful without sufficient and fair access to chargepoints for all. A lack of support from government for particular groups – across income, geography and housing tenure – and a market which fails to deliver in the interest of these groups could exacerbate existing economic, social and health inequalities. It could even cause a more widespread backlash against the Net Zero agenda with some groups disproportionately benefitting from the transition whilst others are excluded.
- B. We note different challenges between homeowners and renters, alluded to in section 1. There are broadly two groups of consumers in the EV market: those who have decision-making power over their property and those who do not. We found that 35% of renters say it is not possible to install a chargepoint near their home, compared with 17% of homeowners. Renters also said they were more likely to use street charging (28%) than their homeowners counterparts (21%), were they to own an EV. In both the private and social rented sectors, it is unlikely to be the responsibility of the consumer to invest in the charging infrastructure they need to transition to an EV. Further, rental occupancy is often transient and EV ownership is still a small proportion (around 1%) of the overall market, meaning that this is an extremely onerous process for both tenants and landlords, relative to the benefit that either party would likely gain. At present, incentives and legislation empowering landlords to invest in EV infrastructure are not sufficient, with incentives and benefits geared far more towards owner-occupiers. This ultimately places the responsibility on local authorities to deploy charging infrastructure for renters at a time of extreme funding pressures. We therefore indicate serious concern that, on its current trajectory, the EV market will provide first and foremost to owner-occupiers and those in private and social rented accommodation will be the last to benefit, and could even be locked out of the market.
- C. We also note particular challenges based on geographic disparities, particularly between rural and urban localities and residents. Across the UK, metropolitan areas are estimated to be closer to meeting their 2030 public charging needs, than non-metropolitan areas, despite a higher level of EV ownership in non-metropolitan areas in 2019 (4,800 EVs per million

inhabitants), compared to metropolitan areas (4,100 per million inhabitants). The Electric Vehicle Energy Taskforce recognise that the market alone will not deliver geographically sufficient charging infrastructure to provide equitable access for all.ⁱⁱ Akin to challenges widely recognised in the market for fibre broadband, topography, population concentration, housing density and distance will likely mean deployment of charging infrastructure in hard-to-reach places offers little incentive for providers and investors. Issues are exacerbated by over-reliance on private transport in rural communities due to poor public transport infrastructure. Government and regulators must be aware of this and act accordingly in the market to ensure communities are not left behind in the transition.

ⁱ <https://theicct.org/publications/charging-gap-UK-2020>

ⁱⁱ <https://www.lowcvp.org.uk/projects/electric-vehicle-energy-taskforce.htm>