Subsidy Advice Unit Report on the Strategic Charging Infrastructure scheme

Referred by the Office for Zero Emission Vehicles

04 November 2026

Subsidy Advice Unit

Part of the Competition and Markets Authority

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1. The Referral

1.1 On 18 September 2026, the Office for Zero Emission Vehicles (OZEV) requested a report from the Subsidy Advice Unit (the SAU)[1] in relation to the proposed Strategic Charging Infrastructure subsidy scheme (the Scheme) under section 52 of the Subsidy Control Act 2022 (the Act).[2]

1.2 This report evaluates OZEV's assessment of compliance (the Assessment) of the Scheme with the requirements of Chapters 1 and 2 of Part 2 of the Act.[3] It is based on the information and evidence included in the Assessment and any relevant information submitted by third parties. We received two third party responses during this referral.

1.3 This report is provided as non-binding advice to OZEV. It does not consider whether the Subsidy 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, OZEV has considered in detail several aspects of the Scheme's compliance with the subsidy control and energy and environment principles. In particular, OZEV has clearly described and evidenced the policy objective (Principle A), and carried out a comprehensive balancing test (Principle G), including by quantifying and comparing the identified benefits and distortionary impacts.

1.6 However, we have identified the following areas for improvement. The Assessment should:

(a) In the counterfactual (Principle C):

(i) identify the most likely counterfactual outcome for the type of sites targeted by the Scheme, distinguishing delayed investment from investment that is unlikely to occur; and

(ii) explain how the electric vehicle charging sector might evolve absent the Scheme, taking into account the expected impact from the Zero Emission Vehicles Mandate.

(b) Provide more detail and evidence on the extent to which the Scheme delivers additional investment relative to the counterfactual (Principle D), including on:

(i) how the Scheme will alter beneficiaries' incentives to invest; and

(ii) how the Scheme's design will exclude sites where investment would otherwise have taken place.

(c) Consider whether the Scheme contains sufficient mechanisms to ensure that subsidies granted under the scheme result in additional charging capacity, such that the policy objective is delivered. (Principle B)

(d) Consider if there are further design choices which could limit potential distortions, including looking at eligibility criteria and mechanisms to limit on-site distortions. (Principle F)

(e) Assess more fully the Scheme's effects on competition and investment (Principle F), including considering:

(i) the wider benefits Motorway Service Area Operators (MSAOs) may accrue from government-funded infrastructure;

(ii) impacts on local competition with non-MSAOs and between on-site Charge Point Operators (CPOs); and

(iii) impacts on future investment decisions in relation to charging locations, charge point numbers, alternative technologies and related markets such as motorway service area (MSA) amenities.

1.7 We note that some features of the Scheme are yet to be finalised, particularly those related to the precise size of the subsidy awarded to beneficiaries under the Scheme, the cap on site connection costs that will be funded, and the reservation period during which subsidies under the Scheme will be available. We consider that the Assessment cannot definitively conclude on whether the Subsidy complies with Principles B and F until these aspects of the Scheme are finalised, at which point OZEV should complete its assessment of the final design of the Scheme.

1.8 We discuss these areas below, along with other issues, for consideration by OZEV in finalising its assessment.

The referred scheme

1.9 The Strategic Charging Infrastructure scheme is proposed by OZEV to support the expansion of electric vehicle (EV) charging at MSAs by addressing the lack of affordable electricity network capacity at some MSAs.

1.10 An indicative allocation of £190 million has been made available for the Scheme from the £400 million announced at Spending Review 2025 to support EV charging infrastructure between 2026 and 2030. The Scheme is expected to support approximately 15 to 25 MSAs and aims to meet projected EV charging demand at selected sites until at least 2035 and, in some cases, until 2050. Sites will be chosen based on the gap between current and future capacity and where the costs of upgrading the network are not commercially viable. Site selection will also take account of deliverability, geographical distribution and the spread of support across MSAOs.

1.11 Under the Scheme, OZEV will commission electricity network upgrades at selected sites in England, reserving the resulting electricity capacity for MSAOs or CPOs to deploy open-access EV charging infrastructure.

1.12 MSAOs and CPOs will be able to access the reserved capacity by applying directly to the relevant connection provider[1] in return for paying a "second-comer" charge as required under the Electricity (Connection Charges) Regulations 2017.[2] OZEV will partially waive the level of this charge to bring the price to a commercially viable level. The connection provider will transfer the amount paid through the second-comer charge back to OZEV. OZEV currently intends to reserve the capacity for between three and five years. Any capacity not taken up by the end of the reservation period will become available, unsubsidised, to any energy user.

1.13 MSAOs and CPOs are responsible for the costs of charge points and other on-site infrastructure, including metering, cabling, on-site substations and civil works.

1.14 OZEV explained that the Scheme is a Scheme of Particular Interest because it allows for the provision of one or more Subsidies of Particular Interest to be given.[3] In particular, individual subsidies are expected to exceed £1 million and may result in beneficiaries receiving a number of subsidies which in total exceed £25 million.

[1] This could be a Distribution Network Operator (six companies operating under licence from Ofgem with responsibility for overseeing the electricity distribution system in a specific geographic area), or an Independent Connection Provider (accredited independent companies that can set up new connections).
[2] If one electricity customer pays for network upgrades to connect to the grid, and another customer later benefits from those same upgrades, the second customer has to contribute to the original infrastructure cost. This "second comer charge" is applicable for up to 10 years after the initial upgrade work. See The Electricity (Connection Charges) Regulations 2017.
[3] 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 OZEV.

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.[4]

Policy objectives

2.3 The Assessment states that the Scheme's overall objective is to facilitate and futureproof the deployment of large-scale EV charging infrastructure for cars, vans, heavy goods vehicles (HGVs), coaches and motorcycles at 15 to 25 MSAs in England by making additional grid capacity available ahead of demand.

2.4 This is intended to:

(a) support a visible and reliable long-distance charging network which reduces gaps in charging provision along the motorway network;

(b) reduce range and charging anxiety and improve confidence in undertaking long-distance electric vehicle journeys, increasing public and fleet operator confidence in switching to and using electric vehicles; and

(c) thereby accelerate road transport decarbonisation and contribute to the UK's legally binding Net Zero and Carbon Budget commitments, generating wider societal benefits through lower carbon emissions and improved air quality that private investors do not fully take into account.

[4] See Statutory Guidance, paragraphs 3.33–3.59 and the SAU Guidance, paragraphs 3.6–3.10 for further detail.

2.5 In our view, the Assessment clearly describes and evidences the specific policy objective of the Scheme and sets out the intended outputs and wider outcomes associated with achieving that objective.

Market failure

2.6 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.[5]

2.7 The Assessment describes a primary and secondary market failure, and a secondary "market barrier."

2.8 The identified primary market failure is coordination failure. The Assessment explains that range and charging anxiety mean that consumers may be unwilling to adopt EVs without confidence in a sufficiently extensive and reliable charging network. However, investors may be unwilling to fund that charging network without confidence that there are enough EVs to utilise them. This can result in underinvestment in charging infrastructure and a market equilibrium below the socially desirable level.

2.9 The Assessment identifies positive environmental externalities as a secondary market failure. When deciding whether to invest in grid upgrades and charging infrastructure, investors do not fully account for wider benefits to society from these upgrades, including lower carbon emissions, improved air quality and progress towards the UK's Net Zero and Carbon Budget commitments. Because these benefits accrue beyond the investor, the market has an incentive to invest less than the socially optimal amount.

2.10 The Assessment also identifies high upfront grid connection costs as a market barrier that intensifies the coordination failure at particular MSAs. These sites are often in less built-up locations, distant from existing network infrastructure, and may require large-scale or technically complex works. The Assessment notes evidence from feasibility studies as well as historic investment evidence.

2.11 The Assessment explains that the Scheme addresses these market failures and the market barrier by having Government procure additional grid capacity at selected sites and providing it to MSAOs and CPOs at a subsidised price created by a partial waiver of the second-comer charge. This is intended to make investment commercially viable, bring forward private expenditure on charge points and on-site infrastructure, and support deployment ahead of demand.

[5] Statutory Guidance, paragraphs 3.36–3.51.

2.12 One third-party submission questioned the scale of the market failure and future charging requirements at MSAs. The submission notes off-motorway charging provision, home and destination charging, changing charging behaviour, improvements in vehicle range and alternative technologies may reduce future demand for charging at MSAs. It also suggests that constraints on charging provision at some motorway service areas may reflect factors other than market failure, including existing commercial incentives and the regulatory framework.

2.13 In our view, the Assessment identifies and evidences the market failures that the Scheme is intended to address, specifically the coordination failure, positive environmental externalities and high grid connection costs.

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.[6]

2.15 OZEV commissioned independent analysis to assess a range of options to achieve the policy objective. This revisited and updated the options originally considered for the Rapid Charging Fund (RCF), in light of market developments and learnings from the RCF. The options covered include: doing nothing, regulation, private-public financing through a new or existing Government investment fund, loans, grants, government-owned connections and regulation.

2.16 Each option was assessed against a framework of critical success factors based on the Green Book appraisal guidance, and against the risks of over- or under-subsidy. A shortlist of three was then assessed in more detail against deliverability. The Assessment concludes that it is unlikely that the non-subsidy options would address the market failures. In particular, they would not future-proof the network or address the high cost of connections without exposing the Government to high levels of financial risk and with sufficient confidence in market participation. References are made here and in Step 3 to the possibility of using regulation should take-up of subsidy be lower than required to achieve the policy objective.

2.17 A third-party submission argued that there may be other options more suitable to achieving the policy objective, including regulation/licencing, loans, match funding, clawback of subsidy where the beneficiary makes distributions to shareholders above a set threshold during the funding period, and competitive allocation of

[6] Statutory Guidance, paragraphs 3.57–3.59.

subsidies capacity directly to CPOs together with right of access to MSA land on regulated terms.

2.18 In our view, the Assessment demonstrates that OZEV has considered a range of alternatives to subsidy. However, we note that the options considered are those considered when developing the earlier Rapid Charging Fund and the Assessment could consider whether other options have arisen since then, including the additional options set out by the third party. The Assessment could also explain why regulation is not considered an appropriate intervention at this point but is considered appropriate in a future scenario.

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

2.19 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.[7]

Counterfactual

2.20 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).[8]

2.21 The Assessment sets out a counterfactual in which major grid upgrades at the 15 to 25 MSAs would be unlikely to proceed at the scale or pace necessary to meet projected charging demand from 2035 onwards. Some limited incremental upgrades may continue in the short term at MSAs where affordable capacity remains available.

2.22 The Assessment explains that grid capacity upgrades and extensions involve substantial expenditure, usually funded by the connecting customer (in this context, typically an MSAO or a CPO).[9] In the counterfactual, these investments are unlikely to proceed at the required pace or, in some cases, at all. The

[7] See Statutory Guidance, paragraphs 3.60–3.74 and the SAU Guidance, paragraphs 3.11–3.13 for further detail.
[8] Statutory Guidance, paragraphs 3.63–3.65.
[9] Costs will include transformers, switchgear and cabling, as well as metering, substations, cabling and charge points.

Assessment draws on feasibility studies[10] estimating connection costs and historical investment data[11] to support its conclusion that costs exceed levels historically considered commercially viable, while also noting the EV market's early stage. The Assessment further identifies the possibility of capacity shortfalls and gaps in charging across the motorway network. This would reduce confidence in the availability of motorway charging, suppress EV adoption and use, and further weaken charge point utilisation and the investment case, perpetuating the coordination failure. The Assessment refers to interviews with MSAOs where they indicated a preference for incremental upgrades to accommodate near-term demand rather than future-proofing sites.

2.23 The Outline Business Case records some stakeholder views that CPOs may have funds to offset infrastructure costs that MSAOs would otherwise consider uncommercial. The Assessment notes, however, that the scale and cost of the grid upgrades required at selected MSAs may not be directly comparable to those associated with existing privately funded charging sites.

2.24 In setting out its projections for EV adoption, the Assessment takes into account the Zero Emissions Vehicles mandate and the Government's new vehicle sales phase-out commitments. The Outline Business Case identifies the successful delivery of this mandate as important for improving the commercial viability of grid connections and for scaling up EV charging infrastructure at MSAs.

2.25 The Assessment also considers battery storage and on-site solar generation. It states that these may reduce the scale of the required grid upgrade and provide temporary support for charging demand. However, the Assessment argues their suitability is site-specific and that they are unlikely to provide the scale or reliability required to replace a future-proofed grid connection.[12]

2.26 A third-party submission raised the risk that the Scheme's lack of investment reflected MSAOs deferring investment decisions in anticipation of subsidies. It asks the SAU to consider whether the counterfactual considers what MSAOs would fund themselves if it were clear that no subsidy would be available.

2.27 A third party also noted that it has funded grid connections at MSA and trunk-road charging stations without subsidy, incurring costs it considers comparable to the lower end of costs for shortlisted MSAs.[13] Another third party submitted that, without the Scheme, it could attract HGV charging demand to its non-MSA hubs

[10] Produced by DNOs.
[11] From MSAOs.
[12] The Assessment also notes that DNOs' strategic investment proposals would not significantly reduce connection costs, as Ofgem has not approved them.
[13] Trunk roads are major roads that are not motorways.

by locating them where grid connections were cheapest yet sufficiently proximate to the strategic road network to avoid excessively costly diversions.

2.28 In our view, the Assessment partially describes and evidences what would likely happen if the Scheme was not implemented. It explains why investment may be constrained without the Scheme, but does not sufficiently evidence why the planned improvements in charging provision and driver confidence would not otherwise be achieved at the required scale and pace.

2.29 The Assessment should therefore identify the most likely counterfactual for the types of sites that the Scheme is intended to support, distinguishing delayed investment (including its likely timing) from investment that is unlikely to occur at all.

2.30 The Assessment should also explain and evidence how the electric vehicle charging sector, including the coordination failure identified under Step 1 (see paragraph 2.8), is expected to evolve without the Scheme, taking into account the Zero Emission Vehicle mandate and the Government's commitments to phase-out non-EV sales. It should consider whether and over what timescale stronger expected charging demand and economic returns resulting from these policies could spur private investment on the supply side, and whether and to what extent any remaining gaps in charging provision would continue to constrain EV adoption on the demand side. While the Assessment references expensive connection costs, further evidence such as updated investment plans or commercial analyses covering MSAOs, CPOs, and jointly funded projects, could help establish the likely scale and timing of charging provision absent the Scheme, as well as any remaining shortfall against expected demand.

Changes in economic behaviour of the beneficiary and additionality

2.31 Subsidies must bring about something that would not have occurred without the subsidy.[14] 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').[15] 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).[16]

2.32 The anticipated change is for MSAOs and CPOs to invest in charging infrastructure at the selected sites to accommodate projected charging requirements from at least 2035, and in some cases through to 2050, rather than

[14] Statutory Guidance, paragraph 3.67.
[15] Statutory Guidance, paragraphs 3.66–3.70.
[16] Statutory Guidance, paragraphs 3.71–3.73.

deferring investment. OZEV expects the Scheme to increase both the pace and scale of charging infrastructure deployment, drawing on evidence that private investment follows where grid capacity is affordable and confidence in demand is sufficient.

2.33 The Assessment explains that site selection is designed to maximise additionality by targeting high-cost connections where timely investment would otherwise not occur or would be limited to incremental upgrades that lag demand. Eligible sites will meet grid-connection and unit-cost thresholds and then be ranked by the gap between secured capacity and projected 2035 demand. Sites will be prioritised where power constraints are most likely to disrupt drivers and where incremental upgrades, solar generation or battery storage are least likely to provide a sufficient alternative. The wider process excludes already-sufficient capacity and includes refreshed information, feasibility and alternative-technology checks, and a portfolio assessment that considers operator inaction.

2.34 The Assessment cites evidence from infrastructure upgrades undertaken between 2021 and 2026. Only a small number exceeded the proposed site-eligibility cost thresholds, which the Assessment considers as exceptions given relevant context rather than business-as-usual investment decisions. It suggests that this small number assures that the proposed site selection thresholds will minimise the risk of funding projects that investors would otherwise fund.

2.35 A third party submitted that adequate charging is a cost that MSAOs would ordinarily be expected to bear as part of their core refuelling function, while acknowledging that existing regulations do not specify minimum numbers of chargers, speeds, or power levels. The third party cites MSAOs' financial reports as evidence that MSAOs could finance the upgrades themselves. It recommends including commercial viability for the specific MSAOs in the Assessment.

2.36 In our view, the Assessment partially explains how the subsidy would change the beneficiaries' economic behaviour. It explains that the Scheme brings about changes that would not have occurred or would have occurred over a longer timeframe absent the subsidy. In particular, the Assessment explains a credible incentive mechanism.

2.37 However, the Assessment should:

(a) For the type of sites that the Scheme is intended to support, explain and evidence how the Scheme is expected to change the beneficiaries' investment decisions relative to the counterfactual, including what charging provision would be accelerated or delivered at greater scale. Evidence could include analysis of existing investment plans or comparable investment decisions; and

(b) Explain how the Scheme's detailed rules and criteria will avoid supporting investment that would proceed regardless of the scheme. Any residual non-additionality that cannot reasonably be excluded should be reflected under Principle G.

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

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

(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.[17]

Proportionality

2.39 The Assessment states that the Scheme has an indicative budget of £190 million to support 15 to 25 MSAs. The subsidy will be provided in the form of a waiver reducing the second-comer charge, intended to be set at a fixed amount across sites of between £150,000 and £200,000 per megavolt-ampere (MVA) requested.[18] This range was arrived at through consultation and industry benchmarking; the Assessment rejects a full waiver because MSAOs and CPOs have previously invested without subsidy where costs were commercially viable.

2.40 The Assessment explains that support will be directed to sites where the market failure is most acute, prioritising sites with the largest capacity gap where investment is least likely to proceed commercially and can deliver the greatest additional impact. Additionally, the Scheme will only cover the extension assets needed to provide the connection to the new grid capacity and will not cover any of the other infrastructure costs needed to provide EV charging on site.[19] Limiting support in this way is intended to address the specific grid constraint without replacing investment that beneficiaries would ordinarily make.

2.41 The Scheme will target sites with higher connection costs (determined by the cost of the connection upgrade) and will be capped to exclude sites where costs are

[17] See Statutory Guidance paragraphs 3.75–3.112 and the SAU Guidance, paragraphs 3.14–3.18 for further detail.
[18] The Assessment notes OZEV is considering a charge in the lower half of the range to balance early take-up across the Scheme against minimising public expenditure.
[19] Including charge points, on-site substations, metering, cabling, civil works, car park changes, signage, security measures, maintenance or, at double-sided sites, works needed to transfer capacity between both sides of the motorway. Reinforcement works serving multiple customers will remain the responsibility of electricity network operators.

particularly high. This cap is currently set at an indicative level of £20 million per site for infrastructure costs, though this is yet to be finalised.

2.42 The Assessment states the partially waived second-comer charge will apply only during the reservation period, when the extra capacity created can only be used for open-access EV charging. This reservation period, yet to be finalised, is currently expected to be 3 to 5 years across all sites and will seek to balance the need to accommodate operators' investment cycles against the cost of reserving capacity and the objective of securing early, full take-up.

2.43 After the reservation period, and until the ten-year statutory period under the Electricity (Connection Charges) Regulations 2017 expires, users would pay the full second-comer charge. After this, there would be no second-comer charge, in line with the regulations.

2.44 Once sites are selected, a final portfolio assessment will balance the number of sites supported, future-proofing, total cost, geographic coverage and operator spread. The final beneficiaries are expected to be a mix of MSAOs and CPOs.

2.45 The Assessment sets out how the Scheme will be monitored to identify under-use, protect public value and ensure that the subsidy produces the intended investment and charging capacity. OZEV will track a number of metrics[20] and engage regularly with beneficiaries to understand deployment plans. Process evaluation is expected to examine implementation and performance against the Scheme's objectives. If take-up or charge point installation at supported sites is low, the Government may introduce regulation requiring a minimum charging provision.

2.46 In our view, the fact that certain aspects of the Scheme design remain to be finalised (see paragraphs 2.39, 2.41 and 2.42) means that the Assessment is unable to fully explain how the design elements of the Scheme demonstrate it is both proportionate and limited to the minimum necessary to achieve the desired outcome and policy objective**.** These elements should be considered against Principle B when finalised and related parts of the rest of the Assessment may need to be revisited where they are impacted by any changes (such as Principle G and the Energy and Environment principles).

2.47 We also note the Scheme does not appear to include any obligation on beneficiaries to ensure that charge points are built. While the Assessment does consider the possibility for regulation at a later date if the charging provision is not

[20] Including the number of connection requests, partial waivers, second-comer receipts, the proportion of capacity taken up, the time taken to achieve full take-up, charge point deployment, changes in the mix of operators and drivers' perceptions.

built, it should consider whether the Scheme contains sufficient mechanisms to ensure that this happens, so that the policy objective is delivered.

2.48 The Assessment could also:

(a) more clearly explain how the Scheme will ensure that the locations selected will provide reasonable coverage across the SRN to achieve the policy objective of reducing charging and range anxiety;

(b) consider whether a cap on the total subsidy given to a beneficiary under the Scheme is necessary to ensure proportionality, as while the Scheme does include a cap relating to the build cost per site, there is currently no limit to the amount a single beneficiary could receive (eg a single MSAO owning multiple sites selected for subsidy); and

(c) although the Assessment provides details on the size of the Scheme it could put this into context relative to the size of the overall market, and recent and planned private investment.

Design of subsidy to minimise negative effects on competition and investment

2.49 The Assessment states that the Scheme's site selection process is designed to minimise distortions by supporting 15 to 25 of England's 116 motorway service areas, targeting the intervention on a limited scale where the market failure is most acute. Site selection will also consider geographic and operator spread, to reduce the risk that support is concentrated within one MSAO's estate. The Assessment states that the Scheme will select the relevant sites and not the final beneficiaries of the waiver.

2.50 The Assessment states that the Scheme will fund only costs relating to grid connection infrastructure, rather than all infrastructure needed for EV charging (where beneficiaries will retain responsibility for construction of on-site and charging infrastructure). A proposed cap will be in place on individual sites to strengthen the value for money of the intervention. While non-contestable works must be carried out by the relevant DNO, contestable grid connection works will be procured competitively. It also states that the second comer charge is only partially subsidised, limiting potential distortions.

2.51 Two third parties raised concerns about limiting the Scheme to MSAs and supported widening eligibility. One highlighted the exclusion of regulated trunk-road facilities arguing that sustained subsidy intervention in the nascent HGV charging market risks shaping its development in ways that could adversely affect competition and innovation. One third party also noted that the Scheme has no equivalent to the requirement that was included in the RCF to have at least 2

CPOs at a site, and this could allow a single MSAO-owned charging business to capture all the charging business at that site.

2.52 In our view, while the Assessment describes how some design features of the Scheme could minimise any negative effects, it does not fully explain how the Scheme has been designed to limit all identified potential distortions to competition and investment.

2.53 The Assessment should consider if there are further design choices which might limit potential distortions. In particular, the Assessment should:

(a) further evidence why it believes the competitive impact of excluding non-MSA sites is low and consider whether broadening the eligibility criteria could achieve the wider intended aims of the Scheme while being less distortive to competition; and

(b) consider further how the Scheme affects incentives of MSAOs to favour certain CPOs which could increase and entrench market power. It should consider if there are additional Scheme mechanisms that could be put in place to limit distortions between potential beneficiaries or further explain and evidence why no further mechanisms are needed.

2.54 In addition, we note that the Assessment proposes a standard second-comer charge across supported sites, rather than varying the charge according to site-specific costs or the level of support required to secure investment. It could better explain and evidence its conclusions as to why a less distortive approach is unviable, given the level of financial information it proposes to consider as part of the site selection process.

Assessment of effects on competition or investment

2.55 The Assessment describes a growing EV market[21] (albeit with electric HGVs still being at an early stage). It expects strong growth in overall demand and considers additional capacity at supported sites more likely to add to a growing network than simply redistribute a fixed level of demand.

2.56 The Assessment identifies four main areas in which competition may be impacted, including consideration of both vertical and horizontal impacts on charging provision:

(a) Other nearby MSAs: The Assessment describes a concentrated MSA market, with six operators controlling England's 116 sites. It considers that

[21] Charging provision at motorway service areas has more than tripled in recent years to over 1,740 rapid and ultra rapid charge points as of July 2026

subsidised sites could gain a competitive advantage over closely located unfunded sites through obtaining capacity sooner and more cheaply. This could enable earlier deployment of charging facilities, attracting consumers to that MSA compared to others, leading to potential increases in charging and retail revenue. This could also disincentivise and weaken investment incentives at competing sites to deploy EV charging. The Assessment considers some MSAOs could benefit disproportionately if they receive subsidy across a large number of sites compared to other operators. The Assessment considers these effects likely to be limited because the intervention is small relative to the existing and future charging network, addresses site-specific costs rather than business-as-usual investment, and applies where the market is unlikely to deliver the required capacity before 2030. The Assessment also notes that MSAs fulfil a distinct function, including fixed strategic spacing and continuous access to toilets, refreshments and facilities for different vehicle types. Drivers' stopping decisions are therefore influenced by journey convenience and the need to rest, which weakens direct competition between some locations.

(b) Non-MSA provision on the Strategic Road Network:[22] New charging infrastructure at MSAs could present an improved commercial offering and therefore divert customers (and revenue) from nearby non-MSA sites. The Assessment considers that non-MSA sites may have greater locational flexibility compared to MSAs but may not provide an equivalent offer for long-distance journeys.[23] The Assessment cites evidence from a survey that 42% of electric vehicle drivers were unwilling to leave the motorway to charge and, among those willing to leave, 64% would travel no more than three miles.[24] It therefore considers competitive interaction to be strongest between nearby sites on the same route, but weaker than geographic proximity alone might suggest. The Assessment notes CPOs based at non-MSA sites raised suggestions during its consultation that charging near MSA sites should be taken into account as part of the selection process, but considered it was unlikely to play a significant part in the selection process.

(c) Between CPOs at MSAs: The Assessment describes the market of nine CPOs supplying rapid and ultra-rapid charging at MSAs. It considers that there could be impacts on competition within the MSAs selected within the Scheme. MSAOs must give permission to any CPO before they can build charging points or access grid capacity. Therefore, vertically integrated MSAOs could favour their own charging business over third-party CPOs or

[22] Including hubs, A-road service areas, truck stops, retail destinations and facilities close to motorway junctions.
[23] In particular, continuous access to rest, refreshment, coach and HGV facilities.
[24] Department for Transport (2025) EV charging on England's strategic road network. Available at: https://www.gov.uk/Government/publications/electric-vehicle-ev-charging-on-englands-strategic-road-network.

could restrict competitors' access. The benefits of the subsidised infrastructure could accrue disproportionately to certain MSAOs if they secure access to additional capacity over competing CPOs, with the potential to strengthen their market power in the CPO market. The Assessment considers this distortion to be low because this control already exists in the counterfactual,[25] no new site-access rights are granted, no CPO is selected in advance, only a limited proportion of sites will be supported, the historic CPO exclusivity arrangements at MSAs will end, and growth from three motorway-based CPOs in 2021 to nine by July 2026 indicates increasing entry and competition.

(d) The electric HGV charging market: The Assessment considers competitive effects on the electric HGV charging market to be limited. Electric HGV charging is at an early stage, with fewer than ten publicly available locations. Enabling provision at some MSAs is therefore expected to help support an emerging network and establish basic network coverage rather than materially displacing consumers from existing locations. A-road services, depots, warehouses, distribution centres and truck stops may become related or complementary charging locations to MSAs.

2.57 The Assessment considers alternative technologies, including battery storage and on-site solar generation, but concludes that these are site-specific and unlikely to substitute fully for a future-proofed grid connection. Where they could credibly meet projected demand, this will be reflected in site selection, including by reducing the scale of the connection or deprioritising the site for support.

2.58 The Assessment also considers effects in the electricity connections market. It considers crowding out other electricity users to be unlikely because the Scheme's capacity requirement is negligible relative to the national transmission and distribution connection queues.

2.59 Responses from third parties raised a number of points around impacts on competition. One third party stated that the Scheme inadequately considers how it might impact the emergence of more efficient or innovative market alternatives. They submitted that the Scheme would reduce its appetite to invest in new infrastructure, as it weakens its business case to attain scale at energy-optimal locations. Further, it might need to become a CPO concessionaire on a MSA site to remain competitive or even build its own hubs to MSA specifications (which would require it to serve petrol and diesel given the current MSA regulatory regime).

[26] See Statutory Guidance, paragraphs 3.113–3.121 and the SAU Guidance, paragraphs 3.19–3.21 for further detail.

2.60 Another third party stated that the economic benefits of the Scheme accrue to the MSAOs, either directly or through the terms it can extract from third-party operators. It explained capacity at an MSA can only be used on MSA land, and a CPO cannot install chargers without the MSAO's agreement. The MSAO will decide which CPOs can make use of the reserved capacity and set the commercial terms, including rent and/or revenue share. Where the MSAO has its own charging business, it can simply use the capacity itself. The third party questioned whether OZEV's assessment correctly identifies the MSAO as the effective beneficiary and analyses these implications.

2.61 In our view, the Assessment identifies the main markets impacted by the Scheme and considers impacts on competition and investment to some extent, in line with Annex 3 of the Statutory Guidance.

2.62 However, the Assessment should assess more fully the Scheme's effects on competition. In particular, it should consider the extent of financial and non-financial benefits accruing to MSAOs from the Scheme including benefits they may derive from commercial arrangements on site.

2.63 Additionally, the Assessment should include more evidence and explanation to support its conclusions that the impacts on competition will be low. In particular it should consider in greater depth:

(a) how subsidising MSAs might impact competition at a local level. This could include other MSAs but also non-MSAOs in the local area who could face more significant impacts; and

(b) how the Scheme might impact on-site competition between CPO operators, including MSAOs and third-party CPOs. In particular, the Assessment should consider the incentives and likelihood of MSAOs to give capacity access to their own CPO or affiliated companies, as opposed to third-party CPOs.

2.64 In addition, the Assessment should consider further how the Scheme could distort future investment. This should include:

(a) potential impacts on investment and entry in the emerging electric HGV charging market;

(b) CPOs' decisions on the location and scale of future EV charging provision;

(c) investment in alternative technologies, such as battery storage and on-site solar generation; and

(d) investment in complementary markets, such as MSA amenities.

Step 4: Carrying out the balancing exercise

2.65 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.[26]

2.66 The Assessment identifies the following expected benefits from the Scheme:

(a) provision of grid capacity and charging infrastructure ahead of need at 15 to 25 MSAs, meeting projected demand from at least 2035 and potentially to 2050;

(b) greater confidence among drivers and fleet operators in undertaking long-distance journeys in electric vehicles, leading to earlier adoption and increased use of electric vehicles;

(c) reduced tailpipe carbon dioxide emissions, supporting the Government's Net Zero and Carbon Budget commitments;

(d) fuel resource cost savings from the lower resource cost of electricity;

(e) cost efficiencies from undertaking larger grid upgrades once, rather than a series of smaller and potentially duplicative upgrades; and

(f) wider network benefits as increased charging provision supports consumer confidence and the continued growth of the electric vehicle charging market.

2.67 The Assessment also identifies the following potential distortionary impacts:

(a) funded MSAs may obtain grid capacity sooner and at a lower cost than nearby unfunded MSAs, non-motorway charging locations or prospective electric heavy goods vehicle charging site;

(b) charging and associated retail revenues may be diverted from nearby competing locations, potentially weakening incentives for private investment at those sites;

(c) support could become concentrated among sites operated by one MSAO, strengthening that operator's position relative to competitors;

[26] See Statutory Guidance, paragraphs 3.113–3.121 and the SAU Guidance, paragraphs 3.19–3.21 for further detail.

(d) MSAOs control access to their sites and may restrict or disadvantage competing CPOs, particularly where they operate their own charging businesses;

(e) certain operators may gain market power by accessing subsidised capacity and deploying charge points sooner than competitors;

(f) indirect effects could arise for foreign-owned or partly foreign-owned operators, although material effects on international trade and investment are not expected;

(g) limited localised geographical effects could arise where funded sites attract demand from nearby unfunded charging locations; and

(h) the benefits are likely to accrue mainly to long-distance drivers, while any additional benefit for drivers without home charging may be limited because charging at motorway service areas is generally more expensive than local or destination charging.

2.68 The Assessment undertakes a detailed cost-benefit analysis assigning monetary values where possible to the benefits and distortionary impacts, as well as undertaking sensitivity testing using different assumptions about future electric vehicle demand and use. The Assessment explains how the Scheme's scale and design limit likely distortions.

2.69 Overall, the Assessment concludes that the Scheme's expected benefits significantly outweigh the identified negative effects on competition, investment, trade and geographical distribution. These effects are expected to be limited, while the benefits support the Government's wider decarbonisation objectives and the continued growth of the EV charging market.

2.70 In our view, the Assessment fully considers the positive and distortionary effects of the Scheme in relation to the policy objectives and its geographic impacts. It conducts a clear and structured balancing exercise in line with the Statutory Guidance, using an appropriate and detailed methodology involving both quantified and non-quantified impacts and sensitivity analysis.

2.71 We note that Step 4 may need to account for any changes made in relation to our recommendations in relation to other parts of the Assessment.

Energy and Environment Principles

2.72 This section sets out our evaluation of the Assessment against the energy and environment principles.[27]

2.73 OZEV has conducted an assessment of the Scheme against Principles A and B. OZEV does not consider that any other energy and environment principles are relevant, and we have not identified any other principle that should have been addressed as part of the assessment.

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

2.74 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.[28]

2.75 The Assessment assess the Scheme against both limbs of Principle A.

2.76 In relation to the first limb, the Assessment states that the Scheme:

(a) contributes to a secure and sustainable energy system by funding targeted electricity network upgrades to selected MSAs to meet forecast future EV charging demand between 2035 and 2050. Without sufficient electricity network capacity at these sites the risk that grid constraints become a barrier to the transition from fossil-fuelled vehicles to electricity-based transport;

(b) supports affordability by reducing the level of cost of grid upgrades at some MSAs that would otherwise need to be borne by individual operators or passed through to EV charging users;

(c) is consistent with a well-functioning energy market because it addresses a coordination and first-mover problem in the provision of strategic grid capacity and that by funding defined upgrades at a limited number of sites, the Scheme enables capacity to be provided at the scale and timing needed to support EV charging deployment; and

(d) is expected to support competition in EV charging provision at MSAs and between MSAs as, where site arrangements allow, multiple CPOs may be able to access the funded capacity on commercial terms, supporting

[27] See Schedule 2 to the Act, and Statutory Guidance, Chapter 4.
[28] Statutory Guidance, paragraphs 4.19–4.28.

competition. However, the Assessment notes that there will be adverse impacts on CPOs that provide EV charging provision located close to, but not on, the motorway network.

2.77 In relation to the second limb, the Assessment notes that decarbonising road transport is essential to meeting the UK's net zero objectives and states that by funding targeted electricity network upgrades at selected MSAs the Scheme will enable the deployment of EV charging infrastructure at the scale needed to meet forecast demand between 2035 and 2050. The Assessment states that the Scheme is expected to increase the level of environmental protection compared with the level that would be achieved in the absence of the subsidy.

2.78 In our view, the Assessment explains and evidences how the Scheme complies with Principle A of the Energy and Environment Principles. We note that the assessment of this principle may need to account for any changes made in relation to our evaluation of Principle F and how the Scheme deals with impacts on competition.

Principle B: Beneficiary's liabilities as a polluter

2.79 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.[29]

2.80 The Assessment explains that the purpose of the Scheme is to fund targeted electricity network upgrades at selected motorway service areas to enable future deployment of EV charging infrastructure. The Scheme is not designed to compensate firms for the costs of remedying environmental damage, or meeting any penalties, fines or liabilities resulting from polluting activity.

2.81 In our view, the Assessment clearly explains and evidences how the Scheme complies with Principle B of the Energy and Environment Principles.

Other Requirements of the Act

2.82 OZEV confirmed that no other requirements or prohibitions set out in Chapter 2 of Part 2 of the Act apply to the Scheme.

4 November 2026

[29] Statutory Guidance, paragraphs 4.29–4.34.