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FairCharge and RAC call for electricity wholesale price to be decoupled from gas to cut EV charging costs

EV campaign group FairCharge and the RAC – a founding supporter – are today calling on the Government to underline its support for the switch to electric vehicles (EVs) by decoupling the wholesale price of electricity from gas, something which would immediately reduce the cost of charging EVs.

The current high wholesale electricity price continues to be set by the unprecedented global wholesale price of gas, which has not only financially

harmed every household and business in the UK by pushing up domestic and commercial electricity bills to record levels, but has also potentially impacted the public's enthusiasm to opt for electric cars due to much higher charging costs.

FairCharge and the RAC are calling on the Government's to urgently publish the results of its [Review of Electricity Market Arrangements](#) – which closed for consultation last October – so the decoupling process can begin. The review states that under the current system, gas prices often end up setting the wholesale electricity price because gas-fired power stations are the last source of supply used to meet demand.

However, if decoupling were to happen the growing share of electricity generated from cheaper renewable sources will over time determine the price more often – bringing down energy costs for businesses, consumers and EV drivers as well as encouraging more people to switch to EVs.

[RAC Charge Watch](#) data shows the average cost of using the very fastest chargers increased by 50% between May 2022 and last month, to 70p (per kilowatt hour) for rapid and 75p for ultra-rapid.

Dr Euan McTurk, advisor to FairCharge and consultant battery electrochemist from Plug Life Consulting Ltd, said:

“Bizarrely, it's currently the case that the most expensive form of electricity generation – gas-fired power plants – determines wholesale electricity prices even though it's other cheaper sources of power, such as renewables, that make up most of where our electricity actually comes from over the course of the year.

“It would make far more sense for wholesale electricity prices – which ultimately dictate what consumers and businesses pay – to reflect where most of the energy is being generated on any particular day. Gas power plants would still be paid what they need to keep operating, but wholesale electricity prices would plummet instantly by several tens of pence per kWh, cutting home and commercial energy bills – as well as public EV charging costs. This could all be done very easily at no expense to taxpayers.”

FairCharge founder, automotive journalist and long-time EV driver, Quentin

Willson said:

“EVs charged at home are still considerably cheaper to run than combustion cars, but prices at many public charge points have increased significantly. Anyone using the public network will now have to pay more, but critically, the rise in costs will reduce EV take-up at a crucial time. Decoupling the wholesale price of gas from electricity from cheaper renewable sources would help everyone by lowering electricity prices. Those lower energy costs will also impact inflation and interest rates. Decoupling should become an essential and urgent part of the UK’s future energy strategy.”

RAC EV spokesperson Simon Williams said:

“It’s very important that enthusiasm for electric vehicles isn’t dampened in the run-up to 2030 when the sale of new petrol and diesel cars comes to an end. The fact electricity has gone up in price quite dramatically due in the most part to the wholesale price of gas shooting up as a result of the war in Ukraine is a sign that action needs to be taken to change this for the benefit of households and businesses, and to guarantee the electric car revolution stays on track.

“We urge the Government to publish its consultation findings as soon as possible, to act on the findings and improve the way the wholesale electricity price is worked out.”

Greg Jackson, founder and CEO at Octopus Energy Group, said:

“Renewables are the lowest cost form of energy generation, and electricity is the most efficient way to power transport and heating. We need prices to reflect this, and Octopus would like to see markets reformed to let customers see the benefits of cheap, green electricity.”

FairCharge is also campaigning to get the 20% VAT charged at public charge points reduced to match the 5% levied on domestic electricity. FairCharge and the RAC believe this is an unnecessary barrier to switching to an electric car for the estimated third of people who aren’t able to charge an EV at home* as they would have no choice but to rely on the public charging network.

More information about FairCharge can be found at www.faircharge.co.uk.

* RAC Report on Motoring research 2022 shows 33% of drivers would not be able to charge at home/have a charge point installed

The press office email address is press.office@rac.co.uk and media centre is at media.rac.co.uk. **Please note:** the press office is unable to help with individual customer enquiries - please visit the [RAC contacts page](#) to find the right contact.

About the RAC

The RAC, an iconic UK brand, provides complete peace of mind to 13 million UK private and business drivers, whatever their motoring needs. As well as its premium nationwide breakdown assistance service – with an expert branded patrol workforce attending more than two million breakdowns every year – it offers a wide range of market-leading products across insurance, legal services, vehicle inspections and service, maintenance and repair. The RAC is also at the forefront in helping drivers make the switch to electric vehicles and leads in the development of new solutions for businesses and OEMs, partnering with the best in the motoring and mobility space.

Visit the [RAC website](#).

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