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EV ROUND-UP

Q4 2022 / Q1 2023

Government and Ofgem Publishes Electric Vehicle Smart Action Plan UK

On 18 January 2023, the UK Government and Ofgem published the Electric Vehicle Smart Action Plan (the "**Plan**") which sets out the steps that the Government and Ofgem will take to deliver flexibility from EV charging. The Plan aims to deliver flexibility through ensuring smart charging is the norm at home and work by 2025.

Background

The UK Electric Vehicle Infrastructure Strategy 2022 (see our EV Round-Up Q1 2022) set the vision for integrating charging infrastructure into a smart energy system to maximise the efficient use of generation and network assets. The Government asserted that enabling intelligent and automated smart charging at suitable locations would lead to a reduction of electricity system costs, lower prices for motorists and greener electricity powering EVs given that smart charging:

— enables drivers to schedule charging overnight when electricity prices are cheaper; and

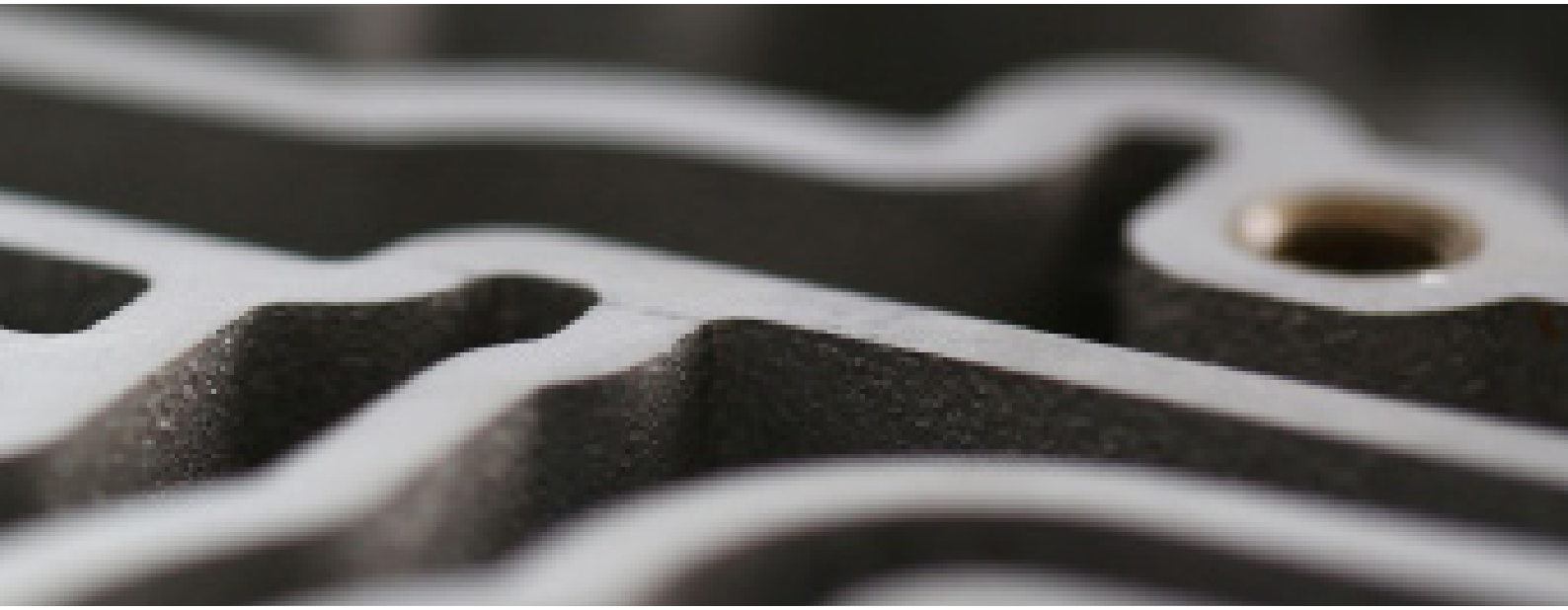
— can delay demand to periods of increased renewable generation during the day.

Key Actions

The Plan covers 3 key areas:

1. Making smart charging the affordable, convenient choice for consumers:

   Social research conducted by the Government and EV Energy Taskforce found that limited information on smart charging was a key challenge facing EV drivers. The Government believes the simplest way of building knowledge and confidence on smart charging is through information provision. An example of this referred to in the Plan is the EV smart charging advice webpage launched by the Government and Energy Savings Trust in 2021. The webpage explains the benefits smart meters can provide for EV smart charging. The Government aims to continue working with industry to improve smart charging information provision to customers from 2023. Despite an increase in the total investment cost into the energy system, Government analysis



shows that the increase in demand from EVs means that electricity and network infrastructure costs are spread across significantly more units of electricity possibly leading to a fall in real terms in the cost of electricity per MW consumed in towards 2050. A reduction in unit costs benefits all consumers and accordingly Government and Ofgem have committed to building a shared evidence base of how the different levels of smart charging uptake will reduce electricity unit costs and use this evidence to inform policy from 2023.

The Plan intends for smart charging to offer a high-quality consumer experience. To achieve this, the Government plans to work with industry to monitor smart charging complaints with the aim that that complaint numbers remain low with increased EV ownership. The EV Energy Taskforce has proposed the development of a cross industry agreed position for consumer complaints handling and a voluntary code of best practice that will apply across public and private charging. The Government supports this proposal and will continue to work with industry to implement a voluntary EV energy consumer service code of best practice in 2024 and monitoring its take-up by 2025.

2. Providing the right business landscape for electric vehicle smart charging products:

The Plan refers to the consultation on delivering a smart and secure electricity system, which sets out device-level requirements for smart appliances that cover cyber security, grid stability, data security and interoperability with Demand Side Response ("**DSR**") service providers. The Government is seeking to ensure that all EV private chargepoints are secure and interoperable with DSR service providers.

The Plan explains that smart charging may offer some opportunities for shorter duration charging events – for example, capitalising on very brief spikes of negative energy pricing, or the ability to be aggregated to provide grid services. Therefore, the Government intends to investigate the technical and economic potential of public smart charging and address the barriers to smart charging at all long duration public charging settings.

In July 2021, BEIS published a Call for Evidence, seeking views on the potential role of vehicle-to-everything ("**V2X**"), and the barriers preventing this. A full summary of responses has been published alongside the Plan. The Government intends to deliver the Vehicle-to-X Innovation Programme to address barriers to wide-scale deployment specific to this technology by 2025. Furthermore, the Government will monitor and evaluate the impact of the Electric Vehicles (Smart Charge Points) Regulations 2021. The regulations mandate that all chargepoints sold for charging cars and small vans must have smart capability and have a default off-peak schedule. Interim impact evaluation findings are expected by 2025 which will help with choosing smart

charging goods and services that are attractive to consumers and promote the use of smart charging. Additionally, the Government proposes to introduce a licence condition on energy suppliers requiring them to make information about smart tariffs they offer available in a consistent format.

3. An energy system ready for electric vehicle smart charging:

Following the EV Infrastructure Strategy 2022, the Government is considering ways to ensure an efficient integration of EV charging with the electricity network. The Government, Ofgem and industry will build its evidence base to understand the relative costs and benefits of smart public and rapid public charging. This will include quantifying the energy system costs, carbon emissions, and potential charging costs to inform future policy direction in 2023.

The Government and Ofgem recognise that the EV chargepoint installation process can on occasion be difficult, time-consuming and expensive. Ofgem is making it possible to connect a smart chargepoint at a low cost through RIIO-ED2 and Access SCR which look to reduce connection charges associated with reinforcement of shared network assets. Ofgem will work with the Distribution Network Operators through the Energy Networks Association, building on the incentives for an efficient connection process for all low carbon technologies, to ensure that there is a consistent connection process for V2X across all regions.

The Government and Ofgem are both working to ensure that the right market arrangements are in place to deliver a retail market that can support the take up of EV products and services at the same time as delivering positive outcomes for all consumers. Ofgem and the Government will consider and assess what barriers may exist to the development and uptake of innovative new smart charging products and services.

The Government is also supporting innovation programmes to develop technology to automatically register small scale energy assets through the Automatic Asset Registration programme.

BVRLA Changes to Vehicle Excise Duty for EVs

The HM Treasury has announced changes to the Vehicle Excise Duty ("**VED**") for EVs in its Autumn Statement made in November 2022. The introduction of these changes to the tax system for EVs is designed to adapt the system to reflect consumer behaviours and ensure all motorists are paying a fairer tax contribution following the increased uptake to electric vehicles. From April 2025 the government is planning to introduce a VED on all types of electric vehicles, including cars, vans, motorcycles, and tricycles.

The main changes to VED:

Registration of new zero emission cars from 2025 – New zero emission cars which are registered on or after the 1 April 2025 will be liable to pay the lowest first year rate of VED (which applies to vehicles with CO2 emissions 1 to 50g/km) which currently is set at £10 a year. These vehicles will move to the current standard rate of £165 a year from the second year of registration onwards.

Zero emission cars registered between 2017-2025 – Zero emission cars first registered between 1 April 2017 and registered up until 31 March 2025 will also pay the standard rate of £165.

Expensive Car Supplement – The Expensive Car Supplement exemption for electric vehicles is due to end in 2025. The Expensive Car Supplement will therefore apply to new zero emission cars registered on or after 1 April 2025. The Expensive Car Supplement currently applies to cars with a list price exceeding £40,000 for 5 years (currently a £355 annual supplement for 5 years). However, zero emission vehicles which would fall within this category but are registered before 1 April 2025 will not have to pay the Expensive Car Supplement.

Move from Band A to Band B – Zero and low emission cars first registered between 1 March 2001 and 30 March 2017 currently in Band A will move to the Band B rate, currently £20 a year. Electric Vans – These changes will move zero emission vans to the rate for petrol and diesel light goods vehicles, which is currently £290 a year for most vans.

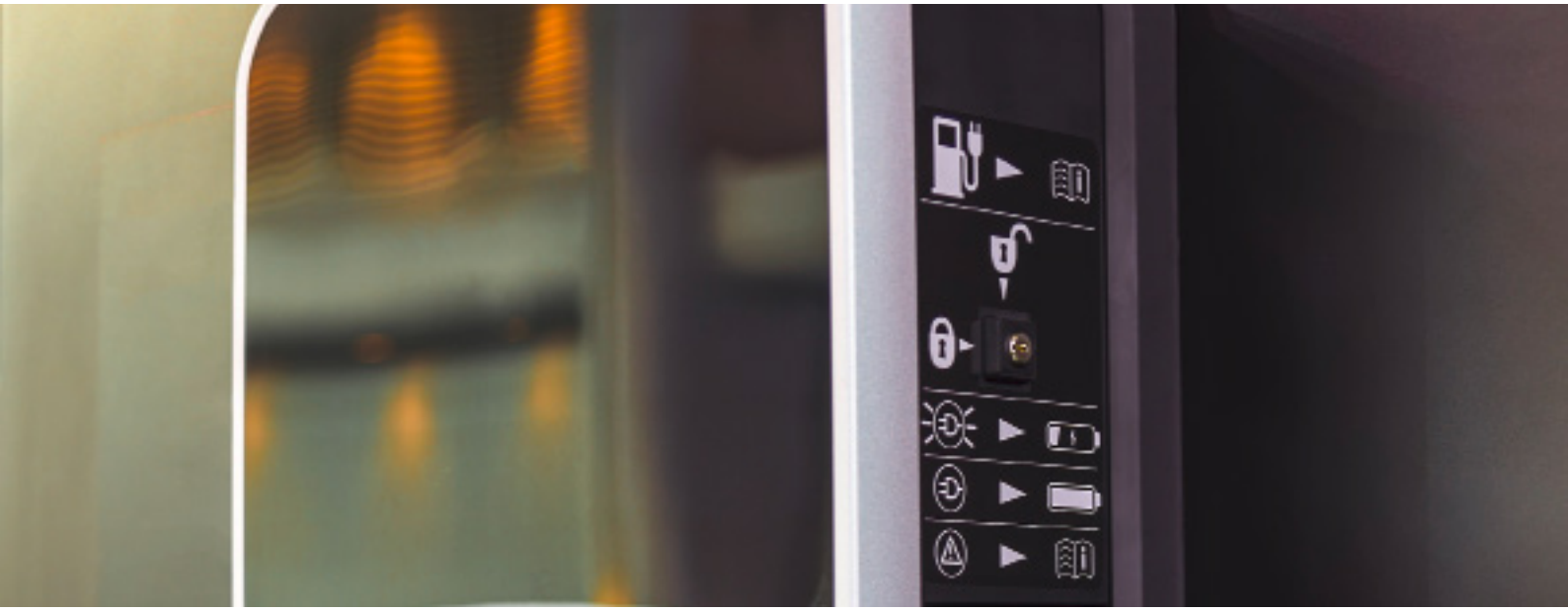
Electric motorcycles and tricycles – Zero emission motorcycles and tricycles will move to the rate for the smallest engine size which is currently £22 a year.

Alternative Fuel Vehicles – Rates for Alternative Fuel Vehicles and hybrids will also be equalised by removing the £10 annual discount.

When reporting on this matter, the BVRLA have highlighted that the Autumn Statement did not contain anything on the future of standard VED uplifts and that the Treasury has advised that this may be implemented in the next Budget.

The Autumn Statement also mentioned that Company Car Tax Rates will be set until 2028 and will continue to incentivise the uptake of electric vehicles through increasing percentages for electric and ultra-low emission cars and additional changes to the rates for all other vehicles.

The Spring Finance Bill is also set to make changes to the First Year Allowance for EV chargepoints by extending the 100% first year allowance to 2025 (31 March 2025 for corporation tax purposes and 5 April 2025 for income tax purposes) with the aim of incentivising business investment in charging infrastructure.



Funding for thousands of EV chargepoints announced

In the most recent phase of Local Electric Vehicle Infrastructure ("**LEVI**") funding, £56 million in public and industry funding has been announced in order to deliver up to 2,400 chargepoints in the short term, and tens of thousands in the long term.

The LEVI Fund has 2 main objectives:

— to deliver a step-change in the deployment of local, primarily low power, on-street charging infrastructure across England, and

— accelerate the commercialisation of, and investment in, the local charging infrastructure sector.

In order to achieve this, the funding will be directed towards:

Expanding the current LEVI pilot

The funding breakdown in relation to the existing pilot schemes is as follows:

— £7.4 million to Durham;

— £4.4 million to Barnet; and

— £3.6 million to North Yorkshire.

Of the new pilot scheme areas, pilot scheme areas that secured the greatest amount of funding include;

— £8.5 million to the West Midlands;

— £3 million to West Yorkshire;

— £2.9 million to West Sussex; and

— £2.3 million to Harborough.

Helping councils across England secure dedicated resource to develop in-house expertise and capability to coordinate chargepoint plans and work with private operators.

The Government has created new pilot schemes with 2,400 new charging devices expected to be created in the 16 council areas, the councils that have secured funding for the scheme are Oxfordshire, Norfolk, Cumbria, Buckinghamshire, Hackney, Harborough, Hounslow, Lancashire, Rotherham, Sunderland, Waltham Forest, Warwickshire, West Midlands, West Sussex, West Yorkshire and York.

The On-Street Residential Chargepoint Scheme ("ORCS")
The existing ORCS will receive a further £7 million of funding, bringing the total funding this year to £37 million.

3000 chargepoints have already been installed under ORCS with a further 10,000 in the pipeline. Additional funding schemes such as the Workplace Charging Scheme, the landlord grant and the private rental grant are also available.

Electric car sales and number of public EV chargers reach record high in UK in 2022

Despite the number of new cars sold in the UK last year being the lowest level in 30 years, EV sales continue to grow with Zap-Map reporting that pure-electric cars outsold petrol vehicles for the first time in December 2022.

Throughout 2022, EVs represented almost 17% of total car sales, surpassing sales of new diesel cars, noting that fleet and business buyers were responsible for 66.7% of EV's sold.
While there are growing numbers of EV sales, charging anxiety remains a key concern for prospective purchasers. 2022 was a record year for British companies installing public electric car chargers, with more than 8,700 public chargers installed in the UK. According to Zap-Map, this helped to bring the total to more than 37,000 public chargers which represented year-on-year growth of 30%. However, this figure is slower than the 38% annual growth in sales of battery electric cars. Government funding such as the Local EV Infrastructure Fund are aiming to bolster access to publicly available charging ports, with 300,000 publicly available chargepoints being forecast to be required by 2030 when the sale of new pure petrol and diesel cars will be banned.

BSI publishes accessible electric vehicle charging standard

In 2021, the UK Government and the charity, Motability teamed up to co-sponsor a new accessibility standard with the aim of combatting the challenges less abled EV users face by ensuring that physical infrastructure, accessibility and practicality of a chargepoint is accessible for all users. Research by the Research Institute for Disabled Consumers found that 61% of disabled people would consider buying an electric vehicle if charging was made more accessible.

Some of the issues users have experienced when attempting to use public EV charging points include:

— the charging units being of a height unsuitable for wheelchair users;

— charging cables which are too heavy to manoeuvre;

— connectors that require a high level of force; and

— lack of space around the car and charging points.

As a result, the BSI has now published PAS-1899:2022 which is a new standard to give designers, procurers and installers essential specifications on how to provide accessible public chargepoints for electric vehicles. It covers details such as the physical aspects of the environment surrounding fixed charge curb points; the location; placement and spacing of the chargepoints; signals and indicators and the factors to be taken into account in the design and specification of accessible chargepoints.

The demand for EV charging across the UK is set to increase, Motability predicts that by 2035 there will be 2.7 million disabled drivers in the UK, half of which will be reliant on public EV charging points.

V2X consortium bolstered via UK government grant funding

The development of a V2X DC microgrid solution for fleets led by a consortium headed by Fuuse has received almost £200,000 in grant funding as part of the Government's V2X innovation programme. The programme aims to provide support for the National Grid as EV uptake continues to accelerate, putting rising pressures on energy demand.

It is intended that, through this project, businesses with fleets of EVs charging each night will have the ability to store and distribute the energy and have the opportunity to return excess power to the grid.

Project partner, Turbo Power Systems, will provide their Velox ultra-rapid EV charging hardware which can charge and discharge vehicle batteries to enable V2X. Gridicity will provide smart forecasting of energy demand and supply. The Fuuse software will combine these insights and determine how to most efficiently distribute energy within both an organisation and the grid.

UK Government replaces a quarter of its vehicles with ULEVs

A new milestone has been achieved by the UK Government which has confirmed that 25.5% of all its cars are now regarded ultra-low emission vehicles ("**ULEV**"). This has placed the Government three months ahead of schedule and it has confirmed that it is in a position to meet its 2027 target of its entire fleet being zero emission.

Further actions have been taken with the objective of achieving the 2027 target, such as The EV Smart Action Plan, the £10 million LEVI pilot and the recent announcement of £16 million in funding from the Net Zero Innovation Portfolio to numerous smart charging projects.

InstaVolt to create one of the UK's largest charging hubs

InstaVolt has announced that its ultra-rapid EV charging hub in Banbury will see 16 new rapid chargers installed, taking the total number of chargers to 32.

InstaVolt also recently announced that it has energised its 1000th charger as part of the expansion of the Stroud Park charging hub. The news comes as part of InstaVolt's push to reach its target of 10,000 rapid EV chargers by 2032.

Electric Vehicle Boost as major new UK Battery plant hailed as 'only the start'

The Australian firm, Fortescue has announced its plans to build an advanced battery plant in Oxfordshire.

This announcement came a day after Britishvolt's plans to build the UK's first gigafactory were halted amid news that the company was going into administration.

The new site, to be developed in Kidlington, will develop batteries and fuel cells that could be used in heavy vehicles.

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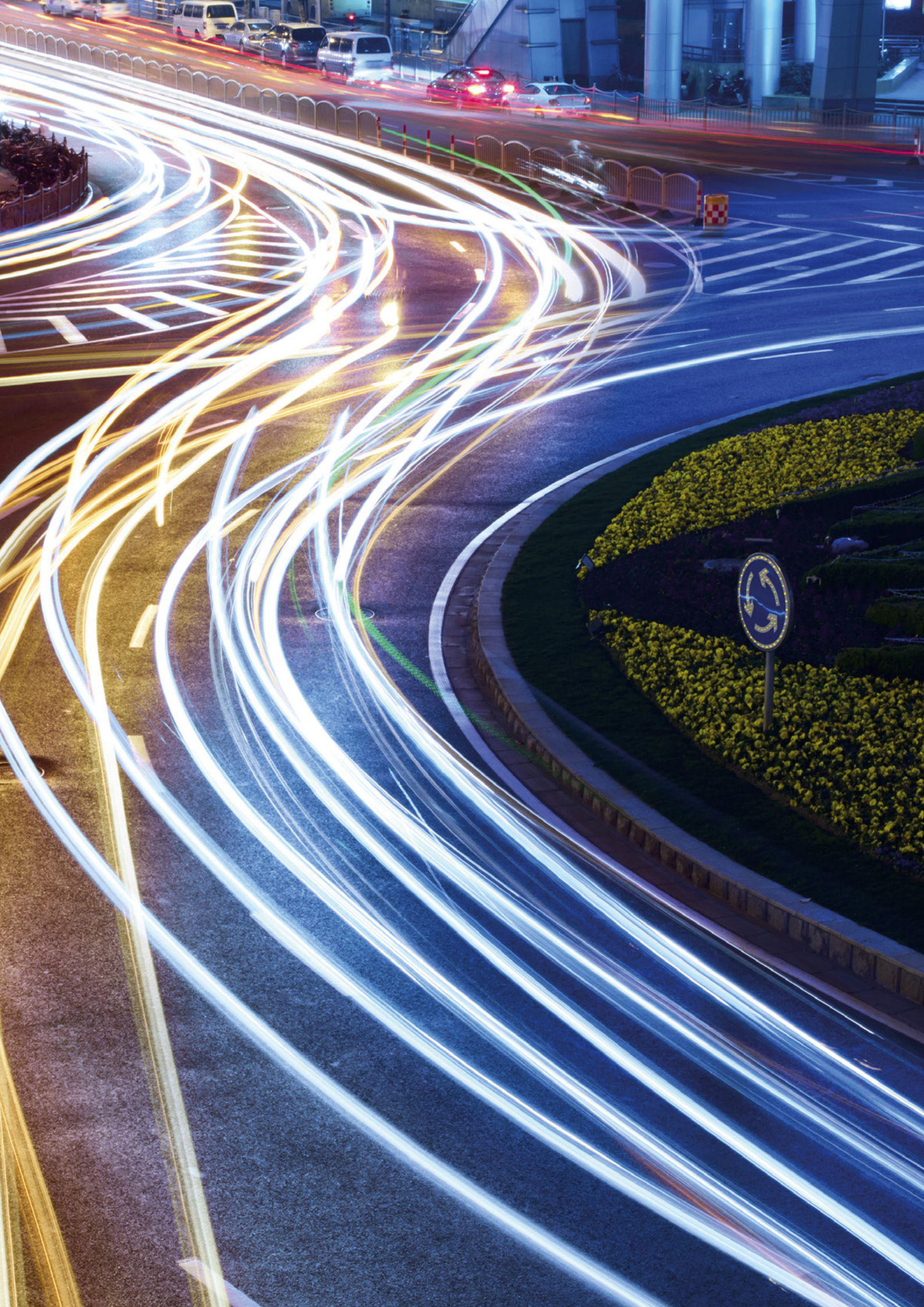

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