The voice of the energy industry

Energy UK submission to the Public Accounts Committee Call for Evidence – Progress with the Electric Vehicle Infrastructure Strategy

6th January 2025

Executive Summary

Energy UK is the trade association for the energy industry with over 100 members - from established FTSE 100 companies right through to new, growing suppliers, generators and service providers across energy, transport, heat and technology.

Energy UK's members deliver nearly 80% of the UK's power generation and over 95% of the energy supply for 28 million UK homes and businesses. The sector invests £13bn annually and delivers nearly £30bn in gross value - on top of the nearly £100bn in economic activity through its supply chain and interaction with other sectors. The energy industry is key to delivering growth and plans to invest £100bn over the course of this decade in new energy sources.

The energy sector supports 700,000 jobs in every corner of the country. Energy UK plays a key role in ensuring we attract and retain a diverse workforce. In addition to the Young Energy Professionals Forum, which has over 2,000 members representing over 350 organisations, Energy UK is a founding member of TIDE, an industry-wide taskforce to tackle Inclusion and Diversity across energy.

Energy UK's key positions regarding the delivery of EV infrastructure include:

- EV charging infrastructure rollout is progressing at an impressive rate, increasing in line with what is needed, with the installation of an estimated 300,000 charge points by 2030.[1] This growth is driven by flagship supply-side regulation, notably the ZEV Mandate.
- A holistic review of taxation and subsidy surrounding EV infrastructure could:
    - Ensure cost-effectiveness in public subsidies to support on-street and rapid charging, with schemes yet to yield results.
    - Improve the commercial viability of charge points to enable private investment to flow and public funds to be targeted where most needed .
- EV charging rollout should be aligned with wider ongoing reforms to energy system connections and planning regimes, ensuring that EV charging is considered in strategic energy system planning.

Sincerely,
Charles Wood
Deputy Director

[1] https://www.nao.org.uk/wp-content/uploads/2024/12/public-chargepoints-for-electric-vehicles.pdf

Full Response

1. **Does the Department have a strategy to address the geographical disparities in the availability of EV charging points?**

Energy UK cannot identify a clear, consistent, and transparent plan from the Government for addressing geographical disparities in EV charging provision. The following factors contribute to the overall level of uncertainty in delivering the necessary infrastructure in under-serviced areas.[2]

Grid Connection Processes
The processes for energy grid connections present a key challenge for the rollout of charging infrastructure, whether in the cost of a connection or in the timelines and processes for installing public or private EV charging. A lack of standardisation and transparency in connection procedures and fees across different Distribution Network Operators (DNOs) and Transmission Operators (TOs) delivers a level of inconsistency compounded by the absence of nationwide standards and guidance, creating inefficiencies and delays for developers and operators.

Energy UK welcomes the Ofgem End-to-End review and wider connections reform workstreams which seek to resolve some of these challenges, but this cannot be delivered in isolation by the energy sector. Wider engagement from DfT, DBT, and the fleet-operating businesses being impacted would be welcome as part of a strategic approach to modernising and streamlining existing processes.

The National Infrastructure Commission is reviewing the approach taken across electricity distribution networks, reporting in February 2025 on the best ways to address inefficiencies across the UK. It is critical that both the Government and Ofgem fully engage with that report and implement the NIC recommendations at pace.

The limited availability of granular data about available capacity at the DNO level hampers efforts to streamline and optimise grid connections. Without detailed and accessible data, operators often face unnecessary site visits and extended timelines for connection assessments. This inefficiency increases costs for charging infrastructure projects, leading to suboptimal system planning and resource allocation.

[2] For additional information, Energy UK would point to our briefing on how to accelerate the rollout of EV infrastructure.

Establishing a requirement that DNOs present more granular and accurate information about the state of the network, ongoing reinforcement works, connection applications being processed, and any expected costs and timelines associated with a connection in any given area, would be welcomed by the energy industry and business users alike. There is further potential to enable DNOs to be incentivised for prioritising low-carbon connections based on wider policy priorities (for example enabling the industrial strategy to deliver by connecting new low-carbon manufacturing), but this would require significant discussion and consultation.

Establishing clear, nationwide guidance and transparency in fees would create a level playing field and accelerate the rollout of charging infrastructure. Furthermore, improving access to detailed, granular data at the distribution level is critical for reducing costs and optimising grid connections. By tackling these systemic challenges, the Government can ensure that the grid connection process supports—rather than hinders—the growth of a robust and reliable EV charging network.

Strategic Energy System Planning

Energy UK welcomed the Government 2022's EV infrastructure strategy, including the provision to provide written guidance over requirements for public charging infrastructure.

As the light road transport sector transitions to electricity as its primary fuel source, the charging infrastructure strategy should be closely aligned with broader energy system planning, namely the Strategic Spatial Energy Plan (SSEP), the Centralised Strategic Network Plan (CSNP), and the Regional Energy Strategic Plans (RESP). This will ensure that the increased energy demand from transport can be efficiently integrated into energy system planning, ensuring that public needs, environmental considerations, and known constraints are effectively integrated.

When considering transport strategies, the Department should coordinate with broader initiatives that have reformed planning frameworks to facilitate the uptake of low-carbon technologies across the energy system and in homes and businesses. The proposed changes to Permitted Development Rights are necessary to remove barriers to the rollout of public charging as, currently, unnecessary restrictions prevent the installation of more powerful charging stands, as well as their associated equipment storage.

An updated UK HGV decarbonisation strategy is urgently needed, as this will help to futureproof the connections process and more broadly enable businesses to decarbonise their freight transportation. A strategic equivalent to the EV strategy is needed, giving additional detail regarding how HGV uptake will be strategically considered both on GB roads and in energy system planning.

Economic Viability and Charging Affordability
It remains unclear how the Government will look to address the wider barriers to the economic viability of investing in public chargepoints across the UK or the implications on affordability for consumers.

The current tax framework supporting decarbonised transport is unintentionally hindering the rollout of charging infrastructure and limiting EV adoption for many households. The disparity in VAT rates, with public charging taxed at 20%, compared to 5% for home charging, creates a significant inequity for households without access to driveways who rely on public charging infrastructure. Affordable charging options are critical, particularly in rural areas where drivers often travel long distances and communities depend on private vehicles as part of their daily lives.

The application of additional costs for EV charging under reforms to electricity network charges and wider energy system reforms seem out of sync with the intended direction of travel. Reforms have increased operation costs for some charging providers, increased barriers to connection for others, and increased uncertainty as confidence in the coordination across policy, regulation, and market changes is being impacted.

Considering how the Government could better coordinate efforts across institutions and departments would be a welcome step to delivering a more effective approach to EV charging rollout. For example, using existing mechanisms like the Renewable Transport Fuels Obligation to support EV charging utilisation could solve multiple policy issues at once without significant changes to existing frameworks.

ZEV Mandate
The uncertainty surrounding possible weakened phase-out dates of the Zero Emission Vehicle (ZEV) mandate has direct implications for the deployment of charging infrastructure at scale. Delays to the anticipated growth in electric vehicle adoption will impact demand for charging, creating more ambiguity for investors as market signals are weakened.

Clear signals must be sent to the market to clarify likely increases in demand and utilisation rates, enabling continued private investment in EV charging across the UK. Maintaining clarity and consistency through consistent messaging and close engagement with a wide range of parties in the sector will be critical to enabling manufacturers and installers to scale up investment over the coming decade.

2. **Are sufficient funds available to support local authorities to install public charging stations?**

The utilisation of existing local authority funding has seen some successes, but there are remaining challenges with the complexity and lack of clear guidance for these schemes. Additional funding should be aligned with additional guidance for both local authorities and industry, and should be coordinated with the Local Area Energy Plans and Regional Energy System Plans being developed across the UK.

While public chargepoints are essential infrastructure, they have low utilisation, particularly in rural areas. Their lower usage rates result in insufficient revenue for operators, failing to cover the standing charges on their energy bills. Chargepoint operators will either pass these costs onto EV drivers (making public chargepoints prohibitively expensive), reduce chargepoint numbers and turn away customers, or throttle charging speeds, harming the consumer experience and slowing EV take up.

While industry initiatives are seeking to address these issues, they are stalled (see code modification DCP 420) and may not have sufficient power to implement an appropriate carve-out in network charges applied to public chargepoints. Energy UK urges the Government to work with Ofgem and industry to address this and explore practical solutions to ensure equitable access to charging infrastructure, including tax reform and tailored support for public (including rural) chargepoints through changes to industry codes. Without such measures, the transition to decarbonised transport risks leaving rural communities behind.

The previous Government missed its target for six ultra-rapid chargepoints to be installed at every motorway service area in England by 2023. This was, in part, because of delays to the Rapid Charging Fund (RCF).

Energy UK notes that the RCF has been ringfenced but not allocated. The delay in allocating funding is delaying the deployment of rapid charging infrastructure, which is critical for supporting the transition to electric vehicles and meeting increasing demand for accessible and reliable charging options.

The RCF itself does not address all challenges, as it focusses solely on motorways, leaving any area without a service area at a distinct disadvantage. Additional consideration of how to ensure delivery of charging infrastructure across all areas of GB would be welcome. Consideration of how contracts for charging hubs could be connected to a requirement to also install chargers in rural areas would also be welcome, but would likely require improved coordination across authority boundaries.

3. Is public charging infrastructure accessible?

Competition in the market has resulted in more accessible and easily identified charging infrastructure, giving consumers the ability to choose from a range of providers and charging types.

It is critical to note the importance of public transport infrastructure in terms of enabling wider accessibility and mobility across public users, critical to reducing overall numbers of vehicles on the road and ensuring that the EV transition is accessible by all across transport modes.