

## **OPTIONS FOR THE PROCUREMENT OF ELECTRIC CAR CHARGING UNITS**

**Cabinet Member(s):** Cllr Colin Slade - Cabinet Member for the Environment and Climate Change

**Responsible Officer(s):** Andrew Busby - Corporate Manager for Property, Leisure and Climate Change, Jason Ball - Climate and Sustainability Specialist.

**Reason for Report:** To provide Cabinet with an overview of options available to the Council to facilitate an increased provision of electric vehicle (EV) charging points across the district.

**Recommendation:** To delegate authority to the Deputy Chief Executive (151) and the Portfolio Holder(s) for the Environment & Climate Change and Finance, in consultation with Property Services to facilitate the installation of additional electric vehicle charging points on Council land and across the District.

**Financial Implications:** The three options presented in this paper do not require capital budget, nor do they require the Council to meet running costs. Each option has different potentials to impact on Council income, linked more or less strongly to popularity of use (see comparison table) and this potential needs to be weighed up against the impact on revenue from Council car parks. Should parking charges not be applied to vehicles whilst they are charging, then the income returned from our percentage of the electricity revenue will be less than the car park charge in most cases, this is only the case if the car park is at capacity and these spaces would have been used and there are other objectives being achieved as outlined.

**Budget and Policy Framework:** The budget for the management of our car parks has been set for the current financial year and there is no budget provision for providing additional electric car charging points. Fully funded electric car charging installations will result in no Capital outlay.

The key criteria will be a satisfactory rate of revenue return for leasing Council land, and to receive a share of the income following the installation of the car charging units compared with any potential loss of income from pay and display car park revenue.

**Legal Implications:** The appropriate legal documentation to enable participation in any option will be reviewed and agreed between Legal and Property Services.

Option 1. DELETTI: This option is to use a framework agreement process, which meets the requirements of UK public procurement legislation. The Council could achieve economies of scale by being part of the DELETTI collaborative procurement with other Devon authorities.

Option 2. Rapid Charging Exeter (RCEx): This option would be via a legal lease agreement with the provider.

Option 3. Commercial arrangement/procurement: The Council has a good existing supplier, but the current arrangement does not include a means to extend into the additional locations. Such arrangements can, however, offer good opportunities for rental income under a lease agreement. Nevertheless, a new procurement process would be required.

**Risk Assessment:** Low Risk: The risks associated with the decision to lease car parking spaces to a charge point operator for a set period are assessed as being low. The arrangements effectively impose a constraint on how the Council can use its land during the life of the leases. For example if the Council wished to develop a car park site for an alternative use then under the terms of the lease, compensation may become payable in respect of the designated bays. It is also the case that these parking spaces being leased to a charge point operator will then not be available for use by non-qualifying vehicles with the consequent loss of revenue if those drivers are forced to find alternative parking because the car park is already full, the intention is to encourage the adoption of qualifying vehicles.

Contracts / agreements will be reviewed by Legal and Property Services. There are different lease terms / periods for the lease contracts offered by the providers – for example, DELETTI (10 years), RCEX (15 years) and INSTAVOLT (30 years). The lease contracts mean that when installed, the EV charging unit owners (our leaseholders) are responsible for all maintenance so the Council would have no capital or maintenance costs that would cause any increase in the Council's administration resources.

At this stage, there is a low risk if the Council decides to be a signatory to the DELETTI Collaboration Agreement for Phase 2, because this could prevent the Council being able to offer some target sites (i.e. the five sites nominated for DELETTI) to other potential leasehold providers.

**Equality Impact Assessment:** This report has no equality impact; each installation would be considered for its impact on the community.

**Relationship to Corporate Plan:**

A Sustainable Planet. Environment - Encourage "green" sources of energy, supply new policies and develop plans to decarbonise energy consumption in Mid Devon Communities.

**Relationship to MDCC Climate Strategy and Action Plan:**

Climate Strategy Key 2020-24 climate priorities (number 3) includes 'Roll out Electric Vehicle charging points - residential and commercial'.

**Impact on Climate Change:** The primary outcomes of supporting EV charging within the Mid Devon district and in relation to Climate Change impact:

- to reduce energy consumption and climate impact per vehicle / per mile;
- to enable the potential for renewable energy sources to be utilised in powering personal transport within the district;
- to help reduce localised air pollution caused by transport;
- to boost EV driver confidence in recharger availability across the district.

Secondary or indirect co-benefits would include:

- to boost confidence for EV drivers who plan to visit Mid Devon (tourism or commercial);
- an economic stimulus for the ultra-low emission vehicles (ULEV) industry and related trades;
- an increased use of ULEVs can reduce community and corporate / private sector travel costs thus increasing district / county / region productivity.

## 1.0 Introduction

- 1.1 The Council has identified the provision of electric vehicle (EV) charger points as a priority action in its Climate Strategy.
- 1.2 The electric vehicle industry has been developing quickly over the last few years and in summary, the options for electric vehicle charging can be summarised in three approximate categories:
- Slow charging – typically 7kW AC charge units suitable for overnight charging of most vehicle types
  - Fast charging – typically 22kW AC charge units suitable for some vehicles to provide a useful top up charge in typically 2 or more hours (also delivers a slow charge to other vehicles that have not been designed to utilise the AC fast charge option)
  - Rapid charging – typically 50kW + DC charge units suitable for an increasing number of the latest electric vehicles (including the Nissan EV 200 vans that we are now adding to our fleet) and capable of delivering 80% top up to an empty battery within 40 minutes.
- 1.3 Given the Council's climate emergency declaration, each of the assessed options have been evaluated in terms of climate change mitigation potential, as well as cost and commercial viability.
- 1.4 Alternative supplier options, including alternative frameworks and EV charger suppliers have been explored.
- 1.5 Discussion has taken place between the services teams of Property Services, Revenue, Growth and Economy with regard to the best potential locations for rollout and this can be found attached to this report as **Annex A**.
- 1.6 The 3 potential options for the next wave of EV rapid chargers during the 2021-2022 financial year are:
- [DELETTI](#) (Devon Low-carbon Energy & Transport Technology Innovator). A partnership of Devon local authorities including MDDC.
  - [Rapid Charging Exeter](#) (RCEX). A consortium of Devon County Council, Innovate UK, Regen, a car share project and private companies.
  - Commercial entity e.g. [Instavolt](#). Through such an entity, the Council already hosts EV rapid charging units (each with 2 recharge connectors) at the three Council leisure centres. However, the current arrangement does not provide for further roll-out, therefore a new arrangement/procurement would be required.

## 2.0 Environmental and Climate Impact

- Fully electric vehicles run with higher efficiency than those with internal combustion engines.
- The UK's [electricity generation mix](#) is becoming lower-carbon each year, which means electric vehicle journeys, can get 'greener' through this process or by switching to greener power suppliers.
- The Energy Saving Trust has said ([link](#)):

*'The switch to battery electric cars, vans, buses and motorbikes is a vital part of the Road to Zero strategy and any further policies introduced to accelerate decarbonisation.'*

*'The UK's renewable energy capacity is continually growing with electricity grid emissions predicted to fall by around 90% between now and 2050.'*

Current EV charger provision: <https://www.goultralow.com/ev-charging-point-map/>

### 2.1 Council influence on renewable power supplies:

- On Council property, it is within our control to procure 'greener' power supplies with a higher level of *renewable* electricity and a lower climate impact.
- The Council can only guarantee the proportion of renewable electricity utilised at EV chargers managed by a third-party provider if this is written into contracts. According to the available information and agreements the providers for all 3 options currently use or promise to use 100% renewable energy and one of the potential providers, RCEx, seeks to link its power supply with local solar photovoltaic parks.

## 3.0 Comparison of the Options available

3.1 Key aspects are provided in Table One for comparison.

3.2 In broad terms, our involvement with the electric vehicle charging industry can be at one of three levels:

1. The industry is happy to offer deals to the public sector in which a charge point operator will install and operate a charging network from a number of parking bays in key locations. The Council would enter into a lease agreement in respect of the land and the operation of the charge points would be wholly a matter for the contractor.

2. It is also an option for public sector bodies to commission and then wholly own and manage the charging infrastructure. The day-to-day maintenance and management (including monitoring of and payment for electricity) can be contracted out to a specialist company.

3. The option that seems to be emerging as more popular at present in this rapidly evolving industry appears to be a more complex collaboration in which a single public sector body (or possibly a group of them) enter into an agreement with a charge point operator to share expertise, risks and benefits. Typically, the arrangement will enable local authorities to roll out infrastructure with minimal levels of investment and reduced risk, the Council would retain control over the

specification of the charging infrastructure along with medium and long-term benefits in the form of shared profits from the sales of electricity. The Council would also be able to specify for example an arrangement to ensure that renewable energy sources (such as photovoltaics) and onsite energy storage to help smooth peak demand are built into contract specifications.

3.3 All 3 of the approaches mean the Council would have no capital outlay or maintenance costs, which remain with the leaseholder.

3.4 **The Devon DELETTI partnership** approach involves a bid to the Office for Zero Emission Vehicles (OZEV) to fund the programme of installations and we are delighted to be an active partner in the County Council led Devon Low-carbon Energy & Transport Technology Innovator (DELETTI) programme. The £800k plus grant funding will prevent more than 300 tonnes of carbon from entering our atmosphere across our county every year and that aligns perfectly with our own emerging climate change action plan. We know that the government has stated that new petrol and diesel cars and vans cannot be sold after 2030, with some exceptions to the ban, with some plug-in hybrids (PHEVs) and some full hybrids still able to be sold up until 2035, but we are expecting our residents and visitors to gradually move to so-called ultra-low emission (electric and plug in hybrid) vehicles before then and we are committed to doing everything we can to encourage that. It is impossible to encourage more people to use electric cars until there are more charging points. More charging points are unlikely to be provided by the market until there are more electric cars on the road. We agree with the County Council's view that this partnership programme will help to break that cycle. Fewer petrol and diesel cars will lead to a reduction in emissions, cleaner air and an improved quality of life for residents.

3.5 The majority of funding for the Devon DELETTI partnership has come from a successful bid to the European Regional Development Fund. Subject to the Council approving the detail contained in the final lease document, car parking spaces could be leased to the operator for a peppercorn rent and the Council will then take a share of the electricity revenue that we expect to increase significantly over the ten-year operating period. All other costs associated with supply, installation, repair, replacement and management are borne by the successful contractor.

- Devon County Council (DCC) will act as Host Authority and Accountable Body in respect of the Programme and the Grant Funding.
- DCC submitted an application to the Office for Zero Emission Vehicles *On-Street Residential Chargepoint Scheme* for grant funding in respect of the Devon and Torbay Residential Chargepoint Scheme (the "Project") part of which consists of the Programme.
- The Partners are seeking to appoint a Contractor to design, build, operate and maintain Ultra Low Emission Vehicles (ULEV) chargepoints on car parks (the "Sites") owned by the Partners (the "Services"). The Partners have agreed to work together on the procurement of the Services.

3.6 **The [Rapid Charging Exeter \(RCEx\)](#) consortium** has bid for national funding and seeks to run a commercial venture that has begun in Exeter City and is now expanding. The project has already secured 11 sites within the city of Exeter and

in total, they have funding for 150 charge units. Unlike the DELETTI programme, this project already has funding in place to deliver outputs on a relatively tight timescale and we understand that in effect they require units to have been installed and be operational during September 2021, to enable their use to be evaluated by the end of March 2022. This presents this Council with an exciting opportunity, provided we have the ability to act quickly. Like DELETTI phase 2 there is no upfront cost to us and in return for hosting units on a peppercorn rent for a contract period of up to 15 years, we receive a 3% share in the increasing electricity revenue that arises over that period.

3.7 A potentially exciting element already emerging from this collaboration is interest from the proprietor of a local Community Interest Company which seeks to provide EV cars for community hire in busy and residential areas and is linked to the Rapid Charging Exeter project.

3.8 The units will include battery storage capacity, which attenuates the surge effect on the local power supply network.

3.9 **Commercial company** (e.g. Instavolt) leasing arrangements – this is typically a commercial venture that leases the sites (parking spaces) at set rental values which are reviewed annually.

### **Comparison Table 1**

	<b>DeLETTI characteristics</b>	<b>RCEX characteristics</b>	<b>Instavolt characteristics</b>
<b>Typical installation</b>	1 charger per location = 2 spaces	2 chargers per location = 4 spaces	1 charger per location = 2 spaces
	Each charger serves 2 bays	Each charger serves 2 bays	Each charger serves 2 bays
	Bay length 5.5m - 6m.	Bay length 5.5m - 6m.	Bay length 5.5m - 6m.
<b>County targets</b>	Locations depend on LA partners.	Has a Devon target of 75 locations.	Unknown target for Devon.
<b>District targets</b>	MDDC has proposed 5 sites; MDDC car parks in Tiverton (3) and Crediton (2).	Up to 15 high potential MDDC sites; plus possibly others within Mid Devon.	MDDC has made enquiries with 15 high potential MDDC sites.
	MDDC has only proposed car parks.	Residential	Residential? No.
<b>Contract term</b>	sites for a nominal rent and term of 10-years	15 year Lease	30 year Lease
<b>Capital cost</b>	Leaseholder. Not MDDC.	Leaseholder. Not MDDC.	Leaseholder. Not MDDC.
<b>Running cost</b>	Leaseholder. Not MDDC.	Leaseholder. Not MDDC.	Leaseholder. Not MDDC.
<b>Income</b>	A nominal rent	Percentage of income to be received	Annual rent received
<b>Current energy mix</b>	100% renewable	"100% clean energy generated at Devon-based solar farms"	100% renewable energy sources
<b>Other benefits</b>		Potential for cars to be available for hire at some sites. Battery Storage Capacity.	

## **4.0 Procurement**

4.1 As an alternative to the procurement of interest for taking a lease of spaces on Council property, the Council could conduct a public procurement exercise to install EV chargers that are then run by the Council directly or have management contracted out. However, there is no guarantee that the Council could secure future funding to facilitate this:

- Dependent on the scale and full lifetime value of the project contract (which could be expandable across e.g. 10 years - 15 years - or 30 years to cover the potential for ongoing growth in the EV market and technological developments in rapid charger design) this option could involve a full OJEU approved tender process and would be open to major providers.
- The process could take up to 34 weeks; as such, there is a significant risk of missing the current opportunities for 2021 installation of a significant number of EV rapid charger units.

4.2 Advantages:

- Allows all organisations both public and private to bid providing greater competition and opportunities in delivering savings and innovation.
- Allows the Council to take advantage of higher revenues in return for undertaking more risk, and to target rollout to less popular / viable locations such as rural villages.

4.3 Disadvantages:

- The Council would be more directly exposed to the risks associated with the emerging market (controllable to some extent).
- Capital outlay by Council would likely be necessary, requiring budget changes or financing to achieve the rollout.
- Revenue budgets and staff resources would be required to manage or oversee the management of Council owned / share-owned assets.

4.4 Subject to which option the Council decides to support a recorded decision notice will be required, it will be necessary to publish this decision on our web site.

## **5.0 Conclusion**

5.1 It is important to continue to work with neighbouring authorities to facilitate additional electric car charging points across our District.

5.2 The Environment Policy Development Group and the Net Zero Advisory Group, as well as Ward Members will be kept up dated on a regular basis.

5.3 This report is recommending delegated authority be put into place so that the Council are able to secure capital funding opportunities, that have tight timescales.

5.4 Once Officers and Portfolio holders are satisfied that a funded procurement option will not have a detrimental impact on the set revenue budget for the 2021/22 financial year, a decision will be made.

- 5.5 The key criteria will be a satisfactory rate of revenue return for leasing Council land, and to receive a share of the income following the installation of the car charging units compared with any potential loss of income from pay and display car park revenue.
- 5.6 A decision recording form would be signed and circulated upon a supplier being selected to install additional electric car charging points.

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**Circulation of the Report:** Cabinet Members for the Environment and Climate Change, Finance and Property.

**List of Background Papers:** None