

## Access and Forward-looking Charges Significant Code Review:

### Consultation on Minded To Positions

#### *Response from Stagecoach*

#### **Introduction**

Stagecoach is Britain's biggest bus and coach operator, providing local bus networks and inter-urban bus and coach connections. We operate around 8,400 vehicles connecting over 100 communities across the UK through 19 regional Bus Operating Companies under the Stagecoach brand.

We run megabus, the market-leading value coach operator, connecting many of the UK's most popular destinations. We also have a 35% stake in Scottish Citylink, which retails inter-city coach journeys between various locations in Scotland, and between locations in Scotland and locations in England. In Sheffield, we also operate the Supertram light rail network, serving the city since 1994.

We provide direct employment for around 24,000 people in the UK and support around another 10,000 jobs nationally, working with around 7,000 small, medium and large businesses in our supply chains.

Stagecoach already operates a number of battery electric buses in London, Manchester, Guildford and Scotland and has recently announced plans to deploy further battery electric vehicles in Scotland (supported by the Scottish Ultra Low Emission Bus Scheme) and in Coventry (through the All Electric Bus Town project). We anticipate that most future zero-emission vehicles deployed by Stagecoach will be battery electric, although we have previously operated hydrogen-powered buses in Aberdeen and some local transport authorities in areas that we serve are considering further deployment of hydrogen-powered buses.

#### **3. Connection boundary**

**Question 3a:** *Do you agree with our proposals to remove the contribution to reinforcement for demand connections and reduce it for generation? Do you think there are any arguments for going further for generation under the current DUoS arrangements? Please explain why.*

Stagecoach supports the proposal to remove the reinforcement contribution for demand connections. In our recently published sustainability strategy<sup>1</sup>, we committed to work towards a fully zero emissions fleet by 2035, with electric buses being our preferred option. This will potentially require the deployment of over 8,000 electric buses, with charging infrastructure to be installed at over 100 depots. The costs of reinforcing the local distribution network to accommodate charging capacity for zero emission buses can be a very significant and unpredictable proportion of the costs of deploying zero-emission buses. We do not have views on the proposals for capacity connections.

**Question 3b:** *What evidence do you have on the effectiveness of the current connection charging arrangements in being able to send a signal to users and what do you think will be the effect of our proposed changes? How does this vary between demand and generation connections?*

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<sup>1</sup> A copy of Stagecoach's sustainability strategy is available here:  
<https://www.stagecoachgroup.com/~media/Files/S/Stagecoach-Group/Attachments/pdf/stagecoach-group-sustainability-strategy-2021.pdf>

The current connection charging arrangements are ineffective in sending a price signal to users for two reasons. Firstly, the price signal is not apparent until a user engages the local distribution network operator to explore the cost of connection and any indication of the potential costs is time-limited, discouraging users from surveying all their sites to understand the potential costs for a programme of zero-emission bus deployment.

Secondly, there is limited scope to respond to price signals. Bus depots typically require significant tracts of land close to road infrastructure and the idea that we could move bus depots to respond to uncertain price signals for network reinforcement is unrealistic and uncommercial.

Even if the price signals were effective and did enable choices to be made about depot location, there could be inadvertent consequences of moving depots to reduce the costs of connection, incurring additional 'dead' miles (with consequential impacts on both traffic congestion and carbon emissions) for buses to travel to their service routes.

**Question 3c:** *What are your views on the effectiveness of the current arrangements in facilitating the efficient development and investment in distribution networks? How might this change under our proposals where network companies are required to fund more of this work?*

The lack of clarity over the potential costs of network reinforcement act as a barrier to planning the deployment of zero-emission buses to our local depots as part of a considered programme of works. The potential to trigger the requirement for network reinforcement embeds a 'second-mover advantage', where there is a case for delaying deployment in case another network user triggers the need for investment in the interim.

Spreading the costs for network reinforcement across all system users will reduce the uncertainty of deployment costs and enable us to plan the deployment of zero-emission buses robustly, without having to factor in the risk of encountering significant upgrade charges by triggering the need to reinforce the network. This would give network companies greater certainty over our potential capacity requirements, enabling them to plan their investment more effectively.

There is a risk that ZEB deployment is deferred until after the new regime comes into effect on 1st April 2023, but we believe that any interim delay would be offset by more rapid deployment under these proposals.

Stagecoach does not have views on **questions 3d-h**.

#### **4. Access rights**

**Question 4a:** *Do you agree with our proposal to introduce better-defined non-firm access choices at distribution? Do you have comments on their proposed design?*

Stagecoach supports the proposal to introduce better-defined non-firm access choices. Stagecoach already benefits from a non-firm connection at one of our depots and the introduction of better-defined non-firm access choices will be helpful in supporting wider uptake.

**Question 4b:** *Do you agree with our proposal to introduce new time-profiled access choices at distribution? Do you have any comments on their proposed design?*

Stagecoach supports the proposal to introduce new time-profiled access choices. Zero-electric buses typically require significant connection capacity for charging within a non-operational time window of 11pm-5am. Under current arrangements, we have to pay for connection capacity over a 24-hour window, when significant power draw is restricted to that narrow time window. Better-defined time-profile access may reduce our connection costs and stop us having to pay for excess capacity at times when we don't need it.

Stagecoach does not have views on **questions 4c-g**.

*For more information, please contact:*

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