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To whom it may concern

**This response to the Ofgem consultation, regarding the application of the Maximum Resale Price (MRP) to the resale of electricity for use by electric vehicles, is from Transport for London (TfL).**

TfL was created in 2000 and is the integrated body responsible for the Capital's transport system. Its main role is to implement the Mayor's Transport Strategy for London and manage transport services across the Capital for which the Mayor has responsibility.

In 2009, the Mayor set out his vision for Electric Vehicles (EVs) in the EV Delivery Plan for London, which places London at the heart of the EV revolution. Supporting this new market is seen not only as an environmental innovation, helping to improve air quality by reducing carbon dioxide and particulate matter emissions – a critical issue in London, but also as a platform to drive investment and job creation in the UK as part of the new technology and vehicle industries.

The Mayor set out three key strands of activity necessary to build the EV market:

- **Provision of charging infrastructure.** TfL has worked with partners to deliver the Source London public network of charge points. This is supported by a central Government Plugged-in-Places (PiP) grant and currently there are around 1,000 with 1,300 charge points expected by April this year. Further support is also available for both home and work place charging from Government and utility companies. Looking to the future, the London Plan requires all new developments to provide charging infrastructure (20% of parking spaces with active charge points and 20% with passive capacity).

- **Provision of information and incentives.** TfL provide a Source London website ([www.sourcelondon.net](http://www.sourcelondon.net)); work closely with stakeholders via the London Electric Vehicle Partnership and Mayor's Electric 20; financed with partners the recently published Plugged-in Fleet report which provided detailed advice on EV use to fleet managers.
- **Support of vehicle uptake.** TfL have 15 EVs in our own support fleet with a commitment to increase this. We have also established two procurement frameworks for the purchase of EVs and charging infrastructure, which can be used by the public sector and PiP partners both within London and beyond.

The Mayor and TfL remain very active in supporting growth of both the electric vehicle industry and the rollout of charging infrastructure. Ofgem has a key role to play in supporting this new market by providing a clearly understood regulatory framework. Beyond this it is imperative that Ofgem encourage the necessary investment in the national supply grid to support provision of a range of charging infrastructure across a range of domestic and business settings.

As mentioned above, Source London is a membership scheme and electricity is free to members. As such, the implementation of Source London has not been hindered to date by the Maximum Resale Price (MRP). However, given the expectation that Pay-As-You-Go (PAYG) is a business model some charge point network operators may want to adopt in the future, it seems sensible to clarify the applicability of MRP rules.

Yours sincerely



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**Question 1: Do stakeholders consider that uncertainty over the current MRP provisions is a barrier to the commercial growth of charge point infrastructure?**

On a national scale, the public charge point growth was supported by government funding, which facilitated the start of charge point installation in the Plugged-in Places (PiP) regions, including London. This investment was critical to the early development of charge point infrastructure in the United Kingdom (UK). More recently private providers have also been investing in public charging infrastructure contributing to the growth of public charge points nationally.

Therefore Transport for London (TfL), like Ofgem, agrees that uncertainty over the current MRP provisions has not hindered charge point infrastructure development in the UK. However, there remains a level of uncertainty among charge point providers, particularly in the public sector, around reselling electricity and the current MRP provisions. Ofgem could help by setting out in an accessible manner the regulatory framework so that companies outside the core electricity supply industry could understand how these related to their proposed business models.

The electric vehicle (EV) market is in its infancy. The provision of commercial charging infrastructure will only truly proliferate when there is a real demand for this service, in the context of a large population of EVs. Currently, while EV sales are growing in the UK their total numbers, as a proportion of the vehicle fleet, remain small. Barriers to growth include issues such as the price premium that many EVs carry, range anxiety, uncertainty over the long term performance of new battery technology and consumer unfamiliarity with the product etc.

In addition, early experience has also shown that current EV users, whilst pressing the need for public charging facilities to mitigate range anxiety, in fact settle into a pattern of charging at home over night and rarely use public infrastructure.

Therefore there remain complex challenges in terms of appropriate infrastructure investment in a developing market place which is well beyond the remit of Ofgem.

Nevertheless, Ofgem has a key role to play in supporting this new market by providing a clearly understood regulatory framework.

**Question 2: Do stakeholders agree that charge point providers should be free to set prices for the electricity resold from charge points?**

TfL agrees that charge point providers should be free to set prices for the resale of electricity at charge points. An open market should create competition in the

charge point market and encourage growth locally and nationally. A range of business models in a competitive market could also be developed including potentially Pay-As-You-Go (PAYG) approaches (where scheme membership is not required to access charging services) or pre-paid tariff schemes.

Additionally, an open market could encourage electric utilities to design variable tariffs, for example provide off-peak discount rates, to encourage customers to charge overnight rather than adding vehicles charging during peak demand.

As the EV market continues to grow in London and the demand for electricity at charge points increases, it is anticipated that local grid issues may restrict charging provision in some areas. It is imperative that Ofgem encourage the necessary investment in the national supply grid to support provisions of a range of charging infrastructure across a range of domestic and business settings.

**Question 3: Do stakeholders consider that the proposed amendment to the MRP direction would provide sufficient clarity?**

TfL considers that the provision of the MRP in relation to tenants does need further clarification. For example, if a landlord is renting a property which has a domestic charge point on site, could the landlord charge his/her tenants the resale of this electricity at any price or would the tenants need to sign a separate agreement with an electricity company for a more competitive price?

Therefore, the treatment of electric vehicle (EV) charge points within a landlord – tenant relationship could usefully be further clarified to avoid tenants: both domestic and commercial being charged unfairly for the use of EVs.

Clarification regarding whether electricity suppliers need a license – or follow some notification procedure - to resell electricity at charge points might also need to be considered in the proposed amendment. A licence may already exist, but it may need to be specifically applicable to charge points.

**Question 4: Could there be any unintended consequences to the above proposal, or proposed drafting?**

Given the points already raised above, TfL can see no further unforeseen consequences of the above proposal or proposed drafting.

**Question 5: Do stakeholders agree that the current MRP provisions should continue to apply to marine craft, including electric marine craft?**

TfL concurs with Ofgem's view that there remains insufficient justification for regarding marine craft as a special case and that current MRP provisions should continue to apply to marine craft, including electric marine craft.