

Report To: Environment & Regeneration Committee
Date: 26 August 2021

Report By: Interim Service Director, Environment & Economic Recovery
Report No: ERC/RT/GMcF/18.628

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Subject: Electric Vehicle Charge Points – Implementation of Tariffs

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the proposals to introduce tariffs for electric vehicle chargepoints.

2.0 SUMMARY

- 2.1 Inverclyde Council, on the back of Scottish Government/Transport Scotland Local Authority Investment Programme grant funding, has established a network of electric vehicle chargepoints throughout its administrative area.
- 2.2 Originally, a condition of the grant funding was that the chargepoints would be tariff free for a minimum of 12 months from their date of implementation. However, this position has changed over time and Scottish Government are now recommending that Local Authorities should consider the application of tariffs to their chargepoint network.

3.0 RECOMMENDATIONS

- 3.1 The Committee is asked to approve the implementation of tariffs as outlined in 5.1 and 5.2 below for the following reasons:
- Continuing to provide tariff free access comes at an ever increasing cost to the Council and is unsustainable into the future;
 - It will be impractical for the public sector alone to fund all investment in the overall charging network within Inverclyde, and in addition, the continued offer of tariff free access, will discourage other potential sources of investment and may both constrain the growth of the charging network and lead to higher levels of public expenditure than is necessary to deliver a national charging network.

Gail MacFarlane
Head of Roads & Environmental Services

4.0 BACKGROUND

- 4.1 At an early stage in its funding of public charging capability, the Scottish Government, via Transport Scotland, supported by Scotland's 32 Local Authorities and other public and private sector hosts, has invested over £45m in the development and expansion of the ChargePlace Scotland Network, delivering over 1,800 public chargepoints. Scottish Ministers have also funded the ChargePlace Scotland back office that provides the centralised system for managing each chargepoint asset enabling them to operate under the ChargePlace Scotland brand.
- 4.2 The principal funding programme for this early market intervention has been the Local Authority Investment Programme (LAIP), under which Local Authorities receive 100% capital grants towards the installation of chargepoints. Investment in the ChargePlace Scotland Network has also been facilitated through other Scottish Government initiatives, including those administered through the Energy Saving Trust, the European Regional Development Fund as well as the funds available through the UK Government's Office for Zero Emission Vehicles.
- 4.3 Under LAIP, Local Authorities own the chargepoints and are responsible for locating suitable sites, procuring installation contractors, commissioning the asset, and operating and maintaining the chargepoints. As the requirement for public electric vehicle charging infrastructure grows, the current delivery model will place increased demands on Local Authorities given the need to develop and deliver electric vehicle charging strategies and integrating these into local energy planning. This provides opportunities for Local Authorities to consider how they wish to develop charging provision in their areas and, in order to maximise investment opportunities, whether they should do so in partnership with other Local Authorities and the private sector.
- 4.4 The ChargePlace Scotland back-office system monitors chargepoint availability, utilisation, reports faults to chargepoint "hosts" (the owners of the chargepoints) and facilitates payment (where tariffs are charged).
- 4.5 As noted, to incentivise the early uptake of electric vehicles, Local Authority hosts were initially obliged to offer free charging on Scottish Government funded chargepoints for a period of at least 12 months from the date of commissioning. Utilisation is rising rapidly and, where tariffs are not applied, the cost of free provision will also rise. And even where tariffs are introduced, simply covering the cost of electricity will not generate the funding required for asset management and replacement.
- 4.6 A growing number of Local Authorities have adopted, or are planning to adopt, tariffs. There is no common approach across Local Authorities, which means that the cost to an electric vehicle driver of using the ChargePlace Scotland network will vary by Local Authority jurisdiction. This is not necessarily a barrier to electric vehicle drivers accessing charging opportunities and, importantly, drivers are typically clearly advised online and via signage what the tariff and charges will be.
- 4.7 For now, demand for electric vehicle charging is developing rapidly, as is the demand for electric vehicles. Notwithstanding this, the levels of utilisation generally experienced at present mean that many chargepoint sites do not provide an immediate return on commercial investment. Many private operators are adopting a longer term perspective in assessing investment opportunities, however, and are evidencing their appetite to work in partnerships with public authorities.
- 4.8 To date, Scottish Government funding has been instrumental in establishing Scotland's national public charging network, If continued, however, this will be at an ever greater cost to the public purse. There will need to be significant investment in public electric vehicle infrastructure to support a growing and future mass market of electric vehicles in Scotland. But it will be impractical for the public sector alone to fund this investment. Additionally, the continued offer of tariff free access, will discourage other potential sources of investment and may both constrain growth of the network and lead to higher levels of public expenditure than is necessary to deliver a national charging network.
- 4.9 One of the factors influencing private sector operators' willingness to invest will be the approach which is taken on tariffs. Although the number is diminishing, two-thirds of Scotland's 32 Local

Authorities have not implemented tariffs on their public chargepoints, with the cost of the electricity borne by the host. The existence of free provision does not incentivise commercial investment.

- 4.10 More widely, with regard to tariffs, the potential cost to the public purse of free provision has been noted. The absence of tariffs also distorts electric vehicle charging behaviour (e.g. electric vehicle drivers may have access to home charging but elect to use public infrastructure because it is free) and, in any case, it is not clear that the absence of tariffs exercises any significant influence on electric vehicle uptake. A non-tariff regime also means limited financial incentive to public authorities to ensure availability and reliability of chargepoints, as there is no revenue loss associated with unavailability.
- 4.11 Where tariffs are introduced, they should cover more than just the cost of the electricity supplied. With a potential life of a chargepoint being up to 10 years, there will be a rising replacement cost placed on Local Authorities to simply retain the ChargePlace Scotland network at its existing size, even without accommodating technological advancement.
- 4.12 While more Local Authorities are introducing tariffs, no common approach has been established, resulting in different tariff regimes, dependent on geography, within the ChargePlace Scotland network. It is important that tariffs reflect local needs, utilisation and delivery and maintenance costs. For that reason, hosts, whether Local Authorities or private sector, are, at this time, best placed to determine the level at which tariffs are set.
- 4.13 The wider introduction of tariffs will represent a move towards the “user pays” model in contrast to the initial arrangements, where the costs of establishment and utilisation of Local Authority chargepoints was borne by all. Drivers are accustomed to having to pay a commercial price to fuel their petrol or diesel vehicles at present and, in principle, should be prepared to do the same for an electric vehicle.
- 4.14 The Council’s public charging network within Inverclyde, as funded via the LAIP, is as follows:

<i>Location</i>		<i>Standard (7kW)</i>	<i>Fast (22kW)</i>	<i>Rapid (50kW)</i>	<i>Date Live</i>
Station Road	Gourock		1		Oct-19
Kempock Street	Gourock			1	Jun-20
Cathcart Street	Greenock		1		Jun-15
VMF Pottery Street Depot	Greenock		1		Jul-17
Dalrymple Street	Greenock		1		Mar-19
Custom House Way	Greenock		1		Dec-19
Battery Park	Greenock	1	1		Feb-20
Station Avenue	Greenock	1	1		Feb-20
Pottery Street Depot	Greenock		2		Sep-20
Auchmead Road	Greenock		1		Note 1
Roxburgh Street	Greenock	1	1		Note 1
Main Street	Inverkip		1	1	Jan-20
Bridge of Weir Road	Kilmacolm		1		Jun-15
Barrs Brae	Kilmacolm		1	1	Jan-20
Fore Street	Port Glasgow		1		Jun-15
Higholm Park & Ride	Port Glasgow		1		Mar-19
Willisons Lane	Port Glasgow	1	1		Feb-20
Auchenleck Lane	Port Glasgow		1		Jun-21
Newark PS Park & Stride	Port Glasgow		1		Note 1
A78 At Rail Station	Wemyss Bay		1		Jun-15

Note 1: Under procurement and date live in fy 2021/22.

Note 2: Each chargepoint serves 2 number parking bays.

- 4.15 Currently all capital costs of the provision of chargepoints and their ongoing maintenance via specific maintenance agreements has been contained within the LAIP programme. The costs of electricity used by the chargepoints, and effectively the end users, is funded via the Council’s revenue budget.

5.0 PROPOSALS

5.1 It is proposed to implement the tariffs from 1 November 2021 for all of the Council's public charging network noted in 4.14 above, and at the rates outlined in 5.2 below. The tariffs will be administered via the ChargePlace Scotland back-office system outlined in 4.4 above.

5.2 The proposed tariffs have previously been published in the Inverclyde Council Charging Booklet for 2021/22, and noted as being subject to approval (by this Committee); these are as follows and include VAT:

- Connection fee for all chargers - £1.00 per connection.
- 22 kW and lower chargepoints - £0.20 per kWh.
- 43 kW and higher chargepoints - £0.30 per kWh.

The proposed tariffs reflect the costs of electricity provision and ongoing routine maintenance costs.

5.3 The Committee is asked to approve the implementation of tariffs as outlined in 5.1 and 5.2 above for the following reasons:

- Continuing to provide tariff free access comes at an ever increasing cost to the Council and is unsustainable into the future;
- It will be impractical for the public sector alone to fund all investment in the overall charging network within Inverclyde, and in addition, the continued offer of tariff free access, will discourage other potential sources of investment and may both constrain the growth of the charging network and lead to higher levels of public expenditure than is necessary to deliver a national charging network.

6.0 IMPLICATIONS

Finance

6.1 Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually recurring costs:

Cost Centre	Budget Heading	Budget Years	Proposed spend this report (£000s)	Virement from	Other comments
Revenue	Electric Vehicle Chargepoints	2021/22	(6)		
		2022/23+	(20)		

Legal

6.2 There are no legal implications arising from this report.

Human Resources

6.3 There are no HR implications arising from this report.

Equalities

6.4 There are no equalities implications arising from this report.

(a) Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

Repopulation

6.5 There are no repopulation implications arising from this report.

7.0 CONSULTATIONS

7.1 The Chief Financial Officer, The Interim Head of Legal Services, and the Corporate Procurement Manager have been consulted on the contents of this report.

8.0 LIST OF BACKGROUND PAPERS

8.1 None.