Association of British Insurers & Thatcham Research response to Future of Transport Regulatory Review: Zero Emission Vehicles

About the Association of British Insurers

1. The Association of British Insurers is the voice of the UK's world-leading insurance and long-term savings industry. A productive and inclusive sector, our industry supports towns and cities across Britain in building back a balanced and innovative economy, employing over 310,000 individuals in high-skilled, lifelong careers, two-thirds of which are outside of London.
2. Our members manage investments of nearly £1.7 trillion, collect and pay over £16 billion in taxes to the Government and support communities across the UK by enabling trade, risk-taking, investment and innovation.
3. We are also a global success story, the largest in Europe and the fourth largest in the world.
4. The ABI represents over 200 member companies, including most household names and specialist providers, giving peace of mind to customers across the UK.

About Thatcham Research

5. Thatcham Research is the motor insurers' automotive research centre. Established by the motor insurance industry in 1969, the centre's main aim is to contain or reduce the cost of motor insurance claims whilst maintaining safety standards.
6. A founding member of the international 'Research Council for Automobile Repairs' (RCAR), Thatcham Research has also been a member of the European New Car Assessment Programme (Euro NCAP) since 2004.

Executive Summary

7. The Association of British Insurers (ABI) and Thatcham Research are supportive of these measures to encourage the uptake of zero emission vehicles (ZEV) as a part of the Government's wider transport decarbonisation plan. The delivery of chargepoints is one of the best ways to encourage ZEV ownership but many questions remain about the efficient, safe, and equitable distribution of chargepoints.

Introduction

8. Past and current governments have supported measures to encourage uptake of Zero Electric Vehicles (ZEVs, also referred to as Ultra-low Emission Vehicles or ULEVs) as they can contribute to a wide range of transport policy goals, including improving air quality and reducing noise pollution. The Government's commitment to phase out the sale of new petrol and diesel cars and vans by 2030 and to make all new cars and vans fully zero emissions from 2035 is a welcome step in the right direction both to encourage uptake of EVs and meet the Government's net zero targets.
9. As the insurance industry is at the forefront of dealing with the impact climate change has on communities and infrastructure all over the world, insurers are a natural advocate for a greener future as they see the impact of floods, storms and heatwaves on a daily basis. The ABI launched its Climate Change Roadmap in July 2021, which sets out the role our sector can collectively play in helping the Government deliver its Net Zero Strategy and has been endorsed by the UK and Scottish Governments, the UN's Special Envoy on Climate Action Mark Carney and by the WWF.

10. The ABI is therefore supportive of the Government's commitment towards zero emissions. Increasing uptake of EVs will be crucial to meet this target. The proposals put forward in the consultation document will go some way to achieving these targets by ensuring the required charging infrastructure is in place and the experience of EV consumers is improved.

Statutory obligation to plan for and deliver a charging infrastructure

Do you agree or disagree that there should be a statutory duty to plan for sufficient charging provision of electric vehicle chargepoints to meet the needs of residents, businesses and visitors in a given geographical area?

11. We agree that there should be a statutory duty to plan for sufficient charging provision of electric vehicle (EV) chargepoints. One of the biggest inhibitors to EV uptake is chargepoint hesitancy and we believe the Government has a role to play in facilitating chargepoint planning and delivery. Additionally, we have concerns about the equitable distribution of chargepoints if it is simply left to market forces as the business case for chargepoints in rural areas is less clear

Do you agree or disagree that there should be a statutory duty to deliver sufficient charging provision of electric vehicle chargepoints to meet the needs of residents, businesses and visitors in a given geographical area?

12. Please see answer in paragraph 11.

Who do you think should be legally responsible for planning for sufficient charging provision of electric vehicle chargepoints to meet the needs of residents, businesses and visitors in a given geographical area?

13. There are many stakeholders including companies involved in electricity generation, energy distribution, and vehicle manufacturing that should be consulted on, or be involved in the process. However, the legal responsibility should fall with various levels of Government. At the ministerial level, we encourage a more joined up approach between the Department for Transport; the Department for Business, Energy & Industrial Strategy; and the Department for Levelling Up, Housing and Communities. We also expect engagement with local authorities and councils that have a deeper understanding of individual communities and their needs.
14. The key role of financial regulators should also not be overlooked, as they will play a key role in determining the extent to which financial service providers can support investment in this infrastructure. ABI members – especially providers of Long-Term Savings and Pension products – have considerable investment capacity. Analysis conducted by Boston Consulting Group as part of our Climate Change Roadmap indicates that we could support up to one third of the total investment that would be required to meet the UK's Carbon Budget (as defined by the Climate Change Committee) up to 2035. Therefore, we would strongly encourage the Government to ensure that institutional investors are a key part of the ongoing discussions about delivering these commitments. With the right policy and regulatory framework, ABI members should be able to play a key role in providing the private finance that will be necessary to scale up the UK's EV chargepoint network at pace – but this opportunity will be lost if (i) the investment opportunities are not structured in the right way to meet the needs of long-term investors and pension savers and (ii) financial regulations, including the Solvency II framework that applies to insurers, do not permit investments in these emerging asset classes. We would welcome the opportunity to discuss the role our sector can play here with Government.

Who do you think should be legally responsible for delivery of sufficient charging provision of electric vehicle chargepoints to meet the needs of residents, businesses and visitors in a given geographical area?

15. Please see answer in paragraphs 13 and 14.

How might placing this statutory requirement on the organisation/s you've selected affect provision of chargepoints and chargepoint investment?

16. Beyond the number of chargers and equitable access that we have already mentioned, one of the key provisions that could be provided by statutory powers is the ability for standardisation. Standardisation of the charging interface and payment platforms will be crucial to simplifying use of the systems to further drive confidence in EV technologies. We would also expect that the statutory requirements cover the maintenance and repair of these charging systems.

What views do you have on how these duties should be enforced?

17. Not for the ABI and Thatcham to comment.

Do other obligations placed on the organisation/s you've selected complement and/or conflict with the proposed duties?

18. We believe that it would complement the Government's 2030 and 2035 plans for the decarbonisation of transport.

What are the benefits expected as a result of introducing a statutory duty to plan for and ensure adequate charging infrastructure provision in a given geographical area?

19. Please see our answer in paragraph 11.

What are the costs expected as a result of introducing a statutory duty to plan for and ensure adequate charging infrastructure provision in a given geographical area? How does this vary depending on who this obligation is placed upon?

20. Not for the ABI and Thatcham to comment.

Chargepoints in non-residential car parks

Should we seek powers to set a minimum level of EV charging infrastructure for all non-residential car parks?

21. In theory, minimum level of EV charging infrastructure for all non-residential car parks could be beneficial to EV charging confidence, but we believe there should be a more data driven approach. Many non-residential car parks see little to no use and requiring a minimum number of chargepoints could be financially untenable. Given limited resources, it would be imprudent to invest in infrastructure that will not be used just to meet minimum quotas. With that being said, it is still important to have a deeper understanding of equitable distribution of chargers to ensure that certain individuals and communities are not adversely affected.
22. We also want to ensure that these powers do not impede on natural growth and progress. Necessitating widespread distribution of chargers may result in cases where only the minimum number is met or divert resources away from areas of high demand.

Should these powers potentially apply to all car parks that are:

- *publicly accessible (including retail, leisure and healthcare car parks)?*
- *not publicly accessible but provided for the use of a particular group (such as a workplace car park)?*

23. There is a stronger case for mandating a minimum number of chargepoints for publicly accessible car parks. There needs to be careful consideration in their distribution, however, as the availability of chargepoints may influence consumer behaviour moving forward. As such, there should be concerns about the fair and equitable distribution of the infrastructure.
24. We believe that private car parks require a higher level of nuance. While we understand the desire to ensure sufficient charging infrastructure at workplace car parks, there are some cases where this would not necessarily make sense. For example, large car parks dedicated to rental fleets should be able to manage their charging capacity as their own business case instead of having a Government mandate a required minimum number of chargepoints.
25. We would also like to ensure there is sufficient incentivisation for local communities and businesses to buy-in to this plan.

Should there be exemptions to the requirements?

26. Please see our answer in paragraphs 21 and 22.

Which individuals, groups or types of car park should be exempt from the requirements?

27. Not for the ABI and Thatcham to comment.

What would a suitable minimum provision of charging infrastructure be in non-residential car parks (for example, one chargepoint for every 10 spaces)?

28. While we are not in the position to comment on the suitable minimum provision of chargepoints, we believe that this assessment should be driven by data collected on frequency and usage and estimated future use, instead of based on the number of parking spaces.

Should the landowner of the car park be responsible for ensuring there is the required level of charging infrastructure provision?

29. Not for the ABI and Thatcham to comment.

Are there any other groups or individuals that should be responsible for delivering charging infrastructure provision in non-residential car parks?

30. Please see our answer in paragraph 13 and 14.

Who do you think would be an appropriate body to operate at a local level to enforce the proposals?

31. Not for the ABI and Thatcham to comment.

Should the requirements be enforced with a scheme of penalties?

32. While we understand the efficacy of penalties, we believe that chargepoint provision should also rely on incentives to encourage buy-in from businesses.

What are the benefits expected as a result of requiring landowners of non-residential car parks to install EV charging infrastructure?

33. Charging infrastructure could potentially have the power to drive public behaviour. For example, customers may be more likely to visit a retail or food & beverage establishment if there is charging available.

What are the costs expected as a result of requiring landowners of non-residential car parks to install EV charging infrastructure?

34. Not for the ABI and Thatcham to comment.

How many current non-residential car parks, are there in the UK?

35. Not for the ABI and Thatcham to comment.

How many new non-residential car parks, not attached to a building, are expected to be built over the next 10 years in the UK?

36. Not for the ABI and Thatcham to comment.

In a 2019 consultation impact assessment, analysis on non-residential chargepoint regulation impacts were presented. Do you agree with the costs, assumptions and impacts set out in the impact assessment? If you do not agree, please provide supporting evidence.

37. Not for the ABI and Thatcham to comment.

What level of additional resource/staffing would be needed to plan for and deliver sufficient charging infrastructure? How does this vary depending on who this obligation is placed upon?

38. Not for the ABI and Thatcham to comment.

Making the Rapid Charging Fund

Do you agree or disagree that we should have the power to mandate more competition between chargepoint operators at:

- *service areas?*
- *large fuel retailers?*

39. While we are not in a position to comment on the power to mandate more competition, we believe that competition between chargepoint operators will bring about better and more equally distributed service of chargepoints.
40. However, we would encourage Government regulation to ensure that there is some form of standardisation for the use of, and payment systems associated with, the chargepoints. We also believe that all EVs should have access to public chargepoints regardless of which company built the chargepoint.

Do you agree or disagree that we should have the power to remove existing exclusivity clauses between chargepoint operators at:

- *service areas?*
- *large fuel retailers?*

41. Not for the ABI and Thatcham to comment.

How might restrictions on exclusivity at large fuel retailers and service areas affect:

- *chargepoint investment?*

- *provision of chargepoints at these locations?*

42. Not for the ABI and Thatcham to comment.

Do you agree or disagree that we should have the power to require chargepoint operators to offer open access charging at:

- *service areas?*
- *large fuel retailers?*

43. Agree.

How do you think we should define open access charging?

44. All EV drivers should be allowed to access and charge from public chargepoints if they pay the applicable service fee.

Do you agree or disagree that we should be able to act as the freeholder of an electricity connection for:

- *service areas?*
- *large fuel retailers?*

45. Not for the ABI and Thatcham to comment.

Do you agree that government should be able to appoint or create a body to administer, operate and own these connections?

46. Not for the ABI and Thatcham to comment.

Do you agree or disagree that we should have the power to require a progressive increase the number of chargepoints provided at?

- *service areas?*
- *large fuel retailers?*

47. Not for the ABI and Thatcham to comment.

What are the costs expected as a result of getting powers to:

- *mandate more competition between chargepoint operators at service areas/large fuel retailers?*
- *remove existing exclusivity clauses between chargepoint operators and service area operators/large fuel retailers?*
- *require a progressive increase the number of chargepoints provided at service areas and large fuel retailers?*
- *require chargepoint operators to offer open access charging at service areas/large fuel retailers?*

48. Not for the ABI and Thatcham to comment.

What are the benefits expected as a result of getting powers to:

- *mandate more competition between chargepoint operators at service areas/large fuel retailers?*

- *remove existing exclusivity clauses between chargepoint operators and service area operators/large fuel retailers?*
- *require a progressive increase the number of chargepoints provided at service areas and large fuel retailers?*
- *require chargepoint operators to offer open access charging at service areas/large fuel retailers?*

49. Not for the ABI and Thatcham to comment.

What are the operator costs of implementing open access charging at large fuel retailers and service areas?

50. Not for the ABI and Thatcham to comment.

What are the likely costs that will be incurred by mandating 2 or more chargepoint operators at service or large fuel retailer areas?

51. Not for the ABI and Thatcham to comment.

What are the likely consumer price impacts of mandating 2 or more chargepoint operators at service or large fuel retailer areas?

52. Not for the ABI and Thatcham to comment.

Improving the experience for electric vehicle consumers

Stating clearly, do you agree or disagree that we should implement a consumer protection service, including the option of financial redress to consumers?

53. Agree.

Stating clearly, do you agree or disagree that there be a mechanism for an enforcement body to impose penalties and sanctions on chargepoint operators for poor consumer service?

54. Agree.

What, in your view, are the cost implications of establishing a new consumer protections system, including complaints and redressing services (whether government-led or an independent entity)?

55. We do not have information on these costs but do consider that the cost of implementing these protections should be balanced against the cost of claims on insurance and roadside recovery services as a result of broken-down vehicles that have run out of charge.

What, in your view, do you think will be the financial cost to the consumer of these consumer protection powers?

56. Not for the ABI or Thatcham to comment.

Stating clearly, do you agree or disagree that we should mandate accessibility (inclusive design) standards for public chargepoints that includes the area around the parked car and the chargepoint?

57. Agree.

If yes, what in your view are the benefits to mandating accessibility standards?

58. EVs need to work for all drivers, young or old, and with different levels of mobility. For example, whereas disable spaces are situated near the facilities they are sited at (shops, motorway services etc) EV charging points will often be at the furthest point away. Ensuring accessibility will broaden the appeal of EVs to different driver demographics. Accessibility standards for users of wheelchairs and other common disabilities should also be considered.
59. We would also support some standardisation of user interface and visual indicators.

If no, what in your view are the constraints to mandating accessibility standards?

In your view, what are the costs to implementing any inclusive design?

Stating clearly, do you agree or disagree that we should mandate accessibility standards for private residential chargepoints?

60. Neither agree nor disagree.

Stating clearly, do you agree or disagree that we should mandate industry participants to provide a safe charging experience at public chargepoints?

61. Agree.

If yes, what in your view are the benefits to mandating industry participants to provide a safe charging experience?

62. In addition to the personal safety aspects which would make people generally more comfortable with charging, there are specific costs to consider. Ensuring that the design of individual chargepoints and their location within a setting minimises the extent to which trailing cables can impede pedestrians in areas they might walk will minimise potential liability claims costs from slips trips and falls incidents. Ensuring CCTV cover or requiring minimum standards of cable protection might reduce the risk of charging cable theft.

If no, what in your view are the constraints to mandating industry participants to provide a safe charging experience?

In your view, what are the costs to implementing any mandatory requirements on industry participants to provide a safe public charging experience?

63. Insurance claims costs related to liability for slips, trips and falls, and potential motor and/or property damage caused by fire or theft of precious metals in some circumstances.

What, if any, measures do you think we should introduce to make people feel safe while charging their vehicle?

64. A duty to conduct a risk assessment of the site and devices to minimise the risk of trip hazards from the cables. There should also be design installations such as lighting and CCTV to protect users and the charging infrastructure.

Stating clearly, do you agree or disagree that we should take the powers to mandate requirements on industry participants to provide a safe charging experience for private residential chargepoints?

65. Agree.

Stating clearly, do you agree or disagree that we should have the power to mandate the entirety of, or defined aspects of, the recognisable design of public chargepoints?

66. Neither agree nor disagree.

If yes, which, if any, aspects of the design should we be able to set (for example, size, colour or form and shape)? If yes, what, in your view, are the benefits to mandating a recognisable design?

If yes, what, in your view are the costs to implementing any recognisable design?

If yes, do you agree that the mandated recognisable design should apply to all public chargepoints in: all locations, or only specific locations?

If no, why not?

If no, what in your view are the constraints to mandating a recognisable design?

Equalities Information

The Public Sector Equality Duty (PSED) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.

As a part of this duty we are asking for any evidence on the potential impacts of these proposals on individuals or groups within society. The Equality Act lists the protected characteristics of:

- *age*
- *disability*
- *gender reassignment*
- *marriage and civil partnership*
- *pregnancy and maternity*
- *race*
- *religion or belief*
- *sex*
- *sexual orientation*

This evidence will be anonymised and retained after the retention period of this consultation information.

Supply any data or evidence you have about any of these zero emission vehicle proposals that you think would positively or negatively impact on individuals with protected characteristics.

Final comments

Any other comments?

67. The insurance industry would support the wider adoption of a public/private charging network. Potential insurance costs should be considered and these could relate to minor trips where cable management would be necessary to more serious fire related risks that could lead to catastrophic claims to both property and person. Consistent and unified design of charging network and access would manage customer expectations. Cyber security of the network and the connected vehicle should also be

considered. Finally theft of precious metals continues to be an issue on railways. Could we see a similar issue with public chargers?

68. The environmental and societal benefits that an increase in EVs is expected to bring must also be considered alongside the potential risks that these vehicles may pose to buildings and people around them, in particular the potential fire risks associated with EVs and vehicle charging points in residential and commercial properties.
69. Recent ABI statistics show that in 2020, property insurers paid out £1.1 billion in claims caused by fire and explosion. It is therefore imperative that the fire safety of EV chargers and charging areas where they are situated is adequately considered. The Fire Protection Association (FPA) and RISCAuthority have previously outlined how adequate fire safety could be achieved in 'Risk Control: Fire Safety when charging electric vehicles.'[1]
70. To ensure the benefits of EVs can be achieved, any decisions around EV charging points need to take into account the potential associated fire risks. To manage these risks the ABI advocates that charging points/areas are installed after the completion of a comprehensive risk assessment; installed by competent authorities and with appropriate fire detection and suppression systems.
71. Finally, as emphasised in paragraph 14 above, we would encourage the Government not to overlook how to incentivise investment in chargepoint infrastructure. As major institutional investors, ABI member can play a key role in providing the private finance needed to scale up the UK's chargepoint network. It is important that these developing asset classes are structured in a way that is attractive to providers of long-term savings and pension products and that those involved in planning and development work closely with financial regulators to ensure these emerging asset classes are consistent with the regulatory frameworks that ABI members operate under.

[1] https://www.riscauthority.co.uk/public-resources/documents/resource/rc59-fire-safety-when-charging-electric-vehicles-401