

# **Subsidy Advice Unit Report on the Business Rates Relief for EV Chargepoints and EV-only Forecourts subsidy scheme**

**Referred by HM Treasury**

**17 June 2026**

**Subsidy Advice Unit**

---

Part of the Competition and Markets Authority



© Crown copyright 2026

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [Open Government Licence](#).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

# CONTENTS

<b>1. The Referral</b> .....	<b>3</b>
Summary .....	3
The referred scheme .....	4
<b>2. The SAU's Evaluation</b> .....	<b>7</b>
Step 1: Identifying the policy objective, ensuring it addresses a market failure or equity concern, and determining whether a subsidy is the right tool to use ....	7
Step 2: Ensuring that the subsidy is designed to create the right incentives for the beneficiary and bring about a change .....	10
Step 3: Considering the distortive impacts that the subsidy may have and keeping them as low as possible .....	12
Step 4: Carrying out the balancing exercise .....	16
Energy and Environment Principles .....	17
Other Requirements of the Act .....	18

# 1. The Referral

- 1.1 On 6 May 2026, HM Treasury (HMT) requested a report from the Subsidy Advice Unit (the SAU)<sup>1</sup> in relation to its proposed Business Rates Relief for EV Chargepoints and EV-only Forecourts (the Scheme) under section 52 of the Subsidy Control Act 2022 (the Act).<sup>2</sup>
- 1.2 This report evaluates HMT's assessment of compliance (the Assessment) of the Scheme with the requirements of Chapters 1 and 2 of Part 2 of the Act.<sup>3</sup> It is based on the information and evidence included in the Assessment.
- 1.3 This report is provided as non-binding advice to HMT. It does not consider whether the Scheme should be implemented, or directly assess whether it complies with the subsidy control requirements.

## Summary

- 1.4 The Assessment uses the four-step structure described in the Statutory Guidance for the United Kingdom Subsidy Control Regime (the [Statutory Guidance](#)) and as reflected in the SAU's Guidance on the operation of the subsidy control functions of the Subsidy Advice Unit (the [SAU Guidance](#)).
- 1.5 In our view, HMT has considered in detail certain aspects of the compliance of the Scheme with the subsidy control and energy and environment principles. In particular, the Assessment:
  - (a) clearly describes and evidences the specific policy objective of the Scheme (Principle A);
  - (b) demonstrates that HMT has considered other ways of achieving its policy objective and clearly explains and evidences why a subsidy was the most appropriate option (Principle E); and
  - (c) sets out well the expected positive effects of the Scheme in relation to the policy objectives, its geographic impacts, and its potential negative impacts (Principle G).

---

<sup>1</sup> The SAU is part of the Competition and Markets Authority.

<sup>2</sup> [Referral of the proposed Business Rates Relief for Electric Vehicle \(EV\) chargepoints and EV-only forecourts by HM Treasury - GOV.UK.](#)

<sup>3</sup> Chapter 1 of Part 2 of the Act requires a public authority to consider the subsidy control principles and energy and environment principles before deciding to give a subsidy. The public authority must not award the subsidy unless it is of the view that it is consistent with those principles. Chapter 2 of Part 2 of the Act prohibits the giving of certain kinds of subsidies and, in relation to certain other categories of subsidy creates a number of requirements with which public authorities must comply.

- 1.6 However, we have identified the following areas for improvement. The Assessment should:
- (a) assess in greater detail how the counterfactual scenario is likely to evolve over time, including how the sector is expected to develop in the medium and long term in the absence of the Scheme (Principle C);
  - (b) more explicitly address how the Scheme changes the economic behaviour of beneficiaries by considering how it will influence them to act relative to the counterfactual. It should explain more clearly why HMT considers compensating beneficiaries for liabilities already incurred to be consistent with the additionality principle (Principle D);
  - (c) set out and evidence why it considers 100% relief is expected to remain the minimum necessary over the Scheme's ten-year duration (Principle B);
  - (d) provide further detail on the proposed monitoring of the Scheme and its impact on electric vehicle (EV) rollout and explain more fully why a targeted exemption, rather than a blanket exemption, was deemed appropriate (Principle F); and
  - (e) conduct a more comprehensive assessment of the impact of the Scheme on competition or investment (Principle F).
- 1.7 We discuss these areas below, alongside other issues, for consideration by HMT in finalising its assessment.

## **The referred scheme**

- 1.8 The Scheme aims to support the rollout of publicly accessible electric vehicle charging infrastructure. It will provide 100% business rates relief to the operators of certain EV charging infrastructure in England until 1 April 2036. The Scheme will be administered by local authorities<sup>4</sup> who will apply the relief against business rates bills. It will be backdated to 1 April 2023.
- 1.9 Business rates are a tax on non-domestic property, where the amount payable is based on the rateable value of the property multiplied by the relevant multiplier. The rateable value (RV) of non-domestic properties is assessed by HMRC's Valuation Office (VO) and is intended to represent the annual rent a non-domestic property would achieve if let on the open market at a set valuation date. The VO

---

<sup>4</sup> The Ministry of Housing, Communities and Local Government will issue guidance to local authorities setting out the eligibility criteria, including how to determine whether a property is wholly or mainly used for EVCPs. Local authorities will apply the relief to eligible properties through the business rates system and will be fully compensated by central government for the resulting loss of business rates income.

carries out a revaluation every three years. From 1 April 2026, RVs will reflect the 2026 revaluation. The previous revaluation took place on 1 April 2023.

- 1.10 The 2023 rating list did not include EV chargepoints (EVCPs) as liable for business rates, however five EV-only forecourts were included in the 2023 rating list.
- 1.11 However, the VO considers that some EVCP bays now constitute separate hereditaments<sup>5</sup> that can therefore be assessed separately for business rates.<sup>6</sup> The Assessment explains that other EVCPs would not be affected by business rates in the short term. These include EVCPs on host-occupied sites that are also operated by the host, such as many (but not all) petrol station forecourts and some supermarkets. The VO does not currently regard these charging bays as requiring a separate business rates assessment, or that they add value to the wider property.<sup>7</sup> The Assessment also outlines that EVCPs located on public highways are not expected to be liable for business rates, either now or in the future.
- 1.12 Consequently, to preserve the current position in which no EVCP bays pay business rates, HMT is proposing to grant relief to those EVCPs that are now liable for business rates. It is estimated that around 16.5% of all EVCPs in England will be eligible for the relief. Eligible EVCPs are those that are separately assessed for business rates (i.e. have their own rateable value), are classified by the VO as EV charging sites, and are operational, energised and open for public use. It does not apply to chargepoints that form part of a wider hereditament and are not separately rated. To ensure no EV site pays business rates, HMT is also proposing to relieve the business rates of EV-only forecourts.
- 1.13 The Scheme has no cap on the amount of relief that may be awarded to individual beneficiaries. HMT estimates that the total cost of the Scheme will be approximately £200 million over its first five years of operation. As VO rating list alterations of this kind take effect from the start of the relevant rating list, or from the later date the EVCP hereditament comes into existence, some properties may become liable for business rates from 1 April 2023 (or from the date general control began). HMT has therefore decided to backdate the Scheme so that in-scope operators do not face historical liabilities. The five EV-only forecourts currently paying business rates will be reimbursed for business rates they have already incurred.

---

<sup>5</sup> A hereditament in business rates is a single unit of non-domestic property (such as an office, shop, warehouse, or factory) which is or may become liable for rates and is, or would fall to be, listed separately in the local rating list.

<sup>6</sup> The Assessment explains that the VO is required to separately assess EVCP bays where the EVCP and bays are separate hereditaments, for example where the charging provider is judged to have 'general control' (the party that has overriding control) over the space, rather than the host. This is predominantly, but not solely, in situations where there is a lease between the operator and host.

<sup>7</sup> The Assessment explains that in the future, should the VO identify market evidence that these bays make the host sites more valuable, the VO will reconsider the rating list to accurately reflect the change in the market.

1.14 HMT explained that the Scheme is a Subsidy Scheme of Particular Interest because it allows for the provision of one or more Subsidies of Particular Interest to be given.<sup>8</sup> In particular, HMT has stated that individual beneficiaries are able to receive awards greater than £25 million under the Scheme.

---

<sup>8</sup> Within the meaning of regulation 3 of [The Subsidy Control \(Subsidies and Schemes of Interest or Particular Interest\) Regulations 2022](#) and [The Subsidy Control \(Subsidies and Schemes of Interest or Particular Interest\) \(Amendment\) Regulations 2025](#) which set out the conditions under which a subsidy or scheme is considered to be of particular interest.

## 2. The SAU's Evaluation

2.1 This section sets out our evaluation of the Assessment, following the four-step structure used by HMT.

### **Step 1: Identifying the policy objective, ensuring it addresses a market failure or equity concern, and determining whether a subsidy is the right tool to use**

2.2 Under Step 1, public authorities should consider compliance of a subsidy with:

- (a) Principle A: Subsidies should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns); and
- (b) Principle E: Subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means.<sup>9</sup>

#### **Policy objectives**

2.3 The Assessment states that the policy objective of the Scheme is 'to accelerate the deployment of publicly accessible electric vehicle charging infrastructure by improving the commercial viability of EVCPs, thereby supporting delivery of the government's Zero Emission Vehicle (ZEV) mandate and contributing to emissions reduction and improved air quality.'

2.4 The Assessment explains that business rates costs could reduce the commercial viability of EVCPs, discourage investment in new infrastructure, and increase charging prices for consumers. Consequently, it identifies two desired outcomes for the Scheme:

- (a) that business rates should not become a barrier to delivering the estimated 300,000 EVCPs needed by 2030;<sup>10</sup> and
- (b) that business rates do not increase charging prices for consumers using EVCPs.

---

<sup>9</sup> See [Statutory Guidance](#), paragraphs 3.33–3.59 and the [SAU Guidance](#), paragraphs 3.6–3.10 for further detail.

<sup>10</sup> These targets are from the [UK government's Taking charge: the electric vehicle infrastructure strategy \(2022\)](#), which identifies this level of rollout as necessary to support the transition to zero-emission vehicles, including the phase-out of new petrol and diesel cars and vans, by 2030.

- 2.5 The Assessment also identifies a ‘secondary equity objective’ of the Scheme, relating to regional disparities in the availability of EV charging infrastructure. It states that business rates liabilities could exacerbate existing inequitable outcomes in the distribution of EVCPs across regions.<sup>11</sup>
- 2.6 In our view, the Assessment clearly describes and evidences the specific policy objective of the Scheme.

## **Market failure**

- 2.7 Market failures arise where market forces alone do not produce an efficient outcome. When this arises, businesses may make investments that are financially rational for themselves, but not socially desirable.<sup>12</sup>
- 2.8 The Assessment identifies a market failure arising from the positive environmental externalities associated with electric vehicle uptake and the provision of public EV charging infrastructure. It states that the market, left to operate without intervention, will not deliver the socially optimal level of EV charging infrastructure or EV adoption needed to support the UK government’s decarbonisation objectives.
- 2.9 The Assessment notes that the EVCP sector is currently loss-making, reflecting high upfront investment costs and relatively low utilisation rates. It explains that business rates liabilities for certain separately assessed EVCP bays would add to operating costs on the sector, potentially reducing project viability, discouraging investment in new infrastructure, and increasing charging prices for consumers.
- 2.10 The Assessment also refers to evidence that many EV charging sites are currently loss-making, with revenues insufficient to cover the fixed costs of operating high-power charging infrastructure. It further cites evidence from several chargepoint operators (CPOs) indicating that the introduction of business rates liabilities for certain EV charging bays could negatively affect the viability of some sites and weaken incentives for future investment.
- 2.11 The Assessment explains that, without intervention, business rates liabilities could contribute to under-provision of public EV charging infrastructure and slow the rollout of EVCPs needed to support the EV transition. It states that this would reduce the extent to which the wider environmental and economic benefits associated with EV uptake are realised.

---

<sup>11</sup> The Assessment notes that EV chargepoint provision is currently concentrated in certain regions, with higher availability in London and the South East compared to other parts of England, which it states may reflect and reinforce existing regional disparities.

<sup>12</sup> [Statutory Guidance](#), paragraphs 3.36–3.51.

- 2.12 The Assessment refers to the Competition and Markets Authority’s (CMA) Electric Vehicle Charging market study,<sup>13</sup> which states that market forces alone are unlikely to deliver the scale and pace of EV charging infrastructure rollout required, particularly given the wider environmental benefits associated with EV adoption. It further refers to the coordination issue identified by the CMA, whereby consumer demand for EVs depends on the availability of charging infrastructure, while investment in charging infrastructure depends on sufficient EV uptake.
- 2.13 In our view, the Assessment clearly describes the market failure that the Scheme seeks to remedy. However, it could draw on a broader range of evidence to demonstrate the scale of the market failure, particularly given its reliance in part on evidence and projections from CPOs, which are potential beneficiaries of the Scheme and may have a commercial interest in its introduction.

### **Appropriateness**

- 2.14 Public authorities must determine whether a subsidy is the most appropriate instrument for achieving the policy objective. As part of this, they should consider other ways of addressing the market failure or equity issue.<sup>14</sup>
- 2.15 The Assessment sets out a number of non-subsidy alternatives to achieve the policy objective. These include:
- (a) Legislative change to overturn case law on the unit of assessment applied by the VO, so that EVCP bays are always treated as part of the wider hereditament. The Assessment explains that this option was rejected due to the wider implications for the business rates system, the need for primary legislation, and the associated delivery delay and uncertainty.
  - (b) Regulatory intervention. The Assessment explains that this option was rejected on the basis that the VO has a statutory role in maintaining the rating list, limiting the scope for intervention.
  - (c) Direct government provision of EV charging infrastructure. The Assessment explains that this option was rejected due to the cost and scale of delivery, as well as a lack of government expertise in operating charging infrastructure.
  - (d) Loan or equity support to CPOs. The Assessment explains that this option was rejected on the basis that it would not address the ongoing operating costs faced by a largely loss-making sector.

---

<sup>13</sup> [Electric vehicle charging market study: final report - GOV.UK](#).

<sup>14</sup> [Statutory Guidance](#), paragraphs 3.57–3.59.

2.16 In our view, the Assessment demonstrates that HMT has considered other ways of achieving its policy objective and clearly explains and evidences why a subsidy was the most appropriate option.

## **Step 2: Ensuring that the subsidy is designed to create the right incentives for the beneficiary and bring about a change**

2.17 Under Step 2, public authorities should consider compliance of a subsidy with:

- (a) Principle C: Subsidies should be designed to bring about a change of economic behaviour of the beneficiary. That change should be something that would not happen without the subsidy and be conducive to achieving its specific policy objective; and
- (b) Principle D: Subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.<sup>15</sup>

### **Counterfactual**

2.18 In assessing the counterfactual, public authorities should consider what would likely happen in the future – over both the long and short term – if no subsidy were awarded (the ‘do nothing’ scenario).<sup>16</sup>

2.19 The Assessment sets out a counterfactual scenario in which CPOs would face additional business rates liabilities on certain EVCP bays and EV-only forecourts, increasing operating costs in a sector that is already largely loss-making in the absence of the Scheme. It cites evidence indicating that these additional costs are likely either to be passed through to consumers or to reduce investment in new charging infrastructure. The Assessment also draws on evidence suggesting that the EV charging sector is already under significant cost pressure, including from rising energy costs, which constitute a substantial proportion of operators’ cost bases and have contributed to recent increases in public charging prices. It explains that the introduction of business rates liabilities would add to these pressures, potentially reinforcing existing price increases and affecting the pace and scale of investment.

2.20 The Assessment states that, in the absence of the Scheme, higher charging prices are likely to have knock-on effects on EV adoption, particularly among more price-sensitive customers as the market transitions beyond early adopters. This, it explains, could slow the pace of EV uptake and, in turn, weaken investment incentives for new charging infrastructure. The Assessment outlines that this may

---

<sup>15</sup> See [Statutory Guidance](#), paragraphs 3.60–3.74 and the [SAU Guidance](#), paragraphs 3.11–3.13 for further detail.

<sup>16</sup> [Statutory Guidance](#), paragraphs 3.63–3.65.

be particularly relevant in areas where utilisation is lower and commercial viability is already more marginal.

2.21 The Assessment goes on to note that uncertainty around the potential application of business rates has already been cited by investors as a factor influencing investment decisions. It explains that in the absence of intervention, this uncertainty and additional cost burden may weaken investor confidence and reduce the rollout of new EVCPs needed to meet the 2030 infrastructure target,<sup>17</sup> including in less commercially attractive areas, potentially contributing to uneven regional deployment of charging infrastructure.

2.22 In our view, the Assessment describes what would be likely to happen if the Scheme was not implemented. However, given the Scheme's ten-year duration, it should assess the counterfactual in greater detail over time, including how the sector is expected to develop in the medium and long term without the Scheme.

### **Changes in economic behaviour of the beneficiary and additionality**

2.23 Subsidies must bring about something that would not have occurred without the subsidy.<sup>18</sup> They should not be used to finance a project or activity that the beneficiary would have undertaken in a similar form, manner, and timeframe without the subsidy ('additionality').<sup>19</sup> For schemes, this means that public authorities should, where possible and reasonable, ensure the scheme's design can identify in advance and exclude those beneficiaries for which it can be reasonably determined would likely proceed without subsidy.<sup>20</sup>

2.24 The Assessment outlines that the Scheme will enable the achievement of the Scheme's two desired outcomes (see paragraph 2.4). It explains that the Scheme is intended to ensure that business rates do not act as a barrier to EVCPs rollout, thereby supporting investment incentives and preventing upward pressure on consumer charging prices. The Assessment explains that the Scheme is designed to remove business rates as a constraint on EVCP rollout and EV uptake, rather than to incentivise a specific change in the behaviour of beneficiaries.

2.25 The Assessment explains that in the absence of the Scheme, CPOs would also be expected to either reduce investment in new charging sites or pass through additional costs to consumers. It goes on to note that given the already constrained profitability of many operators, the additional cost burden is likely to affect the viability of marginal sites, potentially delaying or preventing deployment of new infrastructure.

---

<sup>17</sup> See footnote 10.

<sup>18</sup> [Statutory Guidance](#), paragraph 3.67.

<sup>19</sup> [Statutory Guidance](#), paragraphs 3.66–3.70.

<sup>20</sup> [Statutory Guidance](#), paragraphs 3.71–3.73.

- 2.26 The Assessment notes that the Scheme is also intended to prevent behavioural responses in pricing decisions. It explains that without intervention, operators facing new business rates liabilities would have limited ability to absorb costs and would therefore be incentivised to increase charging prices, reinforcing affordability barriers to EV adoption.
- 2.27 The Assessment explains that the Scheme is designed to address additional costs arising from rating revaluation and changes in the business rates assessment carried out by the VO, rather than to reimburse historical expenditure or subsidise activity that would have occurred in any event. It outlines that the Scheme is targeted at eligible EVCP bays and EV-only forecourts that have been newly brought into rating or separately assessed, reflecting a distinct new cost exposure rather than baseline operational activity.
- 2.28 The Assessment outlines that the Scheme applies retrospectively from 1 April 2023, due to rating list alterations being effective as of this date, which may give rise to backdated liabilities for some CPOs. However, it explains that the Scheme is not intended to reimburse costs that operators had already anticipated in their business planning, reflecting that EVCPs were not widely expected to be separately rated prior to recent VO determinations.
- 2.29 In our view, the Assessment provides some detail on how the Scheme influences the beneficiaries' economic behaviour and brings about changes that would not have occurred absent the Scheme. However, the Assessment should more explicitly address how the Scheme changes the economic behaviour of beneficiaries by considering how the Scheme will influence beneficiaries to act relative to the counterfactual scenario.
- 2.30 In addition, while some information is provided, the Assessment should more clearly explain why HMT considers compensating beneficiaries for liabilities already incurred to be consistent with the additionality principle, addressing each beneficiary group (EVCPs and EV-only forecourts) separately.<sup>21</sup> The Assessment could also clarify, in line with the Statutory Guidance,<sup>22</sup> why compensating businesses for business rates, a day-to-day expenditure, is justified in this instance.

### **Step 3: Considering the distortive impacts that the subsidy may have and keeping them as low as possible**

- 2.31 Under Step 3, public authorities should consider compliance of a subsidy with:

---

<sup>21</sup> See [Statutory Guidance](#) paragraph 3.68.

<sup>22</sup> See [Statutory Guidance](#) paragraphs 3.69-3.70.

- (a) Principle B: Subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it; and
- (b) Principle F: Subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition or investment within the United Kingdom.<sup>23</sup>

## Proportionality

- 2.32 The Assessment explains that, as the sector is mostly loss-making, 100% relief is appropriate as it prevents business rates from becoming an additional cost that could be a barrier to investment in EVCPs or could be passed on to consumers.
- 2.33 In contrast, the Assessment outlines that partial relief would worsen the sector's loss-making position and could result in business rates being passed through to consumers. It further explains that capped relief would be ineffective because:
- (a) EVCPs are operated by a few large companies, such that a cap would relieve them of only a small proportion of their total business rates liabilities and so could result in those liabilities being passed on to consumers; and
  - (b) It is impossible to design relief which has the same impact on each operator as companies' liabilities would vary by their bays' and forecourts' rental value, for example with ultra rapid chargers incurring higher liabilities than slow chargers.
- 2.34 The Assessment considers that a ten-year timespan (up to 2036) is appropriate because of:
- (a) the fact that it matches the time horizon of the EV transition's wider timeline, under which the bulk of EV uptake is expected in the 2030s;
  - (b) existing related exemptions, such as the 'Green P&M'<sup>24</sup> relief for on-site renewable energy generation and storage, until 2035; and
  - (c) the typical period of six to nine years required for investment in EVCPs to pay back. The Assessment explains that shorter relief would provide insufficient certainty to companies investing in EVCPs and so discourage investment.
- 2.35 In our view, the Assessment partially explains how the Scheme is proportionate and limited to the minimum necessary to achieve its specific policy objective. However, while the Assessment takes into account the sector's current lack of profitability, it should set out and evidence why it considers 100% relief is expected

---

<sup>23</sup> See [Statutory Guidance](#) paragraphs 3.75–3.112 and the [SAU Guidance](#), paragraphs 3.14–3.18 for further detail.

<sup>24</sup> Green plant and machinery exemption.

to remain the minimum necessary over the Scheme's ten-year duration. This could include consideration of whether the sector is expected to remain loss-making throughout that period.

### **Design of subsidy to minimise negative effects on competition and investment**

2.36 The Assessment states that the Scheme removes business rates liabilities for all eligible EVCP bays and by doing so, it prevents a competitive distortion that would otherwise arise between (a) separately assessed EVCP bays and dedicated EV-only forecourts, which absent intervention would incur liabilities, and (b) host occupied EVCP bays, which currently do not incur liabilities.

2.37 The Assessment further explains that:

- (a) the costs covered are business as usual costs;
- (b) subsidy in the form of ongoing relief is required because one-off subsidy payments would not guarantee EVCPs' long-term viability;
- (c) performance criteria are not required because the Scheme does not seek to incentivise a specific change in the beneficiaries' behaviour;
- (d) the Scheme's effectiveness in supporting the EVCP rollout, and thereby EV uptake, will be assessed by monitoring growth in the rateable value of EVCP bays and EV-only forecourts. In particular, monitoring will address the extent to which business rates affect consumer prices, commercial viability and the rollout of EVCPs, and the level of investment.

2.38 Additionally, the Assessment considers the alternative subsidy design of a blanket exemption from business rates for all land used by any kind of EVCP bay. The Assessment concludes that such wider relief is not appropriate as it would:

- (a) make it difficult to track the sector's RV growth and consider how to withdraw the relief once the sector has sufficiently matured;
- (b) make it difficult to calculate and track the lost income local authorities should be compensated for; and
- (c) result in significant deadweight cost and financial cost by exempting EVCPs currently unaffected by business rate changes.

2.39 In our view, the Assessment explains how design features of the Scheme contribute to minimising negative effects of the Scheme on competition or investment within the United Kingdom. However, the Assessment should:

- (a) in light of the Scheme's ten-year duration, provide further details on the proposed monitoring of the Scheme and its impact on the EV rollout,

including how market developments are to be monitored and how these will be used to assess the Scheme's ongoing effectiveness and proportionality; and

- (b) given the potential competitive distortion between exempted and non-exempted EVCPs, explain more fully why a targeted exemption, rather than a blanket exemption, was deemed appropriate, addressing in particular why a blanket exemption results in significant deadweight cost and financial cost by exempting EVCPs currently unaffected by business rate changes (see paragraph 2.38(c)).

### **Assessment of effects on competition or investment**

- 2.40 The Assessment states that EV charging constitutes a distinct market and that EVCPs are operated by a few large operators.
- 2.41 The Assessment states that, if host-occupied EVCPs were to become subject to business rates liabilities for their host in the future, they may become less attractive investments compared with separately assessed EVCPs and EV-only forecourts. It notes that, should this occur, the appropriate response to address the resulting distortion would be considered, potentially extending 100% business rates relief to host-occupied EVCPs.
- 2.42 The Assessment also states that identical relief will be implemented in Scotland. However, it notes that Wales currently does not have equivalent relief in place, and therefore the Scheme may cause small distortions in incentives on the Wales-England border. The Assessment outlines that Northern Ireland also does not have equivalent relief in place, but due to its geography, this will not cause distortions vis-à-vis England, Wales and Scotland.
- 2.43 The Assessment considers that, as the Scheme will contribute to incentivising drivers to switch to EVs, it may affect the market for petrol and diesel cars. However, it considers that these effects from the Scheme will not be large as EVCP sites are not yet profitable and the Scheme seeks to facilitate the UK government's existing commitments for the EV rollout.
- 2.44 In our view, the Assessment considers some effects of the Scheme on competition or investment. However, the Assessment should conduct a more comprehensive assessment of the Scheme's impact on competition or investment. This should include further detail on the relevant product market definition, geographic market definition and the market shares of the main EVCP operators. It should also explain how market developments will be monitored (see paragraph 2.39(a)).<sup>25</sup>

---

<sup>25</sup> See Annex 3 of the Statutory Guidance for further details.

2.45 The Assessment should also consider whether possible uncertainty around potential future liabilities for host-occupied sites may distort near-term investment decisions, for example by incentivising operators to favour Scheme-supported EVCPs.

#### **Step 4: Carrying out the balancing exercise**

2.46 Under Step 4 (Principle G), public authorities should establish that the benefits of the subsidy (in relation to the specific policy objective) outweigh its negative effects, in particular negative effects on competition or investment within the United Kingdom and on international trade or investment.<sup>26</sup>

2.47 The Assessment explains that the expected benefits of the Scheme arise from achieving its two desired outcomes (see paragraph 2.4) and that these outcomes are intended to support wider environmental and economic benefits associated with the ZEV Mandate, including carbon savings and improved air quality, although the specific impact of business rates alone is difficult to isolate.

2.48 The Assessment considers potential effects on competition or investment, noting that a relief for EVCP bays and EV-only forecourts could create differences in tax treatment between host-occupied and separately assessed sites. However, it explains that host-occupied EVCPs currently do not attract separate business rates liabilities, so the Scheme is intended to balance treatment across the sector by ensuring no EVCP bays face a business rates charge.

2.49 The Assessment also considers possible regional effects, noting that EVCP provision is currently concentrated in London and the South East. It explains that while this means a higher proportion of relief may accrue to these areas, the Scheme helps prevent further widening of regional disparities by avoiding additional cost pressures on lower-utilisation locations where investment is already more marginal.

2.50 In relation to wider international trade or investment effects, the Assessment notes that EV charging is not a tradable service in the conventional sense and therefore is unlikely to affect international trade. It also notes that other jurisdictions provide relief for EV infrastructure, suggesting limited scope for international competitive distortion. The Assessment states that any potential UK-wide distortions are limited given the relatively small shares of the market outside England and the alignment with Scotland.

2.51 The Assessment concludes that the benefits of the Scheme outweigh the potential negative effects on competition or investment within the UK and international trade or investment. It states that this is because the relief is unlikely to create significant

---

<sup>26</sup> See [Statutory Guidance](#), paragraphs 3.113–3.121 and the [SAU Guidance](#), paragraphs 3.19–3.21 for further detail.

distortions, while it supports EVCP rollout and helps address the market failure affecting EV uptake and associated environmental benefits.

- 2.52 In our view, the Assessment sets out well the expected positive effects of the Scheme in relation to the policy objectives, its geographic impacts, as well as potential negative impacts in line with the Statutory Guidance.
- 2.53 To the extent that HMT revises or further develops its assessment under Step 3 in response to the points raised in this report, those changes should also be reflected in the balancing exercise under Step 4.

## **Energy and Environment Principles**

- 2.54 This section sets out our evaluation of the Assessment against the energy and environment principles.<sup>27</sup>
- 2.55 HMT has conducted an assessment of the Scheme against Principles A and B of the energy and environment principles. The Assessment explains that HMT does not consider any other energy and environment principles relevant to the Scheme.

### **Principle A: Aim of subsidies in relation to energy and environment**

- 2.56 Subsidies in relation to energy or the environment should be aimed at (1) delivering a secure, affordable and sustainable energy system and a well-functioning and competitive energy market, or (2) increasing the level of environmental protection compared to the level that would be achieved in the absence of the subsidy. If a subsidy is in relation to both energy and environment, it should meet both limbs.<sup>28</sup>
- 2.57 The Assessment explains that the Scheme is consistent with the environment limb of Principle A of the energy and environment principle as it will contribute to 420Mt Co2e<sup>29</sup> of carbon savings by reducing reliance on petrol and diesel cars through an increase in EVCP bays. The Assessment notes that this estimate factors in extra electricity demand on the grid. It further explains that the EVCP bays will be incorporated into existing bays where possible, so the impact on the natural environment will be small. The Assessment also outlines that the EV transition will help reduce Britain's exposure to volatile fossil fuel markets.
- 2.58 In our view, the Assessment covers briefly how the Scheme complies with Principle A of the energy and environment principles. However, the Assessment

---

<sup>27</sup> See Schedule 2 to the Act, and [Statutory Guidance](#), Chapter 4.

<sup>28</sup> [Statutory Guidance](#), paragraphs 4.19–4.28.

<sup>29</sup> Megatonnes of carbon dioxide equivalent.

could set out more clearly whether HMT considers that the energy limb of Principle A also applies, and if so whether/how the energy limb is complied with.

### **Principle B: Beneficiary’s liabilities as a polluter**

- 2.59 Subsidies in relation to energy or the environment should not relieve the beneficiary from liabilities arising from its responsibilities as a polluter under the law of England and Wales, Scotland, or Northern Ireland.<sup>30</sup>
- 2.60 The Assessment states that the Scheme will not relieve CPOs from any liabilities other than business rates. The Assessment further explains that the Scheme is consistent with the ‘polluter pays’ principle<sup>31</sup> and is in line with wider UK government strategy on reducing emissions and improving air quality.
- 2.61 In our view, the Assessment covers briefly how the Scheme complies with Principle B of the energy and environment principles.

### **Other Requirements of the Act**

- 2.62 The Assessment confirmed that no other requirements or prohibitions set out in Chapter 2 of Part 2 of the Act apply to the Scheme.

**17 June 2026**

---

<sup>30</sup> [Statutory Guidance](#), paragraphs 4.29–4.34.

<sup>31</sup> The polluter pays principle means that, where possible, the costs of pollution should be borne by those causing it, rather than the person who suffers the effects of the resulting environmental damage, or the wider community. For more information, see [Environmental principles policy statement - GOV.UK](#).