

Signs of EV market maturity gives UK local authorities and businesses opportunities for growth

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Insight from Alex Hinchcliffe, interim managing director at Mer

Global sales of electric cars were predicted to [soar in 2023](#), but in the UK sales [fell by 1.7%](#). This may be the early signs of a maturing UK market, as customer preferences, demands, and other driving factors such as costs are reflected in the market fluctuations. No mature market shows only growth.

New legislation and regional disparities in charger locations can present local businesses, such as retailers, gyms and hotels, with an opportunity to access new and growing markets. Local authorities too must now outline their plans to boost charging infrastructure. Spurred on by these organisations, the question is whether the UK's maturing EV market will help it reach its charging infrastructure goal.

Despite changes to the declared date by which time all new cars and vans sold in the UK must be zero-carbon, the UK's commitment to decarbonisation is still in place. So too is its goal of reaching 300,000 public EV chargers by 2030. In October 2023, the UK reached the 50,000 public charger milestone. According to Zapmap's estimates, this figure is set to double over the next two years, reaching 100,000 by August 2025. That's positive progress and proof of the hard work that's gone into maturing the UK's market.

We can expect to see the continued expansion of the public network in the short-term largely through increased private sector investment in multi-bay, ultra-rapid charging hubs. The hard work of securing locations and grid connections to build out for the next two years has mostly been done. As this activity

can take around two years from concept to realisation, we can expect to see significant growth in the public network over that time. We'll also see continued developments in slow charging projects as public sector spend will subsidise private investment to allow local authorities to fully capitalise on the currently available funding pots.

Challenges beyond this two-year outlook are harder to predict as the uncertainty of the geopolitical landscape comes into play. This will have a significant impact on how the investor community will react. As it is, we've experienced fluctuation in energy costs, availability of resources, lead time delays on critical infrastructure and wider implications on economic instability. It's likely that investors will become more risk averse and demand faster returns, which could see the decrease in deployment of infrastructure. Alongside this, the strength of the grid is increasingly going to become a determining factor. The cost of power and the time that reinforcement works take could slow down the development of the much needed Ultra Rapid Hubs.

How quickly the public network can scale will depend largely on the risk appetite of the investor community and improved solutions to overcome inadequacies in power availability.

A fully mature market caters to demand by naturally meeting consumers where they're located. Regional UK disparities persist, however, and many organisations can redress this while capitalising on the commercial opportunity.

For example, in Q3 2023, [four out of five](#) new chargers were installed in London and the South East, although these regions accounted for less than [two in every five](#) new EV registrations. Communities outside of the capital, where the majority of new EVs are registered, are underserved for chargers.

This regional disparity can be explained by a number of factors:

1. ULEZ in London is driving the transition to EV in the capital and surrounding suburbs. Particularly affected are commercial vehicles such as taxis, private hire, last minute delivery vehicles, as well as residents and commuters who enter the ULEZ.
2. Demographic factors, such as high earning executives with access to corporate car packages like salary sacrifice or low BIK that act as strong incentives for driving an EV but where a lack of off-street parking creates more demand for public charging.
3. Charge Point Operators who want to capitalise on locations where they can expect higher use and a quicker return on their investments.
4. Commercial landowners who are more aware of the ROI of hosting EV charge points in prime London and South East locations.
5. Proactive local authorities in London boroughs securing funding to develop public infrastructure.

Local authorities across the country must work to improve this imbalance, possibly by following the examples of the more proactive London boroughs.

[New legislation](#) passed at the end of October 2023 aims to make EV charging easier, quicker, and more reliable for customers, while also encouraging the growth of public charging infrastructure. The

Government also confirmed its requirement for local authorities to create and publish strategies for how they intend to grow public charging.

The legislation puts more power in the hands of EV drivers. The rules ensure that prices for charge points are transparent and can be easily compared, encouraging consumer choice. They also require charge point providers to open their data to allow apps, online maps, and vehicle software to locate charge points, check their charging speed, and report whether they're in working order or damaged.

The effect of price and data transparency will be more consumer choice, as it will be easier for drivers to identify the closest, cheapest, and appropriately fast charger for their needs. This represents a maturing of the market, as many established consumer markets have similar elastic relationships between price and demand.

The outcome of this is likely to be more competitive pricing in the market and creative strategies to drive down energy supply prices. Some networks are subsidised by automotive OEMs to offer preferential pricing to drivers of their vehicles. Other network operators will be looking into dynamic pricing solutions by developing energy supply relationships and exploring 'time of use' tariffs. Generation and storage infrastructure may start to play a role at larger hub sites. Currently the cost of this technology is prohibitive, but power scarcity could change the thinking. The integrated use of batteries could overcome some of these grid challenges and pave the way for some peak shaving opportunities.

For retailers, the new legislation is an opportunity to encourage UK EV uptake, meet their own sustainability targets, and attract and reach new customers. By installing good, affordably priced, and well-maintained EV charging infrastructure, businesses can encourage EV drivers to come to their locations. For example, local gyms that install charge points will have a powerful new incentive for EV drivers to use their facilities. Likewise, retail parks, such as [Stane Retail Park in Colchester](#), use EV charging to encourage return customers.

Buoyed by the potential for local authorities and businesses to install charge points, and the 68% growth in ultra-rapid chargers, 2024 will see the UK EV market mature significantly.

2024 could also mark the beginning of genuinely fit for purpose charging infrastructure coming to market to facilitate the transition of electric commercial vehicles. Both in terms of MCS technology (Megawatt Charging Systems) to charge big heavy duty battery vehicles quickly and also the emergence of hubs, truck stops and charging parks dedicated to charging commercial vehicles.

If your organisation wants to benefit from EV chargers or support the transition away from internal combustion engine (ICE) vehicles, learn more about the ways Mer can help www.uk.mer.eco