

SUBMISSION FROM VIRGIN MEDIA

Virgin Media welcomes this timely consultation into the Maximum Retail Price (MRP) as it applies to Ultra Low Emission Vehicles (ULEV) in Northern Ireland.

Our response consists of an overview of Virgin Media and the background to our private investment which is transforming Northern Ireland's digital infrastructure. We position our response within the context of the Innovate UK funded consortium project which is seeking to deploy on street Electric Vehicle Charging Points (EVCP) across a number of areas, including in Belfast.

We wanted to answer the key questions within the consultation to advance the argument that the changes proposed will unblock a key barrier preventing the rollout of EVCP and the growth of ULEV. This is a key policy aim of the Northern Irish Executive according to the 2016-2021 Draft Programme for Government,¹ where a key priority is to "promote the use of electric vehicles" in order to "improve air quality and increase sustainable transport."

Please do not hesitate to contact us if you require any further information or clarification relating to this response: Nigel Richardson, Regional Affairs Manager, nigel.richardson@virginmedia.co.uk

1. About us

Virgin Media offers four multi award-winning services across the UK and Ireland: broadband, TV, mobile phone and landline. Our dedicated, gigabit-ready network delivers the fastest widely-available broadband speeds to homes and businesses.

Virgin Media is the leading cable operator in the UK and Ireland, delivering 14.7 million broadband, video and fixed-line telephony services to six million cable customers and mobile services to 3.2 million subscribers.

Our network currently covers over 50% of UK premises (around 15 million homes), and we are growing our footprint significantly through our network expansion program, *Project Lighting*, which has reached nearly 2 million additional homes since 2015 with plans to build further.

Virgin Media is part of Liberty Global, a leading international TV and broadband company. Liberty Global connects over 25 million homes to TV, broadband and telephony services, in 6 countries across Europe.

1.1. Gigabit speeds

Virgin Media is the UK's speed leader². Starting with our Gigacity roll-outs in Southampton, Manchester and Reading, we will upgrade our entire network, including Northern Ireland, to gigabit speeds by end of 2021, using our next generation technology DOCSIS 3.1. Over 50% of the country will be gigabit ready, with virtually no digging and no disruption to in-home wiring.

This upgrade will play a key role in delivering the UK Government's ambition of making gigabit broadband available nationwide by 2025, and the NI Executive Office's ambition of becoming 'Europe's best connected region for broadband by 2030'.

A new report by Oxera³, has revealed how widespread access to internet speeds of at least 1 Gigabit per second will lead to transformative changes in the way people across Europe interact, socialize, work and stay healthy.

¹ <http://www.niassembly.gov.uk/assembly-business/committees/2016-2017/committee-for-the-executive-office/reports/draft-programme-for-government-2016-21/>

² UK Home Broadband performance (Ofcom, 2019, pg. 3)

³ Gigabit broadband: What does it mean for consumers and society? (Oxera, November 2019)

1.2. Investing in Northern Ireland

Our ultrafast network enables us to offer the fastest widely available download speeds in Northern Ireland of 500 Mbps for residents and small businesses. The current average speed in Northern Ireland is 43 Mbps. Our superior speeds enable residents to connect to, and participate in, the digital economy and help businesses to reach their potential by delivering better, more efficient services.

Since the start of our network expansion programme in 2015, we have invested close to £100 million and laid more than 10 million metres of cable in Northern Ireland. This means we now offer gigabit-capable services (and consumer choice) to more than 330,000 homes and businesses. We have connected over 100,000 premises, benefiting businesses and residents in the likes of Bangor, Newtownards, Portadown, Craigavon, Ballyclare, Comber, Derry, Strabane, Limavady, Carryduff, Eglinton, Greenisland and Carrickfergus. In addition we have connected more than 250 new housing developments during that period.

Expansion continues, including in Lurgan, with significant plans for 2020, including connecting more public buildings in Belfast through the Local Full Fibre Network contract signed with the City Council in September. This contract will see Virgin Media supporting the City Council by delivering new digital services and new digital infrastructure such as traffic management sensors and 5G smart districts and test-beds.⁴ We have opened a new office in Belfast earlier this year, which houses the majority of our circa 350 employees.⁵

1.3. Virgin Media Park and Charge Consortium project (VPACH)

Liberty Global recently announced a VPACH,⁶ a project in conjunction with a number of delivery partners, local authorities and specialist technology organisations, with the aim of deploying and operating 1,200 on-street charging sockets over the next 18 months. The aim is to revolutionise on-street electric vehicle charging by utilising our network infrastructure.

The project will make on street Electric Vehicle Charging affordable for local residents, and create a fully funded model for Local Authorities. The plan is to utilise Virgin Media's 40,000 powered street cabinets and 170,000 km of ducts, creating an under the pavement network to power and give connectivity to above the ground charging points. The project has been created to respond to Innovate UK's call to help local authorities find a solution to limited on-street electric car charging points and encourage more people to use electric vehicles making them more attractive to residents without access to off-street parking. It will allow extra charging points to be added to our underground passive network with minimal disruption caused by additional roadworks.

This creates a foundation upon which a variety of Charging Point Operators can install their open source and fully integrated hardware and systems. Given our large Civils Team, we can install EVCP infrastructure at a competitive rate and quicker pace, because we are connecting to our own network. This places us in a better position when negotiation with CPOs, and we are able to pass our cost saving efforts on to Residents and Local Authorities.

In addition to tapping into Virgin Media's powered network infrastructure, the project utilises our construction and deployment capabilities and our trusted relationships with local authority partners. The consortium includes Belfast City Council, Vattenfall, SMS plc, Cenex, Fully Charged, Connected Kerb and Loughborough University.

Over the next 18 months, Liberty Global aims to deploy and operate 1,200 charging sockets across the country through the project. The rollout of Electric Vehicle Charging Stations using our connectivity will build a fully scalable electric vehicle charging network, helping the UK government move closer to its goal of reducing net carbon emissions to zero by 2050.

⁴ <https://www.virginmedia.com/corporate/media-centre/press-releases/virgin-media-business-boosts-connectivity-across-belfast>

⁵ <https://lovebelfast.co.uk/virgin-media-steps-up-investment-in-northern-ireland/>

⁶ <https://www.libertyglobal.com/electric-car-charging-consortium-unveiled/>

Virgin Media is keen to look beyond traditional uses of telecommunications infrastructure to make a positive impact on the environment and helping Local Authorities, Central and Devolved Administrations meet challenging targets around EV deployment supporting environmental targets. Liberty Global is already a proven advocate of electric vehicles as the largest investor in electric car racing championship Formula E.

Liberty Global has been recognized for its leadership in ethical and sustainable practices, having recently been included in the Dow Jones Sustainability Indices for the seventh consecutive year. It is also the first cable operator to set ambitious science-based targets to reduce Scope 1, 2 and 3 carbon emissions.

2. Response to consultation questions

Option 1 - Exemption for ULEVs within the UR Direction Consultation Questions

1. 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.

We agree that removing the MRP restriction will enable infrastructure providers to invest in the underpinning infrastructure needed to install Electric Vehicle charging points. The MRP is currently, as the consultation sets out, a barrier to the maintenance and development of public charging infrastructure as it does not give operators the likely return on investment needed to make a business case viable.

As the consultation also suggests, “the uptake of ULEVs in NI is increasing, but that this growth is very small compared to that in GB.” Furthermore, it suggests that “the ULEV environment in NI differs significantly from our neighbouring jurisdictions in terms of consumer demand for ULEVs and choice of charge point operator.”

We believe that this measure is necessary to allow the deployment of infrastructure to support the Draft Programme for Government’s vision, and those of Local Authorities, such as Belfast, to develop Smart cities.

2. 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?

No we disagree that removing the restriction would in turn reduce consumer protection. This is because the cost would be metered and will be made clear in all charging point apps and platforms what the fees are and what they are based on. Our VPACH project is very conscious of the need to create affordable, on street charging for residents that do not have driveways, a necessity in dense, urban areas.

Given our large Civils Team, with a track record of delivering (we have rolled out our broadband network to 1.8million more homes under our network expansion plan since 2015), we can install EVCP infrastructure at a competitive rate and quicker pace, because we are expanding our own network.

This places us in a better position when negotiating with CPOs, and able to pass our cost saving efforts on to Residents and Local Authorities.

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

Yes it is fundamentally important that users of ULEVs receive as much information as possible about EVCP costs up front. Part of the offering of any provider should be to do so. Trusted brands, such as Ecotricity and PodPoint, already do this with clear and upfront information about the cost.

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

We fully support an exemption from MRP as without this vital change, a major hurdle to the investment in, deployment and uptake of, electric vehicles will remain in place. There is a real danger that Northern Ireland will, as a consequence, be left behind the rest of the UK where such rules do not apply. The current MRP rules are a real disincentive to ULEV rollout and to creating the smart cities that many local authorities, such as Belfast and Derry (as witnessed through their City Deals and strategic ambitions), are striving to put in place.

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

No

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

No

Option 2 – No Change Consultation Questions

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

Yes, please see answers above.

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

No, please see answers above in relation to the direction preventing the investment in ULEV charging points.

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

No

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

No