

UK EVSE Position Paper on MRP

With reference to your letter of 20 December 2012 on the application of the Maximum Resale Price to the resale of electricity for use by electric vehicles.

The UK EVSE represents suppliers of charge points and organisations providing e-mobility schemes that enable motorists driving electric vehicles to source electricity from publically accessible charge points.

UK EVSE members include ABB, APT, Chargemaster, Charging Solutions, Charge Your Car, Elektromotive, POD Point and Siemens, with Cenex providing Secretariat support.

UK EVSE members welcome Ofgem's interest in e-mobility and welcome the opportunity to respond to this consultation.

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

It is the view of members that uncertainty over the current MRP provisions represents a potential barrier to the commercial growth of charge point infrastructure.

The majority of members perceive the risk of the implementation of MRP as a threat to the commercial viability of the installation and maintenance of networks of charge points and do not favour price regulation for electricity sales to charge electric vehicles at the current time.

A number of members have indicated that they could foresee circumstances in which there would be a case for regulating the price of electricity sold through charge points. This would however be a future consideration, where market forces and competition between e-mobility scheme operators were found not to be having the anticipated self regulating role on market pricing.

All members recognise that it will take many years, many more EVs on the road and many more public charge points being accessed and used before the market for e-mobility services will reach even the initial phases of maturity. At this time an imposition of price regulation could act to inhibit rather than aid the development of networks of charge points, ahead of demand, which would be against the long term interests of the consumer.

As an example, setting a limit on the resale price of electricity could result in the selective installation of infrastructure focused only on the locations with the lowest installation costs. Industry experience to-date demonstrates that rapid charger roll out is already being inhibited by high costs for grid connection at sites that members have proactively sought to scope to meet future customer needs (e.g. motor service areas).

In conclusion, UK EVSE members are looking to Ofgem for a clear signal that unnecessary price regulation, such as MRP, will be avoided for the time period required to allow companies to invest in infrastructure roll out and validate commercially sustainable business models for charge point and e-mobility scheme operation. Members are however keen that Ofgem remain engaged with the sector. Ofgem can play a valuable role in supporting a consensus on policy measures that create conducive conditions for industry to invest to roll

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out infrastructure, in line with anticipated customer EV uptake. Industry players welcome the opportunity to work with Ofgem to ensure a competitive market develops in the interests of individual consumer needs, as well as the long term economic, social and environmental interests of the UK as a whole.

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

UK EVSE members believe that organisations making available charge points for motorists to recharge vehicles should be free to set prices for the electricity resold from charge points.

The 'providers' are expected to include a variety of public and private sector organisations ranging from local authorities through to private companies who 'host' charge points and make them available for public access via inclusion of the points within e-mobility schemes offered by 'network operators'. By virtue of OLEV policy in this area, e-mobility schemes are expected to offer charge point 'access and use' on a Pay As You Go (PAYG) basis.

It is anticipated that the host (the organisation making the charge point publically accessible) and the e-mobility scheme network operator will have roles to play in setting the 'price of access and use' for EV recharging. The resale of electricity supplied will form part of the price but the total price paid per transaction will also need to take into account a bundle of services and associated service costs that need to be recovered, including costs for data handling fees, financial transaction fees, contributions to the service and maintenance support of the charge point itself, as well as e-mobility (PAYG) scheme management fees.

The successful development of a commercial market for vehicle recharging will be expected to result in charge points being available at a range of prices depending on local supply and demand factors. EV motorists will value convenience, whether in terms of preferred car park locations and/or speed of charging. For example, it would not be unreasonable to charge a higher price for rapid charging when compared with slow/trickle charging, for comparable energy delivered, based on the shorter parking time necessary to boost the vehicle state-of-charge and the increased convenience to the customer.

Charge point owners and network (e-mobility scheme) operators need time to be able to determine appropriate pricing models. Those pioneering this market development have no prior art to draw on and the new market may develop in its early years in large part through trial and error. However, as time passes and network use grows it is envisaged that 'network wide benefits' will be leveraged whereby popular locations will generate margins to help subsidise the cost of operation of points with lower utilisation rates. This is another reason why it would be counter-productive to impose price regulation too early in the development of the market.

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

UK EVSE members believe the proposed amendments to the MRP will provide helpful clarity, notably the conclusion that “...the application of the MRP to electricity re-sold for use in EVs may inhibit market development and competition within the EV charging market...” and that the MRP regulations will not apply to electricity sold exclusively for charging EVs.

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

UK EVSE members are not aware of any unintended consequences of the proposed drafting.

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

UK EVSE members believe the market for electricity provision for marine craft at marinas has matured with MRP provisions over many years and sees no reason for regulations to be revisited for this sector.