

31 August, 2021

Patrick Cassels
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Dear Patrick,

Access and Forward-looking Charges Significant Code Review: Consultation on Minded to Positions

British Vehicle Rental and Leasing Association (BVRLA) members represent the demand-side of the automotive industry, buying around 50% of new vehicles, including over 80% of those manufactured and sold in the UK. In doing so, they support almost 500,000 jobs, add £7.6bn in tax revenues and contribute £49bn to the UK economy each year.

BVRLA members are at the forefront of the transition to zero-emission vehicles. Our 'Plug-in Pledge' will see the sector registering 400,000 battery electric vehicles per year by 2025, which could represent approximately 80% of new battery electric car and van sales.

Our members are keen to do all they can to support the transition to electric vehicles but there are still significant challenges that will need to be overcome. One issue that has persistently been flagged by members is the installation costs of charging infrastructure, particularly where there is insufficient power on site and reinforcement work is needed.

This is most often an issue for our rental members and for those running commercial vehicles who would like to charge large numbers of vehicles at a single site where they are unable to stagger charging times or where, due to their operational needs, they must charge vehicles rapidly.

We welcome the review that Ofgem has undertaken and the proposals to remove reinforcement costs. However, due to sole use asset (extension) costs remaining we are sceptical about whether this will go far enough to remove the prohibitive cost barrier that many fleet operators are faced with when upgrading their infrastructure. Many members have reported eye watering quotes to install the infrastructure necessary for them to scale up their electric vehicle fleets, particularly when they have insufficient power on site. Without further support from Government and the energy sector we fear firms will still face significant barriers to fully transition their fleets to electric.

Improved definition and choice of access rights

Ofgem's proposals for greater choice of access rights are welcome. There should be greater flexibility which allows consumer choice on when they can access the network, particularly if this is at a reduced cost i.e. access off peak or only at certain times of the year as opposed to 24/7 365 days a year.

If Ofgem does proceed with these changes it is imperative that this is clearly communicated to consumers in language that can be easily understood by those from outside the energy sector.

Distribution network connection charges

The BVRLA has persistently raised the need for an urgent review into the existing process, whereby it is the one who tips the grid over capacity that appears to then have to pay the full 'reinforcement' costs. While we

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welcome Ofgem looking at this area and making proposals to improve the existing process and to potentially remove reinforcement costs we are sceptical about whether this will go far enough to remove the core costs holding our members back.

As we understand it, the connection charge is made up of two parts – reinforcement and sole use (extension) asset. Whilst we accept that removing the reinforcement cost will bring the costs down, we believe that the majority of the cost, such as civil works and upgrading power supply on the businesses side of the boundary, will remain.

We are also concerned that these changes would not come into effect until April 2023. Whilst we understand the rationale behind why this date is most viable, it is critical that Ofgem makes it clear that the process and costs could change in 2023. This will ensure that consumers are able to make informed investment decisions if looking to install infrastructure prior to this change taking effect

Another key factor members have raised as an issue is the length of time the upgrade process can take, with some members reporting delays of over 18 months. Alongside these proposals, we would welcome a further review on how the process itself can be adapted to be more streamlined and minimise delays.

Given the constraints and delay before its introduction, we believe that alongside these proposals there will need to be further measures from the Government to support those looking to invest now in the infrastructure that will enable their uptake of electric vehicles.

Clear communication and transparency

We would urge Ofgem to think differently about how it communicates with the transport industry. Often the language used is very confusing, it can be very technical and is not easily understood from those outside the energy sector. Looking at the Ofgem website and that of several DNOs it is not clear where businesses can obtain information/support on installing electric vehicle charging infrastructure and the process involved in obtaining the energy required.

The BVRLA previously worked with a range of partners from the energy sector to produce guidance for fleets. The purpose of this guidance was to help fleet operators, who were looking to install electric vehicle charging infrastructure, navigate the complex process. It also helps them understand the options available to them and who they can go to for help or to conduct the work necessary. The guidance can be found on Gov.UK but is very difficult to find unless you know what to search for and is not prominent on the Ofgem website or that of a number of DNOs.

Ofgem should review its communication strategy to ensure that consumers are clear on the choices available to them, that any proposed changes are transparent and that businesses know where they can seek help. This information should then be prominently displayed on Ofgem's and DNO websites, with clear links for those seeking support.

Thank you for this opportunity to provide feedback. We look forward to speaking further as this work continues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gerry Keane', written in a cursive style.

Gerry Keane
Chief Executive

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About the BVRLA

The BVRLA represents over 970 companies engaged in vehicle rental, leasing and fleet management. Our membership is responsible for a combined fleet of four million cars, vans and trucks – one-in-ten of all vehicles on UK roads.

BVRLA members represent the demand-side of the automotive industry, buying around 50% of new vehicles, including over 80% of those manufactured and sold in the UK. In doing so, they support almost 500,000 jobs, add £7.6bn in tax revenues and contribute £49bn to the UK economy each year.

Together with our members, the association works with policymakers, public sector agencies, regulators, and other key stakeholders to ensure that road transport delivers environmental, social and economic benefits to everyone. BVRLA members are leading the charge to decarbonise road transport and are set to register 400,000 new battery electric cars and vans per year by 2025.

BVRLA membership provides customers with the reassurance that the company they are dealing with adheres to the highest standards of professionalism and fairness.

The association achieves this by reinforcing industry standards and regulatory compliance via its mandatory Codes of Conduct, inspection regime, government-approved Alternative Dispute Resolution service and an extensive range of learning and development programmes.

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