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Post-ZEV mandate announcement: Steps required to keep the charge point rollout on track

Context

Announcing changes to the ZEV mandate on 7 April 2025, the Prime Minister said "British car companies should be at the forefront of the electric revolution. This is a race we belong in. And so I think EV targets are a good thing. They are good for the climate. Good for business certainty and investment. Good for British manufacturing."

For the British car industry to win in this race, for the UK to meet its climate targets and for drivers to benefit from cleaner, cheaper driving, the UK needs widespread, convenient and affordable charging. ChargeUK's members have been getting on with that job: £6bn of private investment committed through to 2030; the public network growing by 29% per annum; and 75,000+ public chargers installed (in addition to over 1 million home and workplace charge points), putting us on track to install 300,000 public chargers by 2030. We welcome our progress being celebrated in the PM's recent statements.

That progress has been made possible because of the ZEV mandate. Although we support the confirmation of the 2030 phase out date and the annual quotas, by providing additional flexibility to the car industry, the Government has put that charging investment and progress at risk, and with it the EV transition.

Impact of the ZEV mandate changes on EV charging rollout

The need for the charging rollout to track just ahead of demand, combined with lead times inherent in installing infrastructure, means that Charge Point Operators (CPOs) must take investment decisions 2-5 years ahead of projected demand. At this stage in the transition, when utilisation is still immature, these decisions must also be taken before the sector is profitable. Stable regulation and predictable demand are therefore key. The Mandate's expanded flexibilities therefore create two challenges:

- **Unpredictable demand trajectory**: Although the headline quotas have remained, the multiple compliance pathways now available to manufacturers make forecasting EV adoption – and therefore charging demand – significantly more difficult.

- **Reduction in overall ZEV numbers**: The ability to transfer CO2 savings and borrow allowances means EV adoption is likely to remain relatively low through 2026-9 and then either spike towards the end of the decade or, with hybrids now permitted, be delayed to the mid 2030s.

The charging sector is already investing in the face of rising costs, early-stage levels of utilisation and delays to deployment and public subsidies. As ChargeUK warned – and has been confirmed in discussions with members since the PM's announcement – additional flexibilities in the mandate will now lead many to adopt a more cautious investment approach, which will lead to:

- **slower rates of deployment**, such that charging rollout may fall behind EV sales;
- **increased disparity in availability**, with deployment to less commercially viable sites, including in **rural and regional locations,** delayed or left behind altogether;
- **higher prices** for EV drivers, as operators are forced to offset lower or delayed utilisation rates.

Despite the significant rollout progress of recent years, concerns about charging regularly top drivers' reasons not to switch. Unless steps are taken urgently, investors and CPOs may struggle to justify the £6bn that was celebrated in the PM's statement, and the charging rollout could fall behind, threatening the transition.

Proposals to restore charging sector confidence and viability

Government acted decisively to support the car industry against strong headwinds. It must now act decisively to support the charging sector, so that we can keep the rollout – and the EV transition – on track. Our proposals aim to:

- Restore investor confidence and revenue certainty, by boosting EV demand;
- Address rising operational costs, which will become more challenging with lower utilisation;
- Enhance the investment case at marginal sites, so deployment happens in all locations that need chargers, not just the most commercially viable sites;
- Keep charging affordable, so that prices do not act as a barrier to drivers switching

While we focus on measures to support our sector, we also <u>strongly</u> support calls from the automotive sector for a comprehensive package of incentives to boost demand for electric vehicles themselves. This must include steps to ensure EVs are affordable and attractive, along with a plan to boost driver awareness/education.

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1. Business rates

Despite charge points being exempt from business rates (as Plant and Machinery), the Valuation Office Agency is planning to assess charging bays for rates. The VOA estimates that 16,500 of today's 75,000 charge points are in scope and that the average rent paid for a charging bay is £1,500 pa. This would see £24m per annum of additional costs placed on the sector. The proposal to backdate these rates to 1 April 2023 would also see a one-off bill of c.£48m.

This is a significant underestimation of the overall impact, given that we - and ZapMap - believe the number of charge points is closer to 36,000, and that charging bays can, at some premium sites, attract rents of up to £16,000 pa (£1,500 was an average rent back in 2018). Given the pre-profit phase of the sector, these are not costs that the sector can absorb. CPOs will have no option but to pass these costs onto consumers through higher prices; marginally viable planned sites may no longer be viable, reducing availability. The Government should exempt EV charging bays from business rates.

2. Renewable Transport Fuel Obligation (RTFO)

Unlike in the UK, CPOs in Europe benefit from the inclusion of renewable electricity in equivalent RTFO schemes. Similarly extending the UK's RTFO would offer British CPOs a baseline revenue stream independent of unpredictable utilisation rates, reducing investment risk and boosting the business case by offering approximately £0.06/kWh in revenue at no cost to HMT. Having just closed a consultation on this topic, Government should now commit to extending the RTFO as a matter of priority, potentially using the upcoming Sustainable Aviation Fuel Bill as a legislative vehicle.

3. Standing and capacity charges, and wider energy costs

Standing and capacity charges have risen on some sites by 1000%+ in the last three years, putting many new and existing investments at risk, and resulting in higher consumer prices, particularly at rapid and ultra-rapid sites. Ofgem and DCUSA are working with us on a technical, regulatory solution through the DCP420 working group, but progress so far has been slow. We now need central Government to inject momentum into this process to ensure that CPOs can benefit from relief as soon as possible. Wider reform of the electricity wholesale market is also required to encourage more sustainable, lower cost electricity.

4. Public subsidy

With private investment likely to contract due to reduced EV sales, clarity on Government funding will be essential. After years of delay to the Local EV Infrastructure Fund, which led to a slowdown in on-street deployment, local authorities are now finally releasing tenders. Government must continue efforts to ensure a steady flow of high-quality investible tenders. Ongoing uncertainty about the £950m Rapid Charging Fund must be resolved, with CPOs fully consulted about how funding can be used efficiently and effectively, and in a way that does not distort the market, to support en-route charging. Industry must be fully consulted about the use of the £200m funding announced in the Autumn Budget to ensure taxpayers' funds are targeted where they will best support private investment.

5. Signage

The UK's outdated road signage rules mean that: only service stations with petrol pumps can include EV charging on their signage (with practical constraints meaning that just 25 motorway locations have managed to do so); there is no legal way to install signs from major roads; signage on local roads is frequently blocked by local highways authorities. Government should publish new guidance that enables signage to be installed on motorways and A-roads and stipulates to highways authorities that non-branded charging signage is permitted. Government should also collaborate with industry to create a modernised charging sign in place of the three-pin plug symbol first introduced in 2011.

6. VAT

Disparity of VAT rates between public charging (20 per cent) and home charging (5 per cent) creates a barrier for those without access to off-street parking, affecting lower-income households in particular. Government should reduce VAT for public charging to 5% to improve affordability and equality.

In addition: Government must continue to address deployment delays – as well as extending Permitted Development Rights (Planning & Infrastructure Bill), looking at other ways to remove planning barriers, speeding up permitting and licensing as planned, and ensuring the Grid Review is successful in accelerating grid connections, through ministerial oversight. The charging sector also requires a comprehensive eHGV strategy to be able to commit to HGV charging. Government support is required to help the industry address cable theft. A pragmatic approach to regulation will ensure consumer experience and accessibility increases while not placing a disproportionate burden on the sector.