

Electric Vehicle Round-up

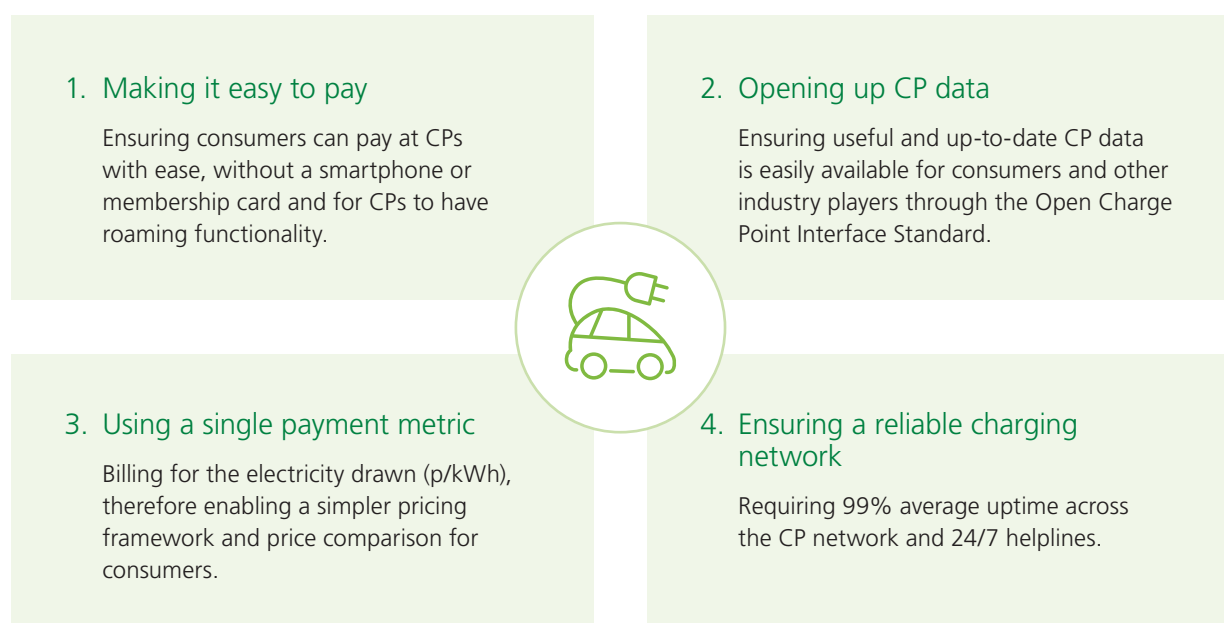
United Kingdom
Q1 2021

Consumers in the driving seat: OZEV's consultation on the consumer experience of EV chargepoints

On 13 February 2021, the UK Office for Zero Emission Vehicles ("**OZEV**") published a [consultation](#) on the consumer experience at public chargepoints ("**CPs**") (the "**Consultation**").

OZEV remarked that with the number of EV drivers set to increase rapidly, CP reliability and accessibility will be fundamental to ensuring that the UK's transition to EVs will be a smooth and effective one.

The Consultation sets out OZEV's policy ambitions across four key areas:



The Consultation also invites comment on three emerging policy areas:

1. accessibility for disabled customers, recognising that the EV switch is an opportunity to build an accessible network from day one and improve on fuel infrastructure accessibility;
2. weatherproofing and lighting of CP bays; and
3. signage for CP access.

The Consultation signals the Government's ambition to take decisive action and to prepare the UK charging network for the expected uptake in EVs.

OZEV's proposals in respect of improving the ease and transparency of CP payments is welcome news to the industry. The quality of the CP payment experience remains a significant challenge in consumer confidence in EV journeys and charging infrastructure. We have seen increased progress in CPO network interoperability, particularly over the last year, with peer-to-peer roaming agreements being entered into between some CPOs and aggregators. However, it is clear that OZEV is willing to step in if industry-led solutions do not result in a smoother EV charging experience for the consumer. Given that the Government has not yet seen the results it was expecting in terms of roaming solutions and development of standards by the private sector, this raises the prospect that it may use its powers under the Automated and Electric Vehicles Act 2018 (which, so far, have been left largely unused in the EV sector) to put forward regulation to facilitate these developments.

For further background, our full commentary on the consultation can be found [here](#).

Industry Spotlight: Automakers and energy suppliers are leading the charge

In [our last Round-up](#) we reported on the key policy developments driving the EV transition forward, such as the [end on the sale of new petrol and diesel cars in the UK by 2030](#) and publication of the Government's "[Ten Point Plan](#)" for a green industrial revolution.

These developments seem to have been well received by the wider industry, and Q1 of 2021 has seen an increase in new entrants to, and activity across, the EV sector. Most notably was the announcement by Volkswagen (the world's second largest automaker) of its roadmap to deliver EVs with longer range, cheaper batteries and better charging. Volkswagen's key plans include:

Batteries



Reducing the costs of producing batteries by up to 50% via multibillion pounds of investment in battery cell production and building battery factories across the globe. Battery manufacturer Northvolt subsequently announced that it received an order from Volkswagen worth USD 14bn.

Charging



Teaming up with oil majors such as bp, Enel and Iberdrola to expand EV charging across Europe. For example, Volkswagen and bp plan to deploy around 8,000 rapid charging points across Europe (primarily in the UK and Germany).

V2G



Starting from 2022, all vehicles built on Volkswagen's modular MEG EV platform will support two-way charging allowing "green electricity from the solar energy system to be stored in the vehicle and fed back into the home network".

A number of other automakers such as Volvo, Jaguar and Bentley have also accelerated plans to abandon ICE vehicles and expand and accelerate their EV offering, with Jaguar in particular announcing that the brand will be all-electric by 2025.

In addition, we are seeing a number of electricity suppliers such as EDF, Scottish Power and (most recently) Bulb offering innovative products aimed at EV drivers, such as home-charging installation and time of use pricing. Smart time of use ("**TOU**") tariffs encourage customers to use energy during off-peak periods when electricity demand and prices are at their lowest (e.g. by charging EVs at night). As the EV industry matures and the industry's metering and data arrangements become smarter, commentators expect TOU tariffs to become increasingly popular as a means of managing electricity demand and system balance as well as saving consumers money.



The UK's blueprint to decarbonising industry

The UK Government's industrial decarbonisation strategy published in March 2021 (the "**Strategy**"), is the first strategy of its kind published by a major economy. The Strategy builds on the Government's Ten Point Plan and sets out how the UK industrial sector can decarbonise while remaining competitive and aims to provide industry with the long term certainty it requires to deliver sufficient investment in decarbonisation measures.

The Strategy highlights the Government's commitment to investment nearly GBP 500m through the Automotive Transformation Fund (available to businesses and investors across the UK) over the next four years, forming part of its wider commitment to provide up to GBP 1bn of support to the electrification of UK vehicles and their supply chains. In particular, it is noted that securing battery

cell manufacturing is essential, as this will "anchor the mass manufacture of EVs in the UK". The Strategy also highlights that targeted investment in motors, power electronics and hydrogen fuel cells is also a priority and will boost investment into the UK's strong manufacturing bases. See our further commentary on the Strategy [here](#).



OZEV's innovation drive

In March 2021, OZEV launched its “Transitioning Towards Zero Emissions Vehicles” competition, which will support on-vehicle solutions that address the barriers and challenges associated with the uptake of zero emission vehicles (“**ZEVs**”) such as:

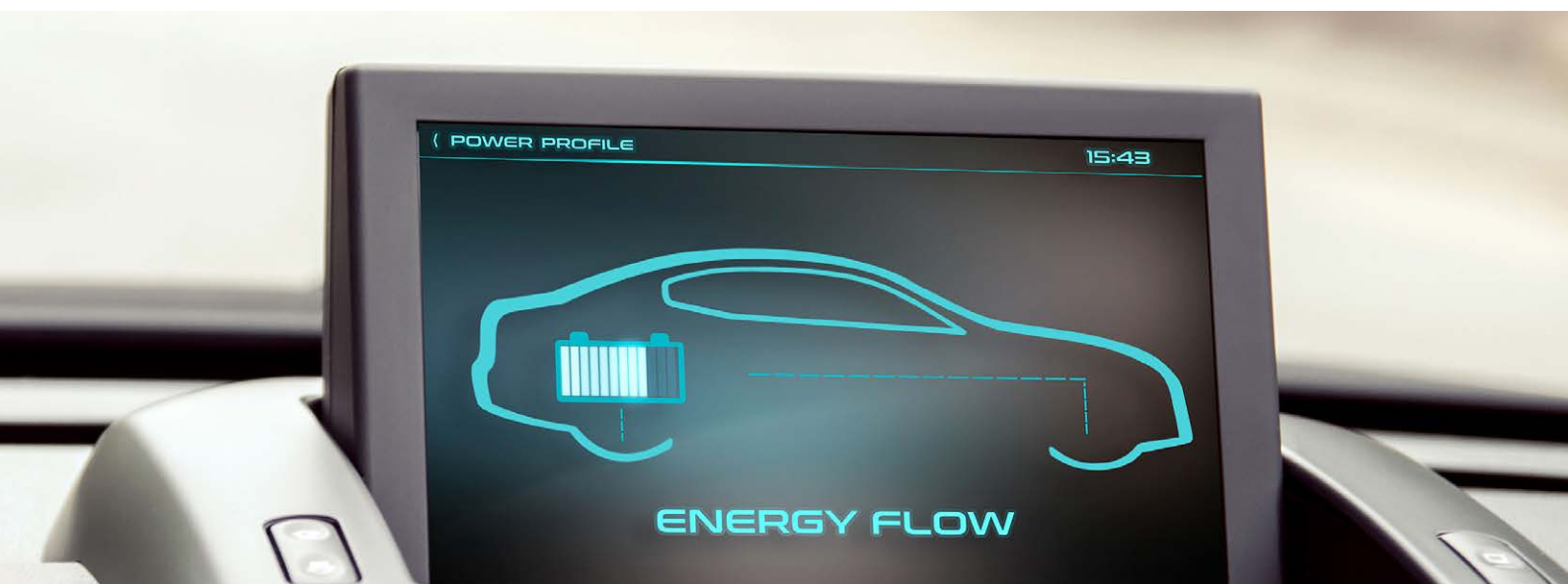
- range capability;
- adoption of small commercial ZEVs;
- special use vehicles;
- user experience;
- sustainability of ZEVs.

OZEV has pledged up to GBP 7m in support of projects that address these challenges using either: (a) new, highly innovative solutions; or (b) advancing existing innovation or R&D projects.

OZEV has also launched an “Infrastructure solutions for zero emission vehicles” competition with a pot of up to GBP 10m for projects that address one or more of the following infrastructure challenges:

- improving public residential charging in urban areas;
- improving rural charging;
- improving fleet charging solutions;
- enhancing the ZEV user charging experience.

A further GBP 2m has been pledged by the Government to support innovation from small businesses and organisations through the Niche Vehicle Network (an independent association of over 900 niche vehicle manufacturers, specialist technology and design and engineering companies). These developments indicate the Government’s appetite to deploy significant capital and resource in respect of ZEV R&D, which will be crucial in ensuring the UK’s ZEV market is well-equipped for high levels of growth in the run up to 2030 and beyond.



Publication of the Spring Budget

While the 2021 Budget, announced on 3 March 2021, did not contain any new EV funds, the industry has welcomed the following developments:

Launch of the UK Infrastructure Bank

The newly announced UK Infrastructure Bank, which is the UK's post-Brexit answer to the European Investment Bank, will have the core objective of investing in infrastructure projects which help to (a) tackle climate change and achieve the UK's 2050 "net zero" target, and (b) support regional and local economic growth. The bank will have a GBP 22 bn in financial capacity, GBP 12bn for debt and equity capital (GBP 4bn of which is to be allocated to local authorities) and a further GBP 10bn available in guarantees. The bank is expected to publish a framework document later in Spring 2021 which would include further details on its operation and funding eligibility criteria. While it remains to be seen whether the bank will support the EV sector, it would appear that it is an area that is aligned with its core objectives.

New Freeports

Eight locations in England were selected for new Freeports. A Freeport is a secure customs zone, located at a port (whether sea, air, or rail), which benefits from different (typically relaxed or reduced) customs rules, tax duties and administrative burdens. These could attract manufacturing activity for charging points and EVs. Read more about Freeports in a CMS Law-Now article [here](#).



Update: CMA Market Study into UK electric vehicle charging

As reported in [our last Round-up](#), the Competition and Markets Authority (“**CMA**”) launched a market study into the UK EV charging market on 2 December 2020. The CMA has now [published](#) all of the responses to the Invitation to Comment and provided a progress update on 1 March 2021.

The short update states that the CMA intends to further engage with key stakeholders in Spring 2021 and is on-track to publish a report in Autumn ahead of the deadline of 1 December 2021. The CMA outlined the themes and issues that emerged in the responses to the Invitation to Comment and identified two key market segments that it intends to focus on in more detail:

- en-route rapid/ultra-rapid charging, in particular on motorways; and
- on-street slow/fast local charging i.e. on the kerbside or in local hubs.

The update also notes the OZEV consultation and that the CMA is working closely with OZEV on the consumer issues identified.

EV Homecharge Scheme

On 13 February 2021 the Department for Transport announced that the Electric Vehicle Homecharge Scheme (EVHS) would be extended into 2022 with GBP 50m of new funding. It will also expand the scheme to accommodate leaseholders and those in rented accommodation. Alongside this, the Workplace Charging Scheme will open up to small to medium enterprises (SMEs). Beyond March 2022, the EVHS is expected to solely focus on rental and leasehold properties.

Forthcoming developments

Smart charging legislation

The Automated and Electric Vehicles Act 2018 gives the UK Government the powers, through secondary legislation, to require that EV chargepoints sold or installed in the UK have “smart charging” functionality included. In July 2019, the Department for Transport and OZEV launched a [consultation](#) on proposals for new EV chargepoint smart technology regulations.

To this end, it is expected that smart charging regulation will be published in Summer 2021, and will require chargers to have a “customer interface” (which is to be defined) and capable of sending and receiving load control signals. The regulation is anticipated to cover private chargers only (home and commercial workplaces) with depots and destination chargers being excluded. It is hoped that smart charging functionality in private use chargers will allow consumers and businesses to better utilise TOU tariffs from electricity suppliers.

We understand at this stage that CPO interoperability will not be included in the regulation, however, provisions relating to the ability to switch a Demand Side Response Service Provider (DSRSP) is anticipated in the future.

Other relevant reports and policies expected in 2021

- The Net Zero Review final report
- The National Infrastructure and Construction Pipeline
- Transforming Infrastructure Performance 2021
- A transport decarbonisation plan
- An electric vehicle charging infrastructure strategy
- A refreshed Industrial Strategy



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