

# EVgo: Pacing the Fast-Charging Buildout

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**Topic:** Growth Strategy, Customer Strategy, Capital Allocation

**Industry:** Automotive Retail

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**License:** Not specified

**Audience:** MBA students and working professionals

**Decision owner:** EVgo management team (hypothetical classroom exercise)

**Decision date / information cutoff:** 12 November 2024, inclusive

**Decision scope:** Recommend how to pace development and engineering capacity for EVgo's announced fast-charging expansion while DOE financing remains conditional

**Case version:** Draft v1, 3 October 2026

*This is an author-created classroom exercise based on public disclosures. It does not claim EVgo's board or management faced this exact decision or held a particular internal debate. Use only information available by the stated cutoff.*

## A rollout with a financing milestone

On 12 November 2024, EVgo reported third-quarter results and filed its quarterly report. Its latest operating measures showed a network growing quickly: Q3 revenue was \$67.5 million, network throughput was 78 gigawatt-hours, and the company added more than 270 operational stalls. EVgo reported approximately 3,680 stalls in operation, including eXtend sites, and more than 1.2 million customer accounts. [P1], lines 15-29.

That same quarter, EVgo recorded \$6.4 million in GAAP gross profit and a \$33.3 million net loss. It provided \$12.1 million of net cash from operating activities. Management also reported \$18.0 million of adjusted gross profit and adjusted EBITDA of negative \$8.9 million; these are non-GAAP measures. The company's release called Q3 a record quarter and attributed growth to increased charging demand, but the public numbers do not show how much new-site investment caused the increase or what any individual station earned. [P1], lines 32-33, 58-84, 88-100.

One more development changed the scale of the planning question. On 3 October, EVgo announced a conditional commitment for a DOE loan guarantee of up to \$1.05 billion. Company and DOE descriptions said that, if finalized, the project was expected to support approximately 7,500 additional fast-charging stalls across roughly 1,100 stations. EVgo described an expected deployment by 2030 and highlighted community locations. [P3], lines 31-40; [P4], lines 6-10.

The financing was not closed or available to draw as of 12 November. EVgo's Form 10-Q called it a conditional commitment and said the proposed Federal Financing Bank loan would be guaranteed by DOE and structured as limited-recourse project financing. DOE and EVgo still had technical, legal, environmental and financial conditions to satisfy, and DOE had to complete environmental review before deciding whether to enter definitive financing documents and fund the loan. The company said it was working to satisfy the conditions. [P2], printed p. 32; lines 1344-1346.

The public record does not give a complete list of those conditions, an eligible-cost schedule, a draw schedule, or a binding site-by-site or stall-by-stall deployment plan. It also does not say

whether EVgo could freely substitute project sites or stalls. Do not treat the approximate project count as a guarantee that every stall or location was fixed, or assume that EVgo could change the footprint without approval. [P2], printed p. 32; lines 1344-1346; [P3], lines 31-46; [P4], lines 6-10.

## Two ways of expanding

EVgo's core model is to develop, own and operate public fast-charging sites. It also offers EVgo eXtend, a white-label service under which customers own the charging assets while EVgo provides equipment, design, construction, networking and ongoing services. Fleet offerings include access to public chargers and dedicated charging solutions. These models differ in who owns the equipment and bears the development investment. The public sources do not disclose comparable returns for owned-network and eXtend stalls. [P2], lines 1374-1399; [P5], printed pp. 8-10, lines 416, 423.

Keep the measures in their stated scopes. EVgo's Q3 total of approximately 3,680 operational stalls includes eXtend. Its 78 GWh network-throughput measure excludes eXtend sites. EVgo separately reported average daily throughput of 254 kWh per EVgo-network stall, up from 155 kWh a year earlier. Do not divide the throughput by the larger total stall count or treat an average as the distribution of site performance. [P1], lines 18-29, 51-53, 83-84.

Expansion also depends on factors beyond charger procurement. EVgo's filings identify site control, permits, utility interconnection, grid upgrades, equipment supply, competition and EV adoption as relevant risks. The company generally does not own site-host land. Its 2023 filing says its portfolio must meet or exceed a predefined internal rate of return before project approval; the filing does not disclose the hurdle value, site-level returns, or returns for the proposed DOE project. [P5], printed pp. 8-10, 27-30 and 66-68; lines 327-328, 863-878, 1399-1401.

## What the cash and capex figures show

At 30 September, EVgo reported \$153.406 million in cash, cash equivalents and restricted cash. The combined figure included \$11.4 million restricted cash associated with letters of credit and a short-term escrow; restrictions on \$11.0 million of the escrow were removed in October. This is a September 30 balance, not an unrestricted cash balance on November 12. Management stated that cash and cash equivalents at September 30 were sufficient for current working-capital and capital-expenditure requirements for at least twelve months from filing. [P2], lines 302, 648-652, 1884-1885.

### Exhibit 1. Cash flow and capital expenditure context

*USD millions; company-reported periods. Figures may not sum due to rounding.*

| Measure                                                 | Q3 2024 | Nine months ended Sept. 30, 2024 |
|---------------------------------------------------------|---------|----------------------------------|
| Net cash provided by operating activities               | \$12.1  | \$5.6                            |
| GAAP capital expenditures                               | \$25.8  | \$71.1                           |
| Capital offsets                                         | \$20.6  | \$38.5                           |
| Capital expenditures, net of capital offsets (non-GAAP) | \$5.2   | \$32.6                           |

| Measure                                              | Q3 2024 | Nine months ended Sept. 30, 2024 |
|------------------------------------------------------|---------|----------------------------------|
| Change in cash, cash equivalents and restricted cash | -       | \$(55.7)                         |

EVgo's offsets included OEM infrastructure payments, capital-build funding and proceeds from transferring 30C tax credits. "Capital expenditures, net of capital offsets" is a company-defined non-GAAP measure, not gross construction spending or an estimate of the investment required for each new stall. For the nine months, operating activities provided cash while investing activities used \$70.9 million and financing activities provided \$9.6 million; the combined cash balance declined \$55.7 million. [P2], lines 553-567, 1778, 1870-1885.

## A hypothetical management recommendation

The classroom task is to recommend how EVgo should pace development and engineering work while financing terms and project requirements remain conditional. No public disclosure says management had an unresolved November 12 decision to choose a specific build pace. Treat the alternatives below as analytical paths, not descriptions of an actual internal plan.

| Path                                                   | What the recommendation would mean                                                                                                                                                                                                               | Strategic question                                                                                                                    |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>Advance the announced buildout</b>                  | Continue preparing toward the approximately 7,500-stall project, releasing internal capacity as financing, site readiness, utility work and project requirements are confirmed.                                                                  | Does the value of expanding coverage and gaining scale justify committing resources before project economics and all terms are known? |
| <b>Stage the work</b>                                  | Prepare the project but release development capacity in waves against site-readiness, cost, utilization and reliability milestones. Any gate or timing is a classroom recommendation.                                                            | What evidence should trigger the next wave, and what value might be lost by staging?                                                  |
| <b>Preserve capacity for contracted or eXtend work</b> | Keep more development capacity available for existing eXtend or fleet/site-host opportunities while seeking clarity on DOE project requirements. Any shift in project scope would require confirmation of financing and contractual flexibility. | Which model can use scarce engineering and deployment capacity well, and what evidence would make that comparison fair?               |

All paths carry uncertainty. A staged plan cannot assume EVgo may freely pause, resize or substitute sites under the conditional commitment. The DOE financing cannot be counted as available corporate cash or assumed usable for eXtend or general expenses. EVgo's release says the proposed financing would support the public fast-charging expansion, but neither it nor the Q3 filing supplies enough project detail to calculate returns, an optimal pace or a per-stall investment value. [P2], lines 1344-1346; [P3], lines 31-46; [P4], lines 6-10.

## Assignment

Prepare a two-page recommendation to EVgo's executive team. Choose a path, address the strongest argument against it, and specify evidence gates and metrics you would use before committing the next tranche of development and engineering capacity. If you propose a review horizon or threshold, label it as a classroom assumption. Do not assume the DOE commitment has closed, sites can be freely substituted, or the reported network average predicts returns at a new site. No NPV, optimal deployment pace or per-stall return can be calculated from the public information in this case.

## Sources and conventions

**P1.** EVgo Inc., Q3 2024 earnings release, Exhibit 99.1, filed 12 November 2024. **SEC exhibit.** Operating and financial results, lines 15-29, 32-33, 51-53 and 58-100; scope definitions, lines 83-84.

**P2.** EVgo Inc., Form 10-Q for quarter ended 30 September 2024, filed 12 November 2024. **SEC filing.** Balance sheet, lines 284-325; restricted cash, lines 648-652; DOE subsequent event, printed p. 32, lines 1344-1346; cash flow, lines 553-567; capex definitions and reconciliation, lines 1778 and 1870-1885; business model, lines 1374-1399.

**P3.** EVgo, 3 October 2024 conditional DOE commitment announcement. **Company release**, lines 31-46.

**P4.** U.S. Department of Energy Loan Programs Office, 3 October 2024 conditional commitment announcement. **DOE release**, lines 6-10.

**P5.** EVgo Inc., 2023 Form 10-K, filed 6 March 2024. **SEC filing.** Company overview and eXtend, printed pp. 8-10, lines 416, 423; portfolio-level predefined IRR screen, lines 327-328; competition and risks, pp. 27-30 and 66-68; site-host arrangements, printed p. 60, lines 1399-1401.

All financial values are U.S. dollars. Q3 and nine-month measures are identified separately. GAAP cash flows and capital expenditures are separated from management-defined non-GAAP measures. Company statements and forward-looking expectations are attributed; calculations are not presented as forecasts. The information set ends 12 November 2024.