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**Report to:** Council

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**Date of Meeting:** 18 May 2023

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**Subject:** Electric Vehicle Charging – Introduction of Tariffs

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**Report by:** Strategic Director (Place)

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## **1.0 Purpose**

- 1.1 The purpose of this paper is to seek approval to introduce an electric vehicle (EV) charge point tariff, minimum spend and overstay charge across our charging network. This approach will ensure the day to day running costs of the network is covered by users and will address increased costs to the Council due to providing energy for free at a time when energy costs are increasing. Furthermore the Council will be unable to access future government funding for EV infrastructure, unless a tariff is in place by Spring 2023.

## **2.0 Recommendations**

- 2.1 It is recommended that the Council:
- 2.1.1 Approves the introduction of a tariff, set as follows:
- Fast / AC (7kW or 22kW): £0.48 per kWh
  - Rapid / DC: £0.69 per kWh
- 2.1.2 Approves a minimum spend of £5;
- 2.1.3 Approves an overstay charge for Fast and Rapid as follows:
- Fast / AC – (22kW only) £12 after first 4 hours plus 10 minutes grace and £12 subsequently after every 4-hour duration
  - Rapid / DC - £20 after first 60 minutes plus 10 minutes grace and £20 every subsequent hour
- 2.1.4 Approves a discount of 10% for Clackmannanshire residents without access to off-street parking/home charging.
- 2.1.5 Delegates authority to the Strategic Director (Place) to modify charging tariffs to address fluctuating energy prices and ensure the Council is remains at a cost neutral position.

### **3.0 Considerations**

- 3.1 Clackmannanshire Council has been responsible for installing and operating public Electric Vehicle Charging Points (EVCP) since around 2014. There are currently 29 EVCPs in operation across the Council area with an additional 7 EVCPs currently in progress. This will bring to total to 36 by summer 2023.
- 3.2 The development of a network of chargers throughout the area has been funded through Transport Scotland's annual Local Authority Installation Programme (LAIP) grant. The LAIP funding has come to an end and we are now in receipt of funding for the next three years to develop an Electric Vehicle Charging Strategy via the Public Electric Vehicle Charging Strategy and Infrastructure Expansion Plan (EVIF). This is currently being undertaken in conjunction with Falkirk and Stirling Councils to develop a strategy for the Forth Valley area and this will identify future funding models as well as future locations for infrastructure. A condition of any future funding places a requirement on local authorities to have tariffs in place to stimulate and attract private investment.
- 3.3 As part of this joint working, the Council is looking to align our EV tariffs with our neighbouring authorities. Falkirk Council has recently approved an increase in their current tariff to cover operating costs and this came into effect on the 1<sup>st</sup> April. Stirling Council have also recently introduced a EV tariff, however this has been set at a much lower level and does not cover all the operating costs.
- 3.4 An internal assessment of our own costs, indicate a tariff of approximately £0.50 per kWh would be required to ensure a cost neutral position. Therefore the rates set by Falkirk are broadly in line with our own calculations. Therefore the tariffs set out in this paper for Clackmannanshire reflect those adopted by Falkirk Council.
- 3.5 The tariff is based on costs associated with the electricity supply costs, as well as the annual maintenance, warranty and data fees. Limited allowance has been made for replacement of aged units and other ongoing costs such as refreshing bay markings. For each charging session, the ChargePlace Scotland (CPS) back office deducts a transaction fee of either 20p or 25p depending on payment method and VAT.
- 3.6 In 2022/23 the Council spent around £178K on electricity for public EVCP. Experience from Falkirk and other local authorities is that having a tariff in place leads to an immediate drop in usage following the introduction of a tariff. This is generally due to users who can charge at home opting to do so. In Falkirk the initial drop was 67% finally bottoming out at 82%, however data shows usage is now increasing steadily.
- 3.7 According to the report Public EV Charging in Scotland: Insight Report on tariffs by Scottish Futures Trust (SFT) published in November 2022, this states a market rate should now be levied to maintain and expand a high-quality customer focussed network across all of Scotland. To deliver the thousands of additional EVCP necessary over the next five to ten years, it is estimated that £300m to £400m of new investment will be required, most of which will need to come from the private sector. Free or below cost EV charging by local authorities is currently deterring private sector investment to

step into the market to provide this capacity. Therefore this recommends charge point owners (CPO's) - including local authorities - should levy tariffs that cover all direct and indirect costs (including asset replacement). This would broadly align with the market rate tariff charged by the private sector. There are only a few private CPO's within the area levying a tariff, doing so at a maximum rate of £0.40 per kWh.

- 3.8 The SFT report also sets out the need for a 'Just Transition', as those on lower incomes are more likely to live in flats or a house without a driveway and therefore are less able to take advantage of lower domestic tariffs and would be exposed to the current high energy/fuel prices. Transport Scotland's vision is clear on the need to ensure no-one is priced out of the switch to zero emissions. The report suggests the use of discounted tariffs by local authorities for targeted groups to ensure fair pricing.
- 3.9 At present Dundee City Council offer a discount to all local residents, regardless of ability to charge at home. This discount equates to roughly 25%. However it should be borne in mind that Dundee does not currently have a market value tariff in place, so charging in the city is still heavily subsidised by the Council. Other Councils have discussed the possibility of introducing discounted tariffs to specific groups and our regional transport partnership SEStran is keen to have these discussions with the constituent local authorities. However to date we cannot confirm what other local authorities will be implementing a discount for residents reliant on the public charging infrastructure.
- 3.10 In order to ensure the tariffs set offer a full cost recovery, the level of discount needs to take this into consideration. The rate of 25% set by Dundee City Council is unlikely to achieve this if applied to Clackmannanshire. A 25% discount would reduce the tariff for our most common standard and fast chargers to £0.36p/kWh, which is well below our estimated full cost recovery figures and below market rate. Therefore a discount of 5% to 10% would be more realistic. This would reduce standard and fast charger tariffs to £0.46/kWh and £0.43/kWh respectively, for the rapid charger this would equate to £0.62/kWh and £0.66/kWh.
- 3.11 It is difficult to assess the exact impact the discount would have on the full cost recovery rate, as we do not know what the impact of introducing a tariff will have on usage. Evidence from other local authorities suggests there will be an immediate drop in usage resulting in overall higher fixed costs in the short term. If we estimate full cost recovery is around £0.50/kWh across the EVCP network the more popular and expensive rapid charger should offset any losses in the standard or fast chargers as a result of the discount.
- 3.12 A 5% discount is very small at £0.02/kWh and £0.03/kWh, and is highly unlikely to assist or encourage people on lower incomes to move towards electric vehicles. Therefore it is recommended that a 10% discount is set for an initial trial period of 6 to 12 months and that this will be reviewed to assess if the rate is correct and adjusted accordingly. This would be publicised clearly to all applicants of the scheme.
- 3.13 Consideration was taken to offering a discount to Council staff with electric vehicles, however this would result in HMRC tax implications. It would also require a considerable amount of staff time both in Payroll and Transportation

to work out the taxable benefit and adjust pay accordingly, therefore this is not recommended.

#### **4.0 Conclusion**

- 4.1 This report concludes the tariff will need to be set at £0.48 per kWh for Fast /AC chargers and £0.69 per kWh for Rapid / DC chargers if we are to attract private sector investment and likewise breakeven with enough capital to reinvest into the network for expansion into areas that are not commercially viable.
- 4.2 Private charge points operators pay a significantly higher cost for their electricity than the Council does, because local authorities have access to the public procurement framework. Therefore, private operators may still struggle to provide charging services at the tariff levels being proposed in this report.
- 4.3 The minimum spend should be set to £5 to ensure EV charger service users only access the charging facility drawing a minimum of 10kW of electricity when they do require a charge. This limits a false level of usage that may require premature expansion of a site.
- 4.4 Overstay charges should be applied, to ensure service users opt for the appropriate charger capacity suitable for the duration the vehicle will be parked. It will also reduce the congestion on rapid chargers. No overstay charges will be applied on 7kW units as these are regularly used for overnight charging.
- 4.5 It is recommended that a 10% discount should be available to local residents who rely on the public charging network, as they do not have access to home charging. This should be introduced on a trial basis for an initial period of 6 to 12 months and would be adjusted if required to ensure full cost recovery.
- 4.6 Officers are also seeking approval for the Strategic Director (Place) to be given delegated authority to determine charging tariffs in future to ensure that charges reflect the changing costs of providing the service. This would allow the service to respond to the fluctuating energy market and continue to deliver a cost neutral position of providing this service. Any change in tariffs by the Director would be notified to all Elected Members.

#### **5.0 Sustainability Implications**

- 5.1 The contents of the report will have a direct benefit on the Council's Climate Emergency targets. Implementing a tariff supports the low carbon transition in the move towards Net Zero by ensuring that the EV infrastructure is maintained over the longer term, providing confidence for users on the EVCP network.

## 6.0 Resource Implications

### *Financial Details*

6.1 There are financial implications associated with this report, as follows:

The implementation of a tariff structure would allow a cost neutral provision of EV Charging across the Council area and reduce the overspend position within the budget. Yes  No

### *Staffing*

6.2 There is a requirement for staff to manage the EVCP and income from tariffs. Yes

## 7.0 Exempt Reports

7.1 Is this report exempt?

Yes  (please detail the reasons for exemption below) No

## 8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

The area has a positive image and attracts people and businesses	<input checked="" type="checkbox"/>
Our communities are more cohesive and inclusive	<input type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input type="checkbox"/>
Our communities are safer	<input type="checkbox"/>
Vulnerable people and families are supported	<input type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input type="checkbox"/>
The environment is protected and enhanced for all	<input checked="" type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

(2) **Council Policies** (Please detail)

## 9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes  No

9.2 It was determined that an Equality Impact Assessment was not required as this proposal will not directly impact any individuals or groups in a manner that

would be considered as an equality issue. A significant number of the EVCP within Clackmannanshire have been designed to be wheelchair accessible.

9.3 Domestic electricity rates vary depending on the tariff package, time of day and supplier, so it is difficult to state whether domestic charging will be more cost effective than charging on the Council's EVCP. However those residents that do not have access to off-street parking e.g. a driveway or garage may rely on the public EVCP to obtain a charge. Those in lower socio-economic groups are more likely to rely on the Council EVCP and may not benefit from any lower costs associated with domestic rates. A recommendation has been made to include a 10% discount to eligible residents who cannot charge at home.

## 10.0 Legality

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

## 11.0 Appendices

11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None

## 12.0 Background Papers

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).

Yes  (please list the documents below) No

Scottish Futures Trust – Public EV Charging In Scotland: Insight Report on Tariffs

### Author(s)

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### Approved by

NAME	DESIGNATION	SIGNATURE
Pete Leonard	Strategic Director (Place)	