

TALKING POINTS: THE FUTURE OF EV, REAFFIRMING UK COMMITMENT AND DRIVING BOLD AMBITIONS

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INTRODUCTION

On 16 June 2020, Watson Farley & Williams and Grant Thornton co-hosted a webinar entitled “The future of EV, reaffirming UK commitment and driving bold ambitions”.

The interactive session offered practical insight from an expert panel that included:

- Daniel Lyons, GM Future Mobility at Shell;
- Simon King, Director of Sustainability & Social Value at MITIE;
- John Jardine, Managing Director at EO Charging;
- Anthony Hinde, Managing Director at Gronn Kontakt UK (Statkraft);
- Nicholas Connell, Senior Associate at Watson Farley & Williams; and
- Christopher White, Manager at Grant Thornton UK (Chair).

We provide a summary of the main talking points discussed during the webinar below.

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Different thinking required for companies looking to convert to an EV fleet

Managing an electric vehicle (“EV”) fleet is a fundamentally different challenge to managing a fleet of petrol/diesel vehicles. The management of a fleet of petrol/diesel vehicles is primarily focussed on the leasing of vehicles and the distribution of fuel cards to drivers. Meanwhile, managing an EV fleet is more akin to managing an energy system, with a vehicle as the final part of the chain. There are therefore a number of different areas for companies to consider if they are looking

to make the conversion a part of their de-carbonisation strategy.

Companies will need to consider the type of EV required, and in particular the range requirements for its business (in many cases the actual range requirements may be lower than expected or assumed), and companies will also need to consider bulk orders for EVs and clear agreements with leasing companies to ensure that operation and repair costs are clear and stated upfront.

In addition, EVs require an infrastructure of charging points and the vast majority of charging typically takes place at home or at work (i.e. where the EV is stationary for the longest periods of time). To ensure this infrastructure is available, companies can partner with charging point operators (“CPOs”) to install charging points at these locations. Companies will also need to make sure that they facilitate top-up charging at public EV charging points if required, by providing compatible charge cards to their drivers.

Lastly, companies may need to educate their drivers to change perceptions of EVs and make sure that drivers are aware of the best way of managing the charge on an EV, which in many ways is closer to charging a mobile phone rather than fueling a petrol/diesel vehicle.

Deficiencies in customer experience reflect a fragmented EV market

Even though it is anticipated that the vast majority of charging will take place at private charging points at home and work, the public EV charging infrastructure network will still be an important part of the mosaic of the EV charging network, especially for private owners that do not have off-street parking or for fleets that have duty cycles that exceed the range of their vehicles’ capacity.

Making public EV charging points accessible and easy to use is a key part of their success but currently the customer experience is clunky and needs to be simplified and better interconnected. For example, a recent survey commissioned by NewMotion found that EV owners on average carry more than two charge cards at any time and a significant proportion of owners surveyed carry more than five.

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The current sub-optimal nature of the customer experience reflects the fact that the EV market is still in its early stages. There is a lot of experimentation regarding business models and new solutions currently across the industry. Early pioneers of EV infrastructure are now being joined by energy companies as well as utilities and automotive manufacturers who see the potential that can be delivered through bundled and integrated offers in e-mobility. The result is a gold-rush style land grab and a fragmented and often disconnected market.

Customer experience is a crucial part of encouraging the uptake of EVs and so CPOs, governmental authorities and others will need to consider how best to standardise and improve the customer experience at public EV infrastructure points.

The future of the EV market in a post-pandemic world

It is hoped that one of the silver linings of the COVID-19 pandemic will be that the transition to EVs will be quicker and stronger.

This is because government support, that will likely continue to be needed in the short term, may increasingly be contingent on businesses reducing their carbon emissions to promote a “green recovery”. The adoption of EVs may be one of the easiest ways for businesses to achieve this.

Secondly, during the lockdown the public had first-hand experience of improved air quality in urban centres, which is one of the main benefits of transitioning away from petrol/diesel cars. This may encourage more people and businesses to adopt EVs and also give government the opportunity to introduce further measures to accelerate this transition.

The UK government is taking a number of steps to develop the EV market, but time is of the essence.

It is encouraging that the UK government is taking a multi-dimensional approach to encourage and leverage private sector investment for the construction of a self-sustaining public EV charging network. As well as subsidising the purchase of EVs through the plug-in grant, the government is focussed on ensuring that there is sufficient EV charging infrastructure installed throughout the UK.

To do this, the government has introduced a range of incentives to reduce the cost of installing a charging point at home, the workplace or on the street. It has also aimed to clarify existing legislation to make sure it is adequate and clear enough to cater for the expansion of EV and their infrastructure.

In addition, new regulations have been introduced to try and standardise the customer experience across all EV infrastructure, including ensuring that all EV operators comply with common standards for socket outlets and vehicle connectors and making sure that equipment is available for use by the general public without requiring a pre-existing contract or membership.

The government is also considering amendments to building regulations to require the construction of EV charging capabilities in all new residential buildings with a designated parking space and new non-residential buildings with parking spaces.

Lastly, the government has looked to fund the construction of EV charging infrastructure in certain circumstances. It has established the Charging Infrastructure Investment Fund, that aims to invest up to £400m to enable the roll-out of EV charging infrastructure. Similarly, the Rapid Charging Fund has been established, which will be available to cover a portion of costs of installing high powered EV charging infrastructure at strategic sites across England’s road network where such an upgrade would otherwise be prohibitively expensive and uncommercial.

All of this is encouraging, but the 2035 target to ban the sale of all fossil fuel cars and indeed the 2050 net carbon zero goal mean that there is still a lot of work to do.

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For more information on the steps the government is taking to encourage the growth of the EV market in the UK, please see our article *“The Future of E-charging Infrastructure: United Kingdom”*, which is part of a series of articles about e-mobility across a number of countries in the EU.

Nicholas Connell, a former senior associate at our London office, also contributed to this article.

KEY CONTACTS



HENRY STEWART
PARTNER • LONDON

T: +44 20 7814 8404
M: +44 7525 891 394

hstewart@wfw.com



MARTIN LUCAS
PARTNER • LONDON

T: +44 20 7814 8101

mlucas@wfw.com



EMMANUEL NINOS
PARTNER • LONDON

T: +44 20 7814 8046

eninos@wfw.com

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