

Maximum Resale Price as it applies to Ultra Low Emission Vehicles (ULEVs)

Utility Regulator Consultation

Power NI Response

6 January 2020

Introduction

Power NI welcomes the opportunity to respond to the Utility Regulator's (UR's) consultation on the Maximum Resale Price (MRP) of electricity as it applies to ULEVs. As the largest electricity supplier in Northern Ireland Power NI has had a longstanding interest in the development of ULEVs and was a consortium member in the project led by the Department for Regional Development which began in 2010 and secured funding for the introduction of the first public charge points in Northern Ireland.

The popularity of ULEVs is undoubtedly increasing as technological advances reduce the consumers concern while environmental considerations are increasingly important. There is a clear policy support for ULEVs with the Energy Transition becoming a well-established concept, the forthcoming Strategic Energy Framework likely to strongly support the uptake of ULEVs and net zero legislation focussing attention on emissions from transportation. Policy aside, market forces and resultant trends would suggest that the large scale uptake of ULEVs is inevitable.

General Comments

The UR provides within the consultation a number of sections of explanatory text which are helpful in setting the context. Power NI would like to highlight a number of points in relation to the explanation given.

It is important for the UR to recognise that the service provided via a charging point differs from the traditional electricity supply. It would be wrong for the UR to assume that in the context of ULEV charging that all kWh's are equal. A customer will likely assign greater value to a fast charging charge point over a trickle charging point i.e. the speed of charge available will attract a premium from a customer perspective and this may be over and above the higher voltage connection charge required to provide the service.

Power NI does not recognise the UR's assertion in Section 3.20 that the MRP does not cover infrastructure costs.

The suggestion in Section 3.22 that transparency could be provided via a receipt does not give the customer the information before they charge. This is not real transparency.

Specific Questions

Within the Consultation Paper the UR posed specific questions. Power NI has addressed each in turn.

Option 1 Consultation Questions

Do respondents consider that removal of the MRP restriction in relation to ULEVs is required or will more easily enable charge point operators to charge for development and maintenance of ULEV infrastructure? Please provide an explanation for your answer.

Power NI response:

Should the UR's interpretation of MRP not including infrastructure costs be correct then this renders the question moot as it practically makes no difference. If however infrastructure costs should not be included then the MRP is restrictive on the development of privately owned charge points made available to the public. This in turn reduces the likelihood of a comprehensive network of charge points developing and would adversely impact the uptake of ULEVs.

Power NI would encourage the UR to focus on both the development of a network of charge points provided by the common service provider at which suppliers could compete on price for the benefit of consumers while also facilitating a complementary suite of privately provided charge points enhancing the coverage of charging infrastructure to the benefit of ULEV uptake.

Do respondents consider that the removal of the MRP restriction for ULEVs would decrease consumer protection by introducing a lack of transparency in relation to the electricity cost?

Power NI response:

Transparency of pricing will be important to consumers. Competition alongside an extensive network of charge points will be vitally important to ensure consumers are protected as bad practice (which could potentially be subject to action by Trading Standards) will naturally result in limited usage.

To what extent do respondents value transparency in the electricity element of the cost of charging a ULEV? Please provide detailed rationale.

Power NI response:

As stated above transparency is important, however it is transparency of the total cost the customer will be charged that is the key. Even though the breakdown is of interest to industry participants and commentators the component breakdown is likely to be of no real importance to the customer. There is a clear parallel example in petrol station forecourt transparency. The end price is known (before you fill up) whereas the breakdown of tax, infrastructure, margin etc. is not displayed. It is important that the approach taken by the UR simplifies the transaction for the customer.

Overall, how much do respondents support an exemption from MRP for the resale of electricity where it relates to the propulsion of a ULEV?

Power NI response:

An exemption from MRP would support the development of the ULEV charging infrastructure and therefore the uptake of ULEVs. Power NI would however urge the UR to take a more holistic approach in considering ULEV charging infrastructure and not approach the issue in a piecemeal manner.

Are there any other factors or information the UR should take into account when considering this option?

Power NI response:

The UR may wish to consider how to brief the wider public in relation to charge point infrastructure, what information should be provided about pricing and how to manage the impact on the electricity network.

Do you have any other views on this Option not covered by the above questions?

Power NI response:

Please see information provided in the general and specific comments sections of this response.

Option 2 Consultation Questions

Does the MRP Direction as it is currently drafted act as a barrier to the development or maintenance of ULEV infrastructure in Northern Ireland?

Power NI response:

Power NI would have concerns in relation to how widely known the MRP is within Northern Ireland. It is conceivable therefore that rather than a barrier to development there is the possibility that it is currently being breached.

**Do you believe the MRP Direction should remain in place in its current form?
Please provide an explanation for your answer.**

Power NI response:

Power NI believes that the MRP does need reform or exemption in order to facilitate the expansion of the ULEV charging infrastructure.

Are there any other factors or information the UR should take into account when considering this option?

Power NI response:

No specific comment.

Do you have any other views on this Option not covered by the above questions?

Power NI response:

Please see information provided in the general and specific comments sections of this response.