

Standing Charges

Context

Ofgem's Targeted Charging Review (TCR) has inadvertently created a critical barrier to the rollout of EV charging infrastructure.

By shifting the formula for calculating standing charges from actual consumption to maximum potential demand, the TCR has significantly increased the charges incurred by rapid and ultra-rapid charging hubs. These hubs generally have a large grid connection but at this stage of EV adoption their utilisation is relatively low, meaning that they are hit especially hard by the TCR changes.

Our members have seen increases of over 1000% on some sites, transforming a relatively minor operational cost into a major financial burden that applies significant pressure on the EV charging business model. The challenge posed by increased standing charges is likely to deepen following recent changes to the ZEV mandate, which are expected to lead to lower utilisation.

Impact

The consequences of these dramatic cost increases are threefold:

1. **Deployment:** Existing sites have become commercially unviable overnight, while future deployment plans are being reconsidered or abandoned. This is particularly acute for sites in areas with currently lower EV adoption, creating a risk of charging "deserts" or cold spots in some parts of the country.
2. **Consumer pricing:** With the sector still pre-profit, operators are forced to pass increased costs directly onto drivers, with standing charges now contributing significantly more to charging prices than just three years ago. This undermines the economic case for switching to EVs at the very time the Government is trying to accelerate adoption. A recent survey found that high charging prices are the leading concern for existing EV drivers¹.
3. **Investment:** The substantial increase in operating costs extends payback periods beyond what many investors consider acceptable, threatening the capital flow needed to build out a comprehensive national charging network.

Our ask

The charging sector is already working with Distribution Network Operators and Ofgem through the industry-led DCP420 working group, which is exploring modifications to the network charges formula. However, we are concerned that this route to resolution may not deliver sufficiently quickly, as technical code modifications can take years to implement.

We believe that the financial pressure on our sector requires immediate relief. We are urging central Government to intervene as a matter of urgency, either by directing Ofgem to accelerate the passage of the regulatory proposals identified by the DCP420 group, or through any other mechanism that would ensure CPOs can benefit from relief rapidly.

¹ EVA England, Key Steps to Driving Demand. URL: <https://www.evaengland.org.uk/2025/02/20/key-steps-to-driving-zev-demand/>