By e-mail to: lastmilecfe@dft.gov.uk

10 September 2018

Consultation on Last Mile Delivery – ELEXON Response

We welcome the opportunity to comment on the questions posed in the above consultation document.

ELEXON (as 'BSCCo') is the Code Administrator for the electricity Balancing and Settlement Code (BSC), an integral body dealing with all participants in the UK electricity market. We are responsible for managing and delivering the end-to-end services set out in the BSC, for which we provide Code Manager, Delivery Body and Policy Delivery support. In addition, through our subsidiary, EMR Settlements Ltd, we are the EMR Settlement Services Provider, acting as Settlement Agent for the Government's Contact for Difference and Capacity Market arrangements, supporting low carbon generation and security of supply respectively.

As such, ELEXON is well placed to comment on barriers to electric vehicle (EV) adoption in regards to charging infrastructure and grid capacity – two areas identified in this paper.

We are also investigating options for consumers to have multiple electricity Suppliers, a requirement where customers wish to use a different Supplier for their EV. We have published a white paper which offers an ELEXON view of how BSC central services could be adapted to offer Settlement solutions in support of individual customers buying electricity from more than one Supplier. This includes consideration of EV charging.

ELEXON is also designing the arrangements and Target Operating Model for Market-wide Half Hourly Settlement for Ofgem, which will consider the flexibility of arrangements to accommodate new technologies. The successful introduction of Half-Hourly Settlement will enable new, smart tariffs and provide valuable data to potential EV innovators.

We believe that barriers including regulatory complexity need to be considered to unlock the full opportunities of last mile delivery for the modern transport system. In particular, we refer to the lack of clarity relating to requirements for EV charge points and absence of holistic guidance which addresses the requirements for manufacturers.

The views expressed in this response are those of ELEXON Ltd alone, and do not seek to represent those of the BSC Panel or Parties to the BSC.

If you would like to discuss any aspects of our response, please don't hesitate to contact me at Craig.Murray@elexon.co.uk.

Yours sincerely,

Craig Murray

Design Authority

Below are the ELEXON responses to your specific questions, omitting those questions on which we have not expressed a view.

Chapter 3 - Opportunities and Challenges

Q3. What other barriers need to be considered? Can these be overcome without Government intervention and support?

We believe that the complexity of existing regulations and markets are a potentially significant barrier which needs to be considered. The regulatory requirements for EV charge points are complex and span multiple pieces of legislation and industry codes. They also span different departments (DfT and the Department of Business, Energy and Industrial Strategy (BEIS) and the Office for Low Emission Vehicles (OLEV) which sits between them). To our knowledge, there is no single guide for manufacturers on navigating these requirements.

These barriers to active market participation by consumers also limit the potential of EV adoption. For example, the Vehicle to Grid (V2G) potential to address network constraints using a fleet of EVs is significant and could provide a meaningful additional source of revenue for companies with the capacity to do so. This could significantly incentivise the adoption of electric delivery fleets. However, the current electricity model does not necessarily facilitate this kind of market participation.

We believe that Government should adopt a holistic, transparent regulatory approach to EVs to simplify the landscape and better facilitate innovation.

We have been working at length to ensure the BSC facilitates the various innovations that are emerging from continued EV uptake. To date, we have successfully developed arrangements that accommodate the use of unmetered lamp posts as 'slow' charge points, removing a potential barrier to the Department for Transport's (DfT's) On-Street Residential Charge Point Scheme.

We are also considering future use cases, such as use of data to facilitate EV charging, as part of our design work for the Target Operating Models for Market-wide Half Hourly Settlement.

As well as removing any potential BSC barriers to lamp post charge points, we have been talking to other innovators in the Smart Charging arena. As you may be aware, Ofgem recently approved ELEXON's Sandbox for the electricity market. By utilising this Sandbox BSC Parties are granted derogations from certain BSC requirements, thus allowing 'live' tests of innovative products and services. These could potentially V2G offerings and parties looking at options for additional domestic or in-car metering.

Chapter 6 – Potential Solutions: Ultra Low Emission Vans and Trucks

Q21. What do you perceive as the biggest infrastructure barriers to the further uptake of electric vans?

As above, we believe that the lack of regulatory clarity surrounding charging infrastructure is a key barrier to increased electric van uptake. This creates a barrier to innovation in the sense that manufacturers are unclear of the requirements their solutions are supposed to adhere to. A barrier to

innovation is, by extension, a barrier to the roll-out of effective, efficient charging infrastructure - correctly identified as a factor in limiting the uptake of electric vans. Further, the extent of interoperability among existing charge points is unclear due to the lack of standardisation. The combination of regularity opacity and limited interoperability of existing charging infrastructure has the potential to fuel an air of uncertainty around the reliability of EVs in a business environment, limiting their adoption.