



5th January 2020

Electric Vehicle Charging Market Study

EVCharging@cma.gov.uk

Dear Sir/Madam

I am writing on behalf of the Electric Highway to provide input into the Competition and Market Authority's study into the EV Charging sector in the UK.

The Electric Highway owns and operates a public charging network spanning the length and breadth of Britain, constituting over 300 charge points extending from Land's End to John O'Groats. We entered the sector in 2011 as an enabler of long distance EV travel to encourage the uptake of Electric Vehicles in the UK and continue to push forward with investment and plans to ensure that our network meets the demands of the future in this emerging and evolving sector.

Please find below our comments on the two key themes proposed under the market study. As we are primarily involved in providing a public charging network, our comments below are focussed on our experiences in this area:

Theme 1: Developing Competition while Incentivising Investment

The EV charging sector receives a large amount of media, consumer and political attention, however the reality is that the market is nascent and not yet mature, due primarily to its size and the market penetration of Electric Vehicles in the UK against the total vehicle fleet.

The level of infrastructure required and installed is intrinsically linked to the number of EVs on the roads. At present sales sit at a cumulative figure of circa 185,000 to the end of November 2020, with there being a provision of circa 10 public charge points for each EV on the road.

The commercial model for EV charging remains challenging and as such utilisation of charge points is key to optimising a sustainable business, this means having a considered view of the level and type of infrastructure installed at any given location, whilst also ensuring this meets the demand of the consumer base.

Whilst the sector is nascent, as one of the earliest entrants into the EV charging market The Electric Highway has seen first-hand how it has grown and evolved in recent years. There has been a significant increase in competition across the EV charging spectrum, as more players enter the market. This uplift in market entrants is driving a huge level of investment and technological innovation across the sector.

The number of new market players, coupled with the latest Government announcements to ban the sale of new ICE vehicles from 2030 will only aid an increased appetite and speed for further private investment in the sector, as it provides a key milestone upon which a realistic trajectory of vehicle sales can be established, which in turn provides a reasoned position for further investment (beyond those levels already planned).

We do not see any major barriers to entry for new market entrants and this is evidenced based on the number of new players entering all market sectors. The emerging nature of the market coupled with the potential growth over the coming years makes it a burgeoning industry with multiple opportunities across the supply chain.



As such, we are of the opinion that a market-based approach to the rollout of infrastructure must be allowed to continue, without restrictive or prohibitive policy, which at this stage of market maturity could hinder more than help, as it has the potential to stifle innovation and create disincentives for investment in certain areas. We believe there is a role to play for public bodies (and particularly Government) in providing subsidy support to those sectors (or areas) where the capital outlay for infrastructure is prohibitive for the business case and also providing a joined up framework across all public bodies to facilitate an easier deployment of infrastructure.

Theme 2: Effective Consumer Interaction with the Sector

Consumers ultimately need to be provided with confidence that they can charge where they need to and that the process for this is as simple and efficient as possible.

We believe a key aspect to providing this confidence for new EV owners is education and provision of knowledge. As a charge point operator we have found that we often become the first source of education for the consumer, some of whom have limited knowledge of the product they have bought and have no idea what standards the vehicle can charge with or at what speeds, which can make their first experience a challenge. Once this first hurdle has been overcome the charging journey is simple.

For consumers already engaged with the market sector, maintaining their confidence becomes the key priority. This is based around providing the best customer experience possible, which is an area all market players are evolving in; it forms a fundamental aspect of competition – if you can provide consumers with a fantastic customer journey, you will drive sales and revenue and create a successful business model.

Charging technology itself continues to evolve as we move from first generation equipment to second generation – this evolution comes off the back of greater knowledge from tech providers and more robust manufacturing techniques; as such standards of reliability and the experience for the consumer will be hugely different from the current position, with an enhanced service level available when compared against the first generation equipment installed. Our plan is to upgrade all our current equipment, alongside adding 350kW capable charge points across our entire fleet over the next 24 months.

Pricing methodologies across the market sector are often scrutinised - the variance of tariff type and value is wide across the EV charging spectrum; however, this is not to be unexpected given the nascent nature of the sector. As the market matures, we would expect to see a convergence of pricing methodologies, which suit both the consumer and the operator. We believe that a simple p/kWh tariff offers the optimal solution for consumers, as they pay for what they receive, and it mirrors a traditional experience.

We fully believe that the competition already happening and that due to come in the burgeoning sector will only serve to enhance the proposition for the consumer. This market-lead approach will continue to drive innovation and private investment, as each market player works hard to provide USPs and customer service excellence. It is our view that this will form a key differentiation between players over time, as the market matures; allowing this to flourish by minimising intervention at this early stage is important.



If you would like to discuss any of the above in more details or have any questions, please do not hesitate to get in touch.

Kind regards,

Andrew Hibberd
General Manager
The Electric Highway