

Laura Kane  
Utility Regulator  
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2 January 2020

Dear Laura

**Maximum Resale Price (MRP) as it applies to Ultra Low Emission Vehicles (ULEVs)**

I refer to the Utility Regulator's consultation on the above subject published on 4 November 2019 and provide NIE Networks' response herein.

I trust that you will find this response to be helpful.

NIE Networks would be happy to discuss this or any other ULEV-related issue with the Utility Regulator at any time.

Yours sincerely



**CARL HASHIM**  
Compliance Manager

## Utility Regulator's Consultation on Maximum Resale Price (MRP) as it applies to Ultra Low Emission Vehicles (November 2019)

### NIE Networks' Response

2 January 2020

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NIE Networks supports the development of policies which facilitate the rollout of charging points for Ultra Low Emission Vehicles (ULEVs) in Northern Ireland (NI) and in general, we welcome the opportunity to provide our views on these matters. Our response to this consultation should be viewed in that wider context.

It is widely recognised that ULEVs will play a significant role in the decarbonisation of transport in NI and it is therefore desirable that any real or perceived regulatory/policy barriers are critically examined, and where necessary are removed, in order to maximise the opportunity for NI to achieve the very significant growth in adoption of ULEVs that has been achieved in other jurisdictions.

In that context, we note<sup>1</sup> from the consultation paper that Ofgem removed the MRP restriction in 2014 on the basis that its application could act as a barrier to the commercial expansion of charge points. While it is not clear how that decision has in any real sense contributed to the rapid growth of ULEVs in GB since 2014, the absence of a similar change in NI could at least present the unwelcome perception of a further regulatory barrier that charge point providers need to factor into any commercial model to be applied in NI. On that basis, removing the MRP restriction for charge points in NI could be viewed as the 'least regrets' option which could contribute in some part to generating greater momentum for the uptake of ULEVs in NI.

Our detailed response to the consultation questions is set out below.

#### Option 1 – Exemption for ULEVs from the UR's Direction on the MRP

*4.5 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.*

It is not clear to NIE Networks whether the removal of the MRP restriction in this regard is specifically required, or conversely whether maintaining the restriction adds any significant value. However, aligning arrangements in NI with those in GB and the ROI (both of which have no maximum retail price for EV charging) would reduce complexity for charge point operators that wish to operate across jurisdictions. This may, as a result, encourage greater development of a charge point market within NI than might otherwise be the case.

*4.6 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?*

As stated in the consultation paper<sup>2</sup>, the overarching rationale of the MRP restriction is to protect tenants from landlords potentially charging higher rates for electricity in situations where the tenant is effectively trapped through contracts from changing supplier or moving property. In contrast, ULEVs are by their nature mobile and therefore a consumer can avail freely of a competitive market in seeking to charge their vehicle i.e. the consumer in this case is free to choose an alternative source of charging if they so wish.

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<sup>1</sup> Paragraph 3.8.

<sup>2</sup> Paragraph 3.18.

It is therefore not clear what role or benefit could be attributed to applying price regulation in this context as provided for by the MRP restriction. Moreover, as ULEV charge points are a more recent scenario, it seems most likely that the inclusion of ULEVs within scope of the MRP restriction was neither envisaged nor intended by the current Direction.

Alternatively, removing the MRP restriction could potentially increase the number of market players by minimising potential barriers for charging providers to enter into the market, with the result that consumers are provided with the best possible competitive price for ULEV charging, to their ultimate benefit.

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

It would seem most likely that the consumer will primarily consider the value of the commercial offering for ULEV charging in terms of the overall total cost of charging their vehicle, rather than requiring full transparency of the make-up of the cost.

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

While NIE Networks is unaffected by the presence or lack thereof of a MRP restriction, we consider that where reasonably practicable, alignment of arrangements with GB and the ROI is likely to be better for the overall development of the ULEV charging market in NI. We would therefore support an exemption from MRP in this regard.

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

We have not identified any other factors.

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

No.

#### Option 2 – No change in the UR's Direction on the MRP

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

While it may not necessarily act as a barrier, it may provide unwarranted additional complexity that is not present in the GB and ROI charging models.

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

No. On balance, there appears to be greater benefit of removing the restriction as it applied to ULEVs in order to align with GB and the ROI for the reasons stated in the responses above.

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

None identified.

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

No.