

The Tariff Design Workbook

Pricing charging on evidence rather than instinct

Most operators set one rate and never revisit it. This is the workbook for the ones who want to price properly.

FOR Commercial leads and founders setting or revising pricing
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06 Revising on evidence

The three numbers that should drive the first revision, and the two rules that keep repricing from costing you drivers.

WHAT YOU GET

- Computing landed cost per kWh including the charges that do not scale
- Choosing between per-kWh, per-minute and hybrid by what is scarce
- Setting an idle fee that almost nobody pays
- Segmenting by audience without running two networks

Landed cost first

Most charging networks are priced by looking at what the operator down the road charges and going slightly under. That is not pricing, it is copying somebody else's cost structure, and it is why so many sites are unprofitable at volumes that should work.

Everything in this workbook depends on one number computed first: what a unit of energy actually costs you by the time it reaches a vehicle.

What landed cost includes

COMPONENT	SCALES WITH VOLUME?
Energy charge per kWh	Yes
Demand charge on sanctioned or recorded load	No
Fixed and meter charges	No
Electricity duty and surcharges	Usually yes
Losses between the meter and the vehicle	Yes

The second row is the one that surprises people, because it does not behave like a cost of goods at all. A 100kW sanction carries the same demand charge whether the site delivers four hundred units in a month or twelve thousand.

The arithmetic

Take one month. Total electricity bill payable, including every surcharge, divided by units actually delivered to vehicles. That is the landed cost, and on a young site it will be several times the energy charge.

USE A BILL, NOT A TARIFF SCHEDULE

The schedule and the bill disagree more often than they agree, because of surcharges, adjustments and slab behaviour nobody reconstructs correctly. If the site is not built yet, get a bill from a comparable connection.

Watching it move

Landed cost is not a constant. It falls steeply as volume grows, because the fixed component is spread over more units.

UNITS DELIVERED PER MONTH	FIXED COST PER UNIT	LANDED COST
500	Very high	Several times the energy charge
2,000	High	Roughly double
8,000	Moderate	Approaching the energy charge
20,000	Small	Close to the energy charge

This has a direct pricing consequence: a new site is genuinely more expensive to run per unit than a mature one. Pricing a new site at a mature site's rate is choosing to lose money during the period when you can least afford it.

The three costs people leave out

- 01 Payment gateway fees. A percentage of every transaction, and on small sessions it is material.
- 02 Revenue share to the host, where it is a percentage — that is a variable cost, not an overhead.
- 03 Losses. Energy drawn from the grid exceeds energy delivered to the vehicle, and you pay for the difference.

What to do with the number

Do not set price as landed cost plus a margin — that produces a price that changes every month as volume moves. Set a price you intend to hold, and use landed cost to compute the volume at which it works. That volume is the target the rest of the business is organised around.

Price what is scarce

Per-kWh pricing is the default in charging and it is only correct where energy is the scarce resource. On a great many sites it is not — the bay is, or the connector-hour is — and pricing energy there produces exactly the behaviour you do not want.

Identify the constraint

SITE TYPE	WHAT IS SCARCE	PRICE
DC corridor	Energy and throughput	Per kWh, plus idle
Slow AC in a car park	The bay	Per hour, or per kWh with a time component
Destination AC at a mall	Nothing, usually	Per kWh, low, or free as an amenity
Depot	Grid capacity in a window	Not priced — scheduled
Constrained urban site at peak	Both	Time-of-day per kWh, plus idle

Why per-kWh fails on slow AC

A 3.3kW point delivers very little energy per hour. A driver occupying it for six hours pays for a small amount of energy while denying the bay to five other drivers. The revenue is trivial and the opportunity cost is not.

Pricing the hour instead aligns the driver's interest with the bay's availability. It also makes the economics of slow AC legible: the site is renting a parking space with a plug, which is what it actually is.

THE HYBRID THAT WORKS

A per-kWh rate for the energy plus a modest per-hour rate for the connector. The driver who charges quickly and leaves pays almost nothing extra; the driver who occupies a bay all day pays for the bay. It is easy to explain, which matters more than elegance.

Per-minute pricing and why to be careful

Per-minute pricing on DC is common in some markets and it has a fairness problem in a mixed fleet: a vehicle that accepts 150kW and one that accepts 30kW pay the same per minute for very different amounts of energy. The driver of the slower vehicle — often an older or cheaper one — pays several times as much per unit.

Where it is used it should be disclosed plainly, and it should not be the only structure available.

Session fees

A small fixed fee per session covers the costs that do not scale with energy: the payment transaction, the authorisation, the connector wear. It is defensible and it materially changes the economics of very small sessions, which are otherwise loss-making.

It is also the component drivers most dislike, because it is visible and it makes a short top-up look expensive. Use it where small sessions are common, and disclose it before the session rather than on the receipt.

A rule of thumb

If drivers are occupying bays longer than they are charging, you are pricing the wrong thing. If they are leaving before they are full, you are pricing too much of the right thing.

Time-of-day structures

Time-of-day pricing is the most under-used instrument in Indian charging, which is odd given that most operators are themselves buying electricity on a time-of-day tariff. Passing that structure through to drivers costs nothing and moves load off the expensive hours.

Mirror your own tariff, do not invent windows

Your DisCom has already defined peak and off-peak periods, and they reflect real grid conditions. Defining your own windows that differ from them means you can be discounting during your own most expensive hours.

Read the current tariff order, take the windows from it, and re-check at each revision — because they do move.

Sizing the discount

Too small and nobody changes anything; you have simply reduced revenue on drivers who would have charged off-peak anyway. Too large and you shift load you were making good margin on.

- 01 Start from the actual difference in your own cost between the windows. That is the floor of what you can afford and the anchor for what is fair.
- 02 A discount that is not visible in the driver's decision — a few percent — will not move behaviour. It has to be large enough to be worth changing plans for.
- 03 Apply it to the sites where the peak is a genuine constraint. A site that is empty at 19:00 has nothing to shift.

- 04 Measure the shift after a month. If the share of sessions in the discounted window has not moved, the discount is too small or the audience cannot flex.

Locking the window at session start

THE RULE THAT PREVENTS THE ARGUMENT

The rate is fixed when the session starts. A driver who begins at 21:55 in a cheap window does not get repriced at 22:00 because a peak period began. Any other behaviour produces a receipt the driver cannot reconstruct and a dispute you will lose.

This is a platform capability question rather than a policy one. Confirm the tariff is snapshotted onto the session at start, and test it by changing a tariff and reopening an old session.

Disclosure

Show the current rate and when it changes, before the session starts. A driver who discovers a peak rate on the receipt will not come back, and they will be right not to.

Where it does not apply

- Corridor sites, where a driver charging at 19:00 has no alternative — they are mid-journey. A peak surcharge there is a toll, not a signal.
- Sites where the demand charge is assessed on sanctioned load rather than recorded demand, in which case shifting load saves energy cost but not capacity cost.

- Depots, where scheduling achieves the same thing with more control and no price signal needed.

Idle fees

An idle fee is a parking instrument, not a revenue line, and treating it as revenue is how it gets configured badly. A successful idle fee produces almost no income, because the behaviour changes and the bay frees up.

If your idle fee income is growing month on month, it is priced wrong or disclosed badly — probably both.

Four parameters

PARAMETER	TYPICAL	HOW TO DECIDE
Grace period	10-15 minutes on DC	Long enough to walk back from a coffee
Rate	Above local hourly parking	It must beat the alternative use of the bay
Cap	Always have one	An uncapped overnight fee is a refund and a review
Overnight exemption	Usually, on AC	Nobody moves a car at 3am, and nobody is queueing

The overnight exemption is the one operators forget. An idle fee running from midnight to seven on a residential AC point punishes exactly the behaviour you want, and produces the worst kind of complaint — the one where the driver is entirely right.

Disclosure is most of the design

- 01 On the price screen before the session starts, next to the energy rate.
- 02 A notification when charging completes, saying the grace period has begun and when it ends.
- 03 A second notification when the fee starts accruing. This one prevents most complaints by itself.

DO NOT APPLY IT WHERE THERE IS NO QUEUE

An idle fee at a site that never reaches capacity is a tax with no purpose: it generates complaints and frees nothing. Configure it per site, not network-wide.

Who it should not apply to

- A vehicle that stopped charging because the charger faulted. Charging someone for your fault is indefensible, and it happens whenever the fee keys on "not charging" rather than "finished charging".
- Sessions ended by the vehicle at a set state of charge overnight at a residential site.
- Drivers in a group you have exempted — staff, residents — where the bay is theirs anyway.

The revenue-share question

Idle fee income is usually shareable with the site partner, because the bay is their asset and the fee protects it. Say so explicitly in the agreement, in the list of what is in and out of the revenue base, or it becomes an argument the first month there

are a lot of them.

Measuring it

Not fee income. Median time from session end to unplug, before and after. If that number drops and the income stays near zero, the fee is doing exactly what it was designed to do.

Audience pricing

A network of any maturity serves several audiences with genuinely different economics: a walk-up driver you may never see again, a repeat driver worth many sessions, a fleet with a contract, residents at a society, staff at an office. Charging them all the same rate is leaving money on one side and losing volume on the other.

The rate follows the driver

This is the structural requirement. A fleet driver arriving at any connector on the network should get their contracted rate; a walk-up driver at the same connector pays retail. If pricing can only be set per station, you end up either running separate hardware or leaking the discount to everyone.

NOT A PROMO CODE

Codes leak. They get shared, posted and screenshotted, and then the discount belongs to whoever found it. Attach the rate to a driver group whose membership you control, and the leak is impossible rather than merely unlikely.

The audiences and what each is worth

AUDIENCE	RATE	WHAT YOU GET IN RETURN
Walk-up	Full retail	Nothing — price accordingly
Registered repeat	Slightly below retail	A relationship and predictable volume
Fleet, contracted	20-35% below retail	Committed volume, payment terms
Resident / staff	Cost recovery	A site you would not otherwise have
Roaming partner	Wholesale	Traffic you would not otherwise see

What a discount should buy

A fleet rate given for nothing in return is simply a lower price. Tie it to a minimum monthly consumption, a term, or payment terms that are worth something, and revisit it when either lapses.

Write the review date into the agreement. A contracted rate that nobody has looked at in three years is the most common quiet margin leak in a charging network.

Keeping it manageable

- 01 Few groups, clearly defined. Five is manageable; twenty is a pricing system nobody understands.

- 02 A default group so a new driver always has a rate, rather than falling through to an error.
- 03 Membership changes recorded with dates, so a session can be explained months later.
- 04 A periodic report of which groups are charging at which effective rate, because groups accumulate.

What not to do

Do not price by vehicle type, or by anything the driver cannot see and predict. And do not vary price by demand in real time. Both produce a driver who cannot know what a session will cost before starting it, which is the one thing charging pricing must never do.

Revising on evidence

Most operators set a price once and never revisit it, then discover two years later that costs moved and the price did not. Repricing is a routine operation and it should be run like one — on evidence, on a cadence, and with rules that protect the driver relationship.

The three numbers

NUMBER	WHAT IT TELLS YOU
Realised revenue per kWh	Whether your headline rate is what actually arrives
Utilisation by hour	Whether to price time, or add capacity
Landed cost per kWh, trended	Whether your margin is moving under you

Realised revenue per kWh

Total collected divided by total energy delivered. It should be close to your headline rate. Where it is not, the gap is discounts you forgot about, group rates that have spread wider than intended, sessions that were never billed, or a tariff not applying where you assumed.

This is the single most useful pricing metric and almost nobody computes it. A gap of ten percent between headline and realised is common and is always worth investigating before changing the headline.

Utilisation by hour

Two sharp peaks with empty hours between is a pricing problem, and a time-of-day structure is cheaper than a second charger. A broad plateau is a capacity problem, and no pricing change fixes it.

The two rules

- 01 Effective dates, never edits. A revision applies from a date forward. A system that lets you edit a rate in place will eventually restate an invoice already settled with a host, and there is no clean recovery.
- 02 Change one thing at a time. Moving the rate and the idle fee together tells you nothing about either. Change one, wait a month, read the numbers.

AND TELL PEOPLE

A price rise announced a fortnight ahead is a business decision. The same rise discovered on a receipt is a betrayal, and it costs more in lost repeat drivers than the rise earns. This is the cheapest goodwill available in the whole pricing exercise.

A cadence

- Monthly: read realised revenue per kWh and landed cost. No action unless something moved.
- Quarterly: review group rates and their expiry dates.
- Annually, or when the tariff order changes: revisit the headline rate.
- Whenever a site's utilisation shape changes materially: revisit the time structure at that site only.

When not to reprice

In the first month of a site, because the traffic is curiosity rather than demand. In response to a single competitor's move, because you do not know their cost structure. And in the middle of a reliability problem — fixing the chargers will do more for revenue than any price will.

About this document

Written by the team building zevOS, the charge point management platform. We publish this kind of thing because operators who understand utilisation, demand charges and settlement make better decisions — including about us.

Corrections and disagreements are genuinely welcome. If something here is wrong, or true in most states but not yours, write to support@zevos.ai and we will fix it in the next revision.

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