

Emailed to: [EVCharging@cma.gov.uk](mailto:EVCharging@cma.gov.uk)

06 January 2021

Dear Sir /Madam

## **Response to Invitation to Comment on the CMA Market Study on Electric Vehicle Charging**

Ombudsman Services (OS) welcomes the opportunity to comment on the recently announced CMA Market Study into Electric Vehicle (EV) Charging. You can find a short description of who we are in Appendix 1.

### **Overview**

OS welcomes this market study. Like many organisations, we are currently considering how the targets for EV use will impact on the services that we provide and crucially how it will impact consumers. The UK and Scottish Government 2030 targets for the ban on the sale of new petrol and diesel vehicles has put the need to better understand EVs and charging systems well and truly in the spotlight. There are only nine years and a huge amount of work remains to be done to make the uptake in use of EV's a reality for most of the population. Building trust in the EV sector and charging services is going to be crucial for these targets to be met. Customers must be able to trust that electric charge points will provide a straight-forward and reliable service in the same way that filling up the tank with petrol/diesel does in garages now. They will also need to be able to trust that they have somewhere to go for redress if things go wrong. Although we realise that this isn't the focus of this study it important that this is borne in mind at an early stage.

We are currently internally examining the likely impact of EV on consumers and on our services and trying to gain an understanding of the consumer journey and how all players in this market can minimise detriment to consumers and so minimise complaints. We would appreciate an opportunity to discuss our initial thoughts with the CMA and we are keen to contribute to this study. We believe that OS will be a critical partner in getting this transition to EVs right for the consumer.

To enable the EV market to grow at the pace required to meet the new targets we believe that the following needs to happen:

- infrastructure needs to be appropriate, accessible and reliable
- standards and regulation need to be thought out to protect consumers but also attract investment into the sector; and
- the consumer experience needs to be placed at the forefront of the development of the sector to help build consumer trust and confidence in the new technology and boost new consumer behaviour to purchase electric vehicles.

OS welcomes the focus on the market study as being around two main themes:



- how to develop a competitive sector while also attracting private investment to help the sector grow
- how to ensure people using electric vehicle charge points have confidence that they can get the best out of the service

It is particularly welcome that this review is being conducted at an early stage of the charging sector's development. Such an early review will help to ensure the sector works well for consumers as it grows and prevent any competition problems before they become embedded. We note that the study will take place over the next 6-12 months and that the CMA will be reaching out to a variety of stakeholders and engaging closely with Government and others carrying out work in this sector. We hope that OS is included in the list of stakeholders contacted and will be happy to work with the CMA on this review where we can.

### **Charging pricing and packages**

OS is aware that companies are already offering consumers service packages which can include a certain tariff for a household's energy needs which might also include a certain number of 'free charging' periods if the bill holder signs up for contract with that company. We have also heard of communications companies offering packages which can include free charging as part of a new contract for a new mobile phone. OS is keen to better understand we are keen to understand such packages because of the potential complexity for consumers in achieving good deals that are right for them.

Current EV charging pricing can be haphazard with some free charging points and others which are 'pay to use' charge points and they can use different pricing metrics. Consumers also must navigate their way through current charging mechanisms where there is often complexity around pricing and payment options. This confusion and inconsistency will only increase as more charging points are installed and as more providers emerge in this market.

Consumers need to be fully aware of the tariffs and the respective costs and benefits. Disinformation; confusing messaging and occurrences of miss-selling will need to be challenged at the earliest opportunity.

### **Smart Charging**

Smart chargers allow EV charging to be intelligently controlled, so that charging can take place at times when the electricity system has surplus capacity, such as overnight allowing consumers to save money and help manage demand on the grid. Confusion for consumers is also possible as we move to smart charging where EVs can be charged at different times at different prices. As new technology emerges which improves the functionalities of charge points this will impact how consumers will engage with these in future. Transparency about pricing will be ever more important.

Smart Charging will present opportunities to make charging easier as well as provide a range of charging options, pricing and packages. However, there is a danger that some consumers, including the most vulnerable and lower paid sectors of society, could end up being disadvantaged in that where they live, their lifestyles and working requirements may make it impossible for them to access the benefits that smart charging will bring to many consumers. It is vital that as smart charging develops, consideration is properly given to fairness, equality of opportunity as well as adequate and understandable consumer information and advice.

### **Consumer Engagement**

How consumers interact and engage with the emerging EV charging sector will be critical to its development and growth. If consumers find the sector confusing or too challenging, they will not develop trust in the sector, creating a further barrier to the uptake of EVs. Making sure that consumers are fully aware of all the information they need about how their vehicle works; where they can charge it and how much this will cost; as well as achieving complete transparency upfront about charging, prices and tariffs will therefore be paramount. Steps will need to be taken to address the public's lack of knowledge and understanding.

OS is excited about the transition to EV usage and looks forward to working with the CMA, UK and devolved Governments; Ofgem and other key partners in making this work for the benefit of all consumers.

We have answered only those questions posed in the Invitation to Comment where we feel that OS has the locus and knowledge to comment. We are happy for this response to be made public.

Thank you again for this opportunity and we look forward to engaging with you in the coming weeks and months.

Your sincerely,

Ed Dodman  
Director of Regulatory Affairs

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## 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 isn't yet developing at a pace which will enable 2030 targets of a ban on new petrol and diesel vehicles across the UK.

Smart Charging will present opportunities to make charging easier as well as provide a range of charging options, pricing and packages. However, there is a danger that some consumers, including the most vulnerable and lower paid sectors of society could end up being disadvantaged in that where they live, lifestyles and working requirements may make it impossible for them to access the benefits that smart charging will bring to many consumers. It is vital that as smart charging develops, consideration is properly given to fairness, equality of opportunity as well as adequate and understandable consumer information and advice.

- 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)?**

OS would encourage policy to leverage the benefits of competition while ensuring that additional protections are put in place where necessary.

- 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?**

If competition drives down prices, maximises the availability of charging points to consumers and drives up quality of the charging infrastructure, then it should be welcomed and encouraged. However, there are some challenges to ensuring that consumers can easily access charging infrastructure. There are good examples of this in other industries. In mobile coverage, for example, the competition between mobile networks has driven significant benefits for consumers. At the same time, there remain consumers who are still unable to access the best coverage that should be possible for them. It is possible that we can learn from this and other sectors in how to lower the number of consumers who lose out – the “Shared Rural Network” being a good example where Government and operators have worked together to ensure delivery extends beyond the limits of pure competition.

More generally, if the Government bans other fuels, it needs to carefully consider how to protect those who stand to lose out from that decision.

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

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

If you remove people's right to buy forms of transport other than EVs, then you must make sure they have fair access to EVs and EV charging. It's not yet clear whether free competition will be able to deliver fair outcomes for the whole population. We see examples of this elsewhere – e.g. rural coverage for Broadband, 4G, transport links etc. It is important to understand where the gaps might be, understand if consumers will get a fair deal and, if not, think about what intervention might be required.

As mentioned above, we may be able to learn from schemes such as the “Shared Rural Network”, where Government and operators have worked together to extend the already achieved benefits of competition.

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

Local authorities can make the roll out of charging infrastructure more efficient and timelier through their decision making around council estate; planning and management of street furniture, (for example, the positioning of lamp posts, which has been portrayed as one of the major barriers to speedier roll out of charging infrastructure in some local authorities.) Councils can also advise which areas in its locale will need more public on street charging points.

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

The Scottish Government has encouraged the roll out of the charge points using a Government owned provider called ChargePlace Scotland. This is Scotland's national Electric Vehicle (EV) charging network. It is owned and developed by the Scottish Government and funded in partnership through a public grant from Local Authorities and other organisations. It aims to install charge points across Scotland from remote and island communities as well as urban areas. The vision is to make owning an Electric Vehicle accessible for all Scottish drivers.

The ChargePlace Scotland network has grown from 55 public charge points in 2013 to over 1,500 in 2020. All publicly available charge points are displayed on a [live map](#), which provides details about the location, type, status and availability of each charging unit. New charge points are installed regularly on the network, with the ongoing support of Transport Scotland.

In addition, the network offers members significant money-saving and EV charging benefits. To access the network and start charging an EV, consumers simply need to register for a ChargePlace Scotland account and order an access card. ChargePlace Scotland has also set up a help centre to answer frequently asked questions. The network is supported by a 24-hour 365 day a year helpline for members. It regularly announces new charge points and shares the latest news about the EV industry via its social media pages.

There are almost 40 public charge points per one hundred thousand people, compared to fewer than 30 in England and fewer than 20 in Wales and Northern Ireland. Over £32 million has been invested by the Scottish Government to support EV infrastructure since 2011.

In addition to the assistance the UK Government has made available (a grant of up to £3,000 towards the cost of buying a brand new EV), in Scotland consumers can also be eligible for an interest-free EV loan of up to £35,000 to cover the cost of purchasing a brand-new pure EV. This is funded by Transport Scotland (an agency of the Scottish Government). the interest-free EV loan has also recently been extended to provide funding for up to £20,000 to cover the costs of purchasing a second-hand electric car.

## **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?**

Range anxiety, a lack of understanding and knowledge about the product and about charging; initial outlay for the vehicle and fear of the unknown are all factors which can act as barriers to consumers making the transition to EVs.

Consumer trust and engagement with the sector are also critical and will need to be built through fair policy decisions that make EVs affordable, supported by the appropriate infrastructure and that give consumers an obvious avenue for redress when things go wrong. Net Zero targets will also be compromised if consumers cannot trust or see a benefit to using EVs. Consumers need to trust that they will have a charged vehicle when they need it and that it will get them from A to B.

The Electric Vehicle Energy Taskforce put forward 21 proposals to government and industry for managing the integration of EVs into the energy system in early 2020. A key theme in that report was winning consumer trust and confidence; a focus on principle-based complaint handling standards and a review of consumer protection to ensure that all aspects of the consumer journey are covered.

EV, smart charging and energy provision cut across different sectors and it is important to make sure that consumers have a clear route to redress. As the alternative dispute resolution provider in the energy sector, we see complaints from consumers about a range of issues, for example from billing, installations and poor customer service. As energy providers start to offer tariffs or equipment for consumers with EVs, we can see where some gaps in consumer protection will arise. Not unlike mobile phone and airtime agreements, complaints may involve tariffs and equipment and currently technology complaints sit largely outside our terms of reference as an Ombudsman. Customers will need to know how and where to access redress as the market grows.

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

Initial reports of a perceived lack of charging points; misinformation about tariffs and pricing for charging on the road as well as at home and the continued relative high cost of EVs are all key challenges. Putting consumers at the heart of designing the framework for EVs is key. Whilst it is important to focus on the infrastructure and investment from an engineering and business lens, in order to ensure that consumers embrace EVs, they need to be confident that they are sufficiently protected and that EVs will meet their needs.

### **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?**

Consumers need information at the outset – by that we mean from when they first consider making the switch to buying an EV. Better sign posting to reliable and independent information is necessary i.e., directing consumers to organisations like the Energy Savings Trust (EST) who have a dedicated advice service on low carbon transport. It is likely that consumers currently pick up information ‘as they go’ and often from car dealerships in the absence of a recognisable, independent, information source. Clearly, advice on EVs and how they work should not just be available from places which sell EVs or from energy suppliers who are keen to offer charging packages.

The consumer needs to be well informed about the cost of purchase of the EV and any public grants that are available to help with this; battery life and how the battery can also be used to export energy to the Grid; ongoing running costs of the vehicle; how often they need to charge their vehicle and approximate costs associated with charging; smart charging and its benefits; private off street charging options and tariffs; off-street options and tariffs; packages of

services and consumers need to be able to compare these easily. This information is likely to be more impactful if it is made available free of charge and from an independent source that consumers can trust.

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

The market for EV tariffs has not fully matured and it isn't always easy for consumers to compare service packages and tariffs associated with EVs. The way that tariffs are being offered by companies is often a certain amount of EV charging as part of a wider energy supply package. There are also on-street tariffs being offered by mobile phone operators with so many free miles or minutes of charging as part of a contract. Consumers need to be able to see easily what they are being charged for and be able to compare prices.

**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?**

There are groups of consumers who haven't yet started to even consider interacting with the sector for a variety of reasons. There is a danger that some consumers, including the most vulnerable, lower paid sectors of society and those living in remote and rural areas could end up being disadvantaged in that where they live, their lifestyles and working requirements may make it very difficult for them to access the EV market and especially the benefits that smart charging will bring to many consumers. It is vital that as the sector develops, consideration is properly given to fairness, equality of opportunity as well as adequate and understandable consumer information and advice.

More disadvantaged groups will also be harder to reach, in part because of the initial outlay needed to purchase or lease an EV and a lack of understanding about the technology, but also because they might live in accommodation which means they won't be able to access at home charging. This will be a huge barrier in getting these consumers to transition to EVs. Range anxiety and fear of not being able to charge affordably, easily and conveniently will hinder certain groups' adoption of EV technology. This is just one of the reasons why the availability of independent information for consumers will be so important.

**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?**

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

Energy supply is of course regulated by Ofgem with OS being the energy Ombudsman. There is not, at present, a clear of well-defined journey for complaints about the various aspects of EVs. It is essential that all stakeholders involved in this area examine the full consumer journey; from purchasing an EV to running the vehicle day to day. Currently there is a patchwork quilt of consumer protection, with some gaps. This will make it very difficult for customers to know where to go if something goes wrong, for instance, if they have charging problems. We believe the route to redress will benefit from an end to end review, which puts the customer's experience of using the different technologies at the centre to help avoid problems as much as possible in the first place.

Providing appropriate consumer protections requires agile regulatory landscapes and redress when things go wrong. For the EV landscape this also means working across a range of different sectors. OS believes that some key elements are needed to make sure this works best for consumers in terms of building protections and consumer trust; as well as for business to encourage investment. These include:

- Placing consumers at the heart of the regulatory design for EVs – including mapping the whole consumer journey, reviewing existing consumer protection laws and ensuring consumers do not fall through gaps depending upon what part of the consumer journey they are on;
- Facilitating the close working between regulators across the various sectors that EVs cross over;

- Facilitating the close working between existing or future routes to alternative dispute resolution (ADR) providers across the various sectors that EVs cover; and
- Strategic redress - working with suppliers to learn the lessons of where things go wrong. This can only help improve the sector. This kind of collaborative working is particularly helpful in the formative stages of a market and means there is a mechanism for correcting elements of the market that are not working well for consumers.

Consistency of approach will help to build consumer trust and confidence. Policy makers, regulators, consumer advice and advocacy groups, ADR providers and other stakeholders need to work collaboratively across different sectors to make sure a more agile approach is taken. This needs to be proportionate, preventative and provide recourse to redress for consumers when things go wrong. We also think this approach will provide the opportunity to bring together data and insight across the whole EV consumer journey to help identify what is not working and where improvements need to be made.

Existing UK laws offer some consumer protection for charging EVs. There is a list of approved manufacturers and models under the Electric Vehicle Home Charge Scheme (EVHS). There is also UK Government Guidance which defines the specification for home based, and work based electric and plug-in hybrid EV conductive charging equipment. There are various regulations setting out minimum standards which with EV charging equipment must comply

Protections also exist under current motoring manufacture regulation but there are some grey areas around charging. The first EV Code of Practice was launched in March 2020 to try to ensure that consumers receive fair treatment from domestic charge point installers. The Electric Vehicle Consumer Code (EVCC) aims to reduce the mis-selling of home energy generating systems and improve installation quality. This code, however, is a voluntary scheme which domestic charge point installation businesses can subscribe to. Membership of the Code offers access to alternative dispute resolution services if things should go wrong. The code draws on experience from the Renewable Energy Consumer Code (RECC) for small-scale renewable technologies. Both the Electric Vehicle Consumer Code and the Renewable Energy Consumer Code are administered by Renewable Energy Assurance Limited (REAL). REAL carries out a range of certification and consumer protection activities all of which promote sustainable energy.

The EVCC recently expanded to include EV charge point manufacturers, energy suppliers and other 'affiliates' who are exposed to the installation market. It announced in November 2020 that ten installers have joined the EVCC as full members and another two have become affiliates of the Code. The Code commits them to working with their supply chain to ensure their installers meet the consumer protection standards required by the Code. All EVCC members are obliged to comply with consumer protection standards from advertising, marketing and claims; to quotations, estimates and contract terms; follow-up issues, including how to handle a complaint if things go wrong.

The UK Government consulted in the summer of 2019 on regulations it proposed to create under the Automated and Electric Vehicles Act (AEV Act) and on how best to use the AEV Act powers on the transmission of chargepoint data. The AEV Act gives the UK Government the powers, through secondary legislation, to ensure that all chargepoints sold or installed in the UK will have smart functionality. The Government used these powers in December 2018 when it announced that all government funded home chargepoints for electric vehicles had to use innovative 'smart' technology from July 2019.

Protections around manufacture of EVs have been addressed to some extent through the length of the manufacturer warranties. In a move to assure drivers that they will be covered if their battery becomes faulty, the industry standard for EVs has been set at 8 years/100,000 miles, compared to between 3 and 7 years/50,000 miles for vehicles with petrol or diesel engines. This extended warranty is due to the vastly increased reliability of an electric drivetrain over its equivalent with a petrol or diesel engine.

Consumer protection law now needs to be reviewed in light of the need for protection around home chargers; workplace charging and the public charging infrastructure.



- 8. What, if any, open data measures are needed to support consumer interaction, such as through the growth of comparison sites and apps?**
- 9. What else is required to help ensure that the EV charging sector develops in a way that is responsive to consumer needs?**

Putting consumers at the heart of designing the framework for EVs is key. Whilst it is important to focus on the infrastructure and investment from an engineering and business lens, in order to ensure that consumers embrace EVs, they need to be confident that they are sufficiently protected and that EVs will meet their needs. As well as the appropriate infrastructure such as sufficient charging points in sensible locations, in a society where we could be building towards over 37 million EVs, we know that it will be necessary to balance supply and demand on the grid, supported by smarter charging and appropriate tariffs to engage consumers but also still meet the net zero targets.

## **Appendix 1.**

### **About Ombudsman Services:**

Ombudsman Services is a not-for-profit private limited company established in 2002 which runs a range of discrete national ombudsman schemes across different sectors including energy, communications and an appeals service in private parking. Each scheme is funded by the companies under our jurisdiction and our service is free to consumers. In 2019 we received 157,808 initial contacts from complainants and resolved 88,840 complaints. In the energy sector we received 116,700 initial contacts and resolved 58,034 cases, and in the communications sector, we received 40,184 initial contacts and resolved 17,426 cases. We also received over 84,000 appeals in our private parking appeals service.

We are:

- to our consumers, the people they can turn to for impartial advice and solution that's fair;
- to our partners, the people they look to for knowledgeable and insightful ways to help them reduce complaints by enabling them to make the changes they need to deliver better customer services;
- to our regulators, champions in protecting rights as well as partners in information sharing, we share our analysis so that regulators and business partners can make improvements; and
- to our people, here to enable them to deliver clarity to consumers and partners through meaningful work.