Charging Interface Initiative e. V. | Kurfürstendamm 11 | 10719 Berlin

Open Letter: A blanket obligation for card payment terminals at electric re-charging stations does not put current or future consumer interests at its core and reduces accessibility of EV charging.

BRUSSELS, 9 FEBRUARY 2022

We as CharIN together with the undersigned welcome the publication of the Alternative Fuel Infrastructure Regulation (AFIR) in July 2021, a key pillar of the "fit for 55" package. As industry stakeholders from across the globe representing the whole electric charging eco-system, we believe in the importance of the transport sector's contribution to sustainable energy and the ambition of climate neutrality and are cooperating closely as industry and with governments and civil society to achieve these goals.

We specifically welcome that AFIR has at its heart the ambition to understand industrial and economic realities and, more importantly, place the consumer at the centre of its focus. We thus support the possibility to recharge electric vehicles on an *ad hoc* basis using widely used payment instrument. But we are very concerned about an unnecessary burden on the e-mobility industry and the public funds which are essential to the charging infrastructure roll-out. It is the blanket obligation of installing card payment system terminals on all publicly accessible electric charging stations. Equally, we do not believe that this burden would place consumer interests at its core. Furthermore, it does not look at customer behaviour across the EU where preferences for payment systems vary.

Our view is that the benefit of a regulation on payment systems should be concentrated on the consumer. Furthermore, it should focus to accelerate the growth of the electric re-charging stations network across the EU. Indeed, we are concerned that the push for obligatory card payment system solutions without evaluating the existing realities in a rapidly emerging market does not demonstrate this required focus.

From a recharging industry perspective, it is our aim to make electric charging appealing to the consumer, thus placing them at the centre of our infrastructure roll-out strategies. Therefore, in the spirit of economic viability, card payment terminals are placed by operators in accordance with consumer necessity.

Furthermore, we also believe that the obligation of card payment systems creates additional electronic waste, both within the scope of retro-fitting and the additional equipment including the pin pad as conditioned in the Payment Services Directive II, when other technologies could provide a much better result on this aspect.

Finally, we are concerned that the AFIR states that all fast-charging stations (from 50 kW upwards) need to be retro-fit, meaning that all the relevant infrastructure built to date and functioning successfully without a card payment system could have to be replaced or de-commissioned. This would prove a significant dent into the availability of charging stations for the consumers as such creating exactly the lack of confidence and consumer fear that the AFIR proposal seeks to avoid.

Our proposed solution:

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AFIR will potentially come into force earliest at the end of 2022. With the review of AFIR set for end-2026, we see an opportunity for the European Commission to evaluate where the EU can further provide its support for the roll-out by evaluating data of relevant consumer behaviour vs availabilities within that period. Until then, **we suggest a moratorium of the obligation for card-payment terminals as set out in Article 5 of the AFIR proposal, to be further evaluated in 2026.**

AFIR also proposes that relevant Member State regulatory authorities assess by mid-2024 (and every three years thereafter) the deployment and operation of recharging stations with a view of providing "recommendations in terms of type, supporting technology and geographical distribution in order to facilitate the ability of users to integrate their electric vehicles in the system.[1]" We believe this milestone together with reports by industry on market uptake statistics in relation to availability of payment systems will provide the basis for a more complete picture for decisions to be made in 2026.

On behalf of:

[1] Article 14

ANNEX I – THE COSTS OF A BLANKET OBLIGATION

Limiting availability and increasing costs

From an industry perspective, it is our aim, as much as the European Commission AFIR proposal to make electric charging appealing to the consumer, thus placing them at the centre of our infrastructure roll-out strategies. We are, in Europe, but also across the globe at critical cross-roads where significant investments need to be answered by positive consumer response. This is a key element to AFIR's first objective of *"ensuring minimum infrastructure to support the required uptake of alternative fuel vehicles across all transport modes and in all EU Member States to meet the EU's climate objectives*".

Consumer behaviour is something very fragile, which is currently very visible when it comes to the choices being made when purchasing a vehicle or choosing a transportation mode. Consumer choice can be determined by price, availability, necessity, belief in one's contribution to society, or to the planet. Usually, it only takes one of these elements to fall away and the relationship between investment and consumer response breaks.

Proponents of an obligatory installation of card payment systems at charging terminals for ad-hoc charging argue that it is important to make card payment systems available in the first place to guarantee availability. We believe it completely counters the logic of increasing availability. Installing card payment terminals and the necessary pin pad (due to the requirements of the Payment Services Directive II) limits the investment capacity of market actors and thus the means to pursue ambitious charging infrastructure roll-out plans. Card terminals as well are sensitive to failures and degradation and decrease availability.

In light of additional retro-fitting obligations for fast-charging stations, Article 5 stipulates that "from 1 January 2027 onwards, operators of recharging stations shall ensure that all publicly accessible recharging stations with a power output equal to or more than 50 kW operated by them comply with the requirement" of an obligatory card payment system. In light of the point made above, all the relevant infrastructure built to date and functioning successfully without a card payment system could have to be replaced or de-commissioned. This would prove a significant dent into the availability of recharging stations for the consumers as such creating exactly the lack of confidence and consumer fear that the AFIR proposal seeks to avoid.

Furthermore, the increasing costs for charging infrastructure implies a transfer thereof, which in these cases would imply that either the consumer and public funds (see further below) would carry the burden.

We understand that the Commission proposal assumes that the obligation of card payment systems would provide a coverage of all actual and potential customers of electric charging. Nonetheless, it is the electric charging infrastructure as a whole including recharging station operators that understand this necessity and how to adapt best to what consumers need. No matter whether at a highway or a remote area, understanding the relevance and services required by customers lies at the heart of making the expensive decision of setting up infrastructure in the first place.

A waste of public and private funds

We estimate a cost of approximately EUR 1000 per basic card payment terminal and approximately EUR 70 per year necessary for hardware maintenance. Additional costs also concern software maintenance and fee structures for licensing, as well as transaction fees. Several Member States also require that paper receipts are provided for card payments which involves printing and paper.

In terms of re-fitting, the above costs do not take into account the materials for refitting the shell and internal electronics of existing stations or setting up specific external pillars so as to avoid an extensive refurbishment of the charging station itself. Some of the co-signers also estimate that a bulk of the costs involve wage costs of EUR 850 per refitting a charging station which also excludes transportation costs.

With EU and national budgets set to support the roll-out of charging stations, an allocation of the budget to these costs would be an unnecessary burden. These unnecessary costs which would benefit payment terminal system manufacturers, could instead be used to incentivise SMEs such as small shops to install charging stations at their business.

Another concern raised by the co-signers is the problems of realising transactions by debit and credit cards and the limited security of receiving payments. Very often transactions take too long and come at an extra back-office cost which are not inherent to other forms of payments. This implies a change in the business model as there is a move from a business-to-business reality to business-to-consumer engagement which results in additional financial transactions for recharging station operators. Furthermore, there have been indications of cases where customers negate having used their payment card which has translated into transactions being cancelled whilst the costs of back-office administration remaining.

Misunderstanding payment market realities

In light of the experiences of the undersigned, we would like to highlight the following payment market realities:

- As a matter of fact, today *ad hoc* charging processes account approximately only for 5 percent of charging processes with 95 percent of customers charging with mobility service provider contract using an app, a charging card or automatic authentication.
- Today, our sector experiences that the already minority share of ad hoc charging made through debit cards is steadily decreasing. The remaining (majority) of the transactions are covered by other solutions such as web-based ones and QR codes.
- Credit card payments are already possible via web-based systems (which are often exempt from charges), the availability of which is drastically expanding due to high market acceptance.
- Having said this, there are varying preferences for payment systems across the EU's Member States. Providing a blanket obligation across the EU for card payment does not take this reality into account.
- Co-signers of this letter have also indicated that card payment terminals have been taken down because there has been minimal or no usage of thereof as such only incurring unnecessary costs.

Countering environmental sustainability

The instalment of hardware equipment for card payments requires several components, which can on average be seen as including a polycarbonate casing, LCD screen, keypad (either rubber, metal or a touch screen), power supply, printing paper, and internal electrical components such as the printed circuit board and integrated circuits.[2] Many of these materials do not enter a recycling facility. Furthermore, in terms of retro-fitting, to avoid a potential unnecessary change of the of the terminal's protective shell on which the card payment facility would be placed, an external body or pillar might need to be applied. With a decrease in the use of card payment systems, much of the equipment will become obsolete before it reaches its full life span.

Furthermore, guaranteeing that card payment terminals remain online such as to update software regularly, electricity is used to keep the card payment system in permanent standby.

Taking a step back from the digital agenda

Furthermore, in light of the EU's importance placed on digitalisation across the continent, it seems paradoxical to invest in technology which inhibits trends thereto. It should certainly also not be forgotten that digital solutions such as a mobile app or a mobile website exempt from charges are able to provide the whole eco-system of information for a consumer to make the best choice. This includes prices transparency, charging station search, route planning, monitoring of the charging processes, charging history, reservations, etc.

Inhibiting smaller and the "unseen" players as key contributors to infrastructure roll-out which undermines the democratisation of public charging

The roll-out and operation itself of infrastructure could be inhibited in light of smaller industry players (including SMEs such as shops) on the basis of the business decisions that would spell out that "it might just not be worthwhile". It should be kept in mind that the installation of charging stations at small shops, especially in rural areas increase consumer confidence and support local business. The cost of obliging card payment terminals for the one or two charging points instead of allowing an adaptation according to local consumer behaviour is not a viable business case.

Other players that should not be forgotten include portable charging stations which are essentially made up of a large battery and a plug; something increasingly popular for fair grounds, *ad hoc* parking lots for football matches, or remote camping grounds. Therefore, the necessary investment and enthusiasm to contribute to the roll-out could very well be wasted.

[2] De Nederlandsche Bank, Evaluating the environmental impact of debit card payments. Link: https://www.dnb.nl/media/a3sk2oob/574-evaluating-the-environmental-impact-of-debit-card-payments.pdf

ANNEX II – PROPOSED AMENDMENT TO COMMISSION PROPOSAL FOR ARTICLE 5

Article 5

Recharging infrastructure

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2. Operators of newly installed recharging points deployed from 12 months after the date referred to in Article 24 shall, at the publicly accessible recharging points operated by them, provide end users with the possibility to recharge their electric vehicle on an ad hoc basis using a payment instrument that is widely used in the Union. To that end:

(a) operators of newly installed recharging points shall, at publicly accessible recharging stations with a power output below 50 kW, deployed from 12 months after the date referred to in Article 24, accept electronic payments through terminals and devices used for payment services, ~~including~~ which may include at least one of the following:

(i) payment card readers;

(ii) devices with a contactless functionality that is at least able to read payment cards;

(iii) devices using an internet connection with which for instance a Quick Response code can be specifically generated and used for the payment transaction;

(b) operators of newly installed recharging points shall, at publicly accessible recharging stations with a power output equal to or more than 50 kW, deployed from 12 months after the date referred to in Article 24, accept electronic payments through terminals and devices used for payment services, ~~including~~ which may include at least one of the following:

(i) payment card readers;

(ii) devices with a contactless functionality that is at least able to read payment cards.

~~From 1 January 2027 onwards, operators of recharging points shall ensure that all publicly accessible recharging stations with a power output equal to or more than 50 kW operated by them comply with the requirement in point (b).~~

The requirements laid down in points (a) and (b) shall not apply to publicly accessible recharging points that do not require payment for the recharging service.

Any potential future obligation to install any payment methods shall be assessed in accordance with Article 22 and based on assessments as laid down in Article 14 (3).

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