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Department for Business, Energy, and Industrial Strategy
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24th June 2020

Re: Priorities for the Government's *Rapid Charging Fund*

Dear Ministers

I write today regarding the recently announced £500m Rapid Charging Fund and how, in our view, the Government should structure its deployment.

Firstly, I would like to congratulate your securing this fund in the Spring Budget. This kind of timely and large-scale intervention in the rapid charging market along the strategic (SRN) and A-road network in England is part of what is needed to ensure mass-market consumer and fleet confidence in electric vehicles. Targeting grid investments is also an appropriate use of Government money because the time, cost, and level of commitment required by charge point developers (and others stakeholders) to pursue large-scale grid upgrades often poses a major barrier to deployment and represents a market failure. There is a first-mover penalty in grid upgrades, where the company who pays the full cost to upgrade a local supply opens up lower-cost grid capacity to other developers. The Fund can help address this.

The REA is UK's largest trade association for renewable energy and clean technologies representing over 550 companies operating across the decarbonisation of heat, power, transport, and natural capital. Our EV Forum is the UK's largest voice for the EV charging sector, representing around 75 charge point operators (CPOs), installers, eMobility Service Providers (eMSPs), roaming and payments platforms, financiers, equipment manufacturers, and others involved in the supply chain. We welcome an open dialogue with your offices on the deployment of this funding.

Following discussion with members and wider stakeholders, we would request **that this fund is spent based on the principal that the end consumer – private and commercial electric vehicle drivers - is the priority**. The end-user's confidence and experience of public charging infrastructure will be crucial enabling a mass-market in electric vehicles.

We would also ask that this work is treated as part of the 'Green Recovery'. This funding and initiative are a major opportunity for direct and indirect job creation and will be important to building confidence in, and the long-term stability of, the wider electric vehicle sector. As such, we believe that this should be included as part of the Government's Green Recovery stimulus package. Inclusion as such would also give the project the urgency and momentum it needs, as this infrastructure is urgently required if we are to achieve Net Zero and the Government's stated rapid charging deployment targets by 2023, 2030, and 2035.

This Fund should also be seen to be linked to the maintenance of strong incentives for electric vehicle purchase and use, so that future demand for charging infrastructure is more predictable and investor confidence is maintained.

With these points in mind we would ask the following, based on our current understanding that the Fund is targeting grid upgrades at Motorway Service Areas (MSAs) and at other points along the Strategic Road Network (SRN) to enable rapid charge point deployment:

- **Assign the deployment of this Fund, and ownership of the subsequent assets, to an arms-length Authority.** Given the long-term nature the assets that will be built on the back of the Rapid Charging Fund, we believe that the deployment of the Fund and ownership of subsequent assets should be owned and operated by a standalone organisation. This Authority can be fully owned by, or report directly to, Government. The Authority should have a mandate to facilitate the deployment of rapid charging infrastructure at MSA sites / SRN locations, and where possible support co-location of other low-carbon energy and transport technologies, such as solar and energy storage. The Authority should be given license to partner with the private sector and operate on commercial terms, in order to 'crowd in' additional investment. The Authority should additionally be set up to facilitate competition in the provision of charge points across MSAs / the SRN.

Assets being managed by such an organisation would allow Government to introduce contractual stipulations for those connecting to the assets, such as the requirement for the power supplied to be 100% renewable.

- **Create competition for consumers across the network.** It is essential that the end-result of this exercise is for a consumer to be able to choose their preferred charge point operators (based on price, service, or other chosen criteria) and not be effectively locked into a single provider. This can be achieved either by allowing for consortiums of operators to develop sites or ensuring that consumers have access to multiple charge point companies at different sites along their journey.

We also believe roaming should be considered at these sites. No driver should ever face the situation in which they are unable to charge due to a lack of interoperability between public charging points. The optimal experience for drivers is that they should be able to pay using contactless credit / debit cards, but additionally have the option to pay with their membership account regardless of the operator at the MSA / SRN location they have arrived at.

- **Ensure consumer ease is prioritised at charging sites.** We in principle welcome the stipulations suggested in the announcement on the 14th May 2020 that rapid and ultra-rapid chargers at MSAs should be easy to access, should be reliable, and have a good level of associated customer service. We would welcome the opportunity to work with your office on the detail of such regulation.
- **Pursue the optimal cost solutions, for both current and future customers, for providing future proof grid upgrades.** We would welcome the Authority working with any organisation which is able to deliver future proof (accounting for electric car uptake rates and other electric vehicles, such as HGVs) grid upgrades at optimal cost for current and future customers, and at speed, be they National Grid, DNOs, Private Wires, or IDNOs. The Government target of 6,000 rapid and ultra-rapid charging units by 2035 is highly ambitious and works need to begin immediately if the sector is to achieve this target.
- **Ensure coverage at every site, existing and new.** The fundamental value of this initiative is that it communicates to consumers that they will be able to access a rapid charger when they need it. As such, delivering grid upgrades for MSAs / SRN locations should be treated as a portfolio investment. Sites that are less likely to make a 'profit' early should be treated with equal importance to higher-value sites, and all should be advanced.

Additionally, any site currently in development, planning, or pre-planning stage should show that it will have the electrical capacity it requires for the future.

- **Be transparent and move all sites forward simultaneously.** Rather than proceed on a one-site-at-a-time approach and the prioritisation of certain locations, we would welcome the publication of a transparent plan to upgrade all

relevant MSA / SRN sites. The Authority should update the Plan regularly so industry can plan accordingly. National Grid / DNOs / Private Wire companies and others should be encouraged to develop multiple sites simultaneously.

- **Leverage the private sector.** £500m of Government capital can be built upon if private sector lenders interested in long-term, low risk projects are incorporated. Coupling with private lenders with long-term time horizons, particularly at this time of global uncertainty, could bring in large volumes of low-cost capital to ensure all sites are addressed with suitably sized connections.
- **Look beyond the car.** Presently the industry and public debate around electric vehicles primarily pertains to electric cars. However, the REA understands that a significant volume of traditional fuel sales at MSAs presently is from coaches, busses, and heavier goods vehicles. As we believe there will be a role for electrification in these market segments, capacity (infrastructure) being deployed at these sites should be developed with an eye to such vehicles.
- **The funds must drive the wider energy transition.** Prices for power produced by solar PV and onshore wind are at record lows and they represent the cheapest form of creating new electricity generation capacity in the UK. The Government and Ofgem's *Smart Systems and Flexibility Plan* has also supported the emergence of a range of 'flexible power' technologies, such as battery storage, being deployed to the UK grid. However, grid constraints and upgrade costs pose a constant barrier to their deployment.

The Authority must deploy the Rapid Charging Fund, and structure the ownership of the new grid capacity, in a way that drives new solar PV, onshore wind, energy storage, and other low-carbon onsite power generation capacity to be deployed *so long as it does not take away capacity from the power provided to the EV charging sites*. As the market for Power Purchase Agreements expands and matures, it is even likely that charge point operators could sign offtake agreements with renewable power developers to enable low-cost power for drivers.

All chargers should be powered by renewable electricity, be it generated on-site or procured through the energy supplier delivering power to sites.

I would be happy to discuss the above further with yourselves or your team.

Sincerely,



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Chief Executive

and

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