



ELECTRIC (AND AUTONOMOUS) VEHICLE GOVERNANCE FRAMEWORK

**SUMMARY OF RESPONSES
TO THE CONSULTATION
OF MARCH TO MAY 2019**

OCTOBER 2019



Gemserv

1.

GETTING TO GRIP WITH THE TRANSITION TO EVS

The global transition to electric vehicles (EVs) is underway. There is no doubt that the change must happen. Governments around the world are making commitments to phase out fossil fuel vehicles under increasing time pressures to avert the climate change emergency.

This is being catalysed by advances in technology such as

- industrial batteries providing EVs with significant vehicle range
- deployment of charging infra-structure
- continued decarbonisation of the electricity system
- the ever-faster development of digital integration and bundling of products and services.

The UK is the first major economy to pass a net zero emissions law. The target will require the UK to bring all greenhouse gas emissions to net zero by 2050, compared with the previous target of at least 80% reduction from 1990 levels. The electrification of transport has an essential part to play to achieve NetZero.

Yet, the path of transition for the economy is complex, commercially challenging with imposed time scales that appear increasingly unachievable. It is fair to say that policy goals in of themselves will not achieve the far-reaching changes needed to resolve barriers within a highly conflicted marketplace. All sectors must come together to support the transition and create wealth, provide jobs, advance innovation and skills as part of a low carbon, prosperous and sustainable economy upon which we all depend.

The UK is not alone in this, it is a global phenomenon.

Change must happen fast, but there is a long list of market challenges that are not easy to overcome such as:

- mining raw materials for billions of batteries in a sustainable and ethical way
- the recovery of huge investments previously made into large scale manufacture of fossil fuel vehicles
- the large-scale investment now required into the mass production of electric vehicles
- confidence that investment will deliver desired outcomes
- system integration and accountability
- product safety and consumer protection
- commercially viable business models
- environmental sustainability, recycling and disposal of the inevitable mountain of batteries.

There are far reaching sectorial dependencies such as operating the electricity system for millions of electric vehicles in a sustainable and fair way for everyone while keeping this critical national infrastructure safe, secure and affordable.

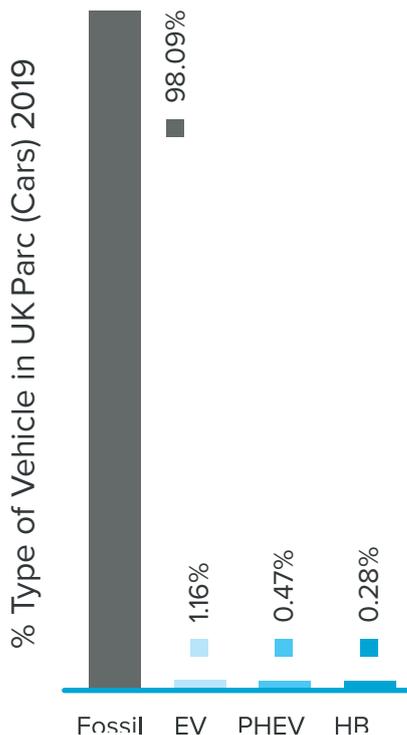
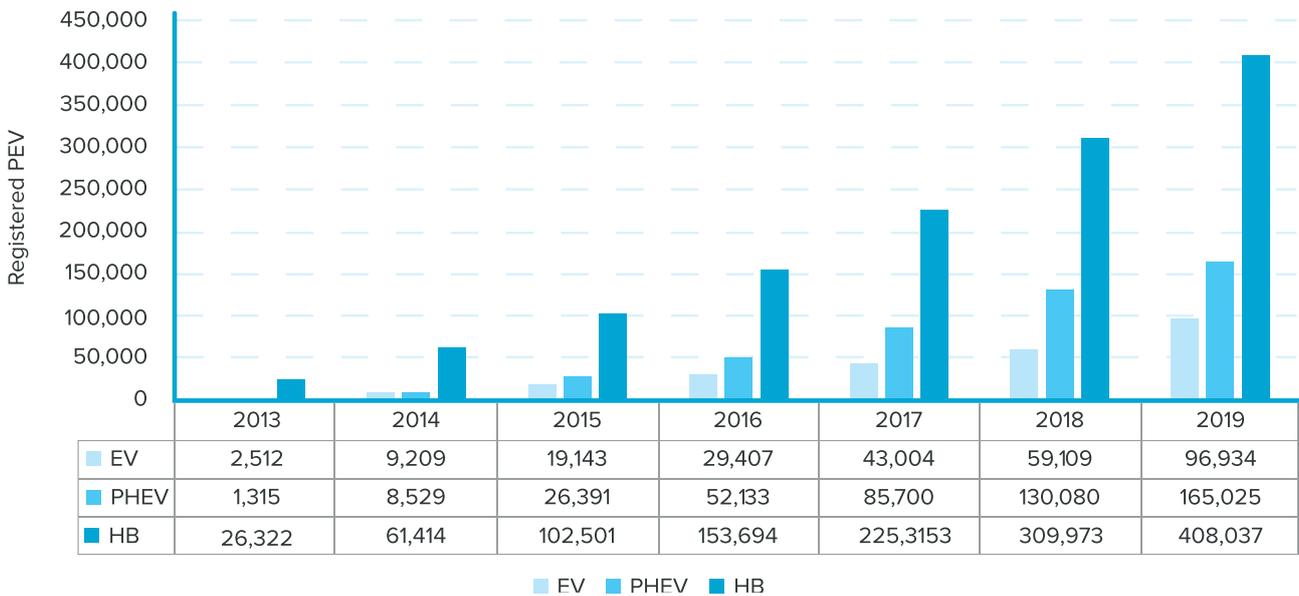
The stakes are high, the risks of failure are high, and the time to make these changes appears insufficient.

“THE UK IS THE FIRST MAJOR ECONOMY TO PASS A NET ZERO EMISSIONS LAW.”

SO, WHAT IS THE CURRENT STATE OF AFFAIRS?

To date the adoption of electric vehicles has been almost non-existent when compared to the internal combustion engine, and compliance with net zero legislation seems far-fetched. Only about a quarter of a percent of the UK car parc is electric. This is testimony to the difficulties faced by the market implementing the desired policy outcomes.

Electric Vehicle Uptake UK (Cars)



Many of the Ultra-Low Emission Vehicles (ULEV) today are super-efficient fossil fuel hybrids that are unable to connect to the electricity system and unable to benefit from renewable generation such as wind and solar.

So far, the path to scale up the uptake of electric vehicles has proven to be intangible.



THE ELECTRIC (AND AUTONOMOUS) VEHICLE GOVERNANCE FRAMEWORK (EVGF)

It is Gemserv's premise that the indicative market failures are not due to limitations in technology or lack of innovation, but the market's inability to govern the complex change across industry sectors in a tangible, outcome driven and timely manner which is not in the nature of the legislative process or current governance arrangements.

We propose that the EVGF provides a viable means to all organisations to drive much needed coordination and collaboration across all sectors that is needed for the transition to new products and services as fossil fuel vehicles are being phased out over the next 20 years. We believe this is the most cost effective, fair, societal inclusive and optimal way to charter the path of transition for everyone. The EVGF will enable industries to step up on these issues, demonstrate leadership in tackling the many issues facing the EV transition.

During the spring of 2019, Gemserv conducted an initial consultation to test whether its proposals for the EVGF would resonate with the market. Twenty-two organisations responded sharing their views about the need for the EVGF and challenges faced in adoption of it. The consultation has attracted support from many influential organisations. Where concerns have been raised, we have sought to address these and refine our thinking about delivering the EVGF as a tool to the market, empowering confidence to accelerate the transition to EVs.

The Government appointed Electric Vehicle Energy Taskforce (EVET) and in its recent report highlighted that some form of market governance is needed. We believe the EVGF has the means to deliver on this recommendation – and others EVET priorities - at the pace and scale required by the market.

This document describes the essence of the EVGF and learnings from the consultation responses.

“ **THE EVGF PROVIDES A VIABLE MEANS TO ALL ORGANISATIONS TO DRIVE MUCH NEEDED COORDINATION AND COLLABORATION** ”



2.

EVGF CONSULTATION FEEDBACK

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***THE UPTAKE OF
EVs TOUCHES
UPON MULTIPLE
MARKETS AND
INDUSTRIES***

KEY FINDINGS

Gemserv is grateful to the twenty-two organisations spanning multiple industries that provided formal feedback to the consultation – some of which representing many organisations in the market. We have included a list of the organisations which responded. Below is a summary of key points raised by respondents.

THE NEED FOR AN EVGF

Overall there was a convergence of views that appropriate industry self-governance and collaboration is needed to deliver the transition to EVs, helping to future proof investment as new business models in transport evolve around Electric Vehicles (EVs), Connected Autonomous Vehicles (CAVs) and Mobility as a Service (MaaS). Most respondents thought that the EVGF could be a mechanism through which to help deliver this.

CROSS SECTORIAL CHALLENGES

The broad spectrum of organisations which responded underlines that the uptake of EVs touches upon multiple markets and industries: EVs cannot be segmented into one market or industry sector. Indeed, the clear and repeated message that came from the consultation was the need for industry collaboration because no one sector, or actor, can address the challenges facing EV adoption.



LISTENING TO CONCERNS

Two principle areas of concern were raised by a minority of respondents:

Independence – There was a question why Gemserv is leading the EVGF and as such whether it would be truly independent.

In response to this we are proposing that the EVGF is set up as an independent not-for-profit company together with an Industry Forum to guide the implementation of the EVGF enabling businesses and consumers alike to switch to EVs more quickly. As such, it would be the industry and government that would influence the strategic direction of the EVGF with Gemserv performing the role of the EVGF Manager adding value with supporting market tools and insights working closely with a wide range of partners. Gemserv has experience of independent code and scheme management, is a proven industry convenor, and is motivated to deliver better societal and environmental outcomes – as such it is well positioned to catalyse the EVGF and perform the management role.

Need for new market rules and governance – it was questioned whether there was a need for new rules and governance at this stage of market development, and if so, whether it would be better to rely on government to bring these forward.

Due to the highly disruptive nature of EVs to supply chains and the barriers to their uptake, we have identified a need for new standards and rules allowing products and services to scale quickly and to help de-risk much needed investment. However, in response to industry concerns we are proposing to bring together only the existing rules for the ‘day one’ EVGF. These will be accessible as a digital rulebook which will be curated by ‘use cases’ sitting on Gemserv’s digital platform alongside other supporting tools. While we believe market scale-up will inevitably require new rules, standards and ways of working, these would only be proposed where there was clear evidence of need and support from active market players under the direction of the Industry Forum.

Regarding the role of industry self-governance versus government regulation, other respondents thought that industry stepping up through the EVGF could negate the need for some government regulation which risks being prescriptive, inflexible and ultimately counter-productive. While appropriate regulation would still be needed, rules on very technical matters could be best dealt with, through industry self-governance. This has been a consistent message from other stakeholders we have engaged with, and remains Gemserv’s view, though again it would be for the Industry Forum to ensure an informed and inclusive decision-making process to drive new market rules for the benefit of the market as a whole.



FURTHER INSIGHTS FROM RESPONDENTS

SHARED RESPONSIBILITIES

Respondents highlighted the need for better communication and co-operation between service providers and OEMs (original equipment manufacturers). One response highlighted the disconnection between highly regulated market sectors, such as energy, and emerging market sectors such as autonomous vehicles which currently has minimal regulation. Furthermore that the operators of the energy networks must bear much of the burden of EV uptake yet do not have many of the levers necessary to address the challenges, for example, ensuring electricity grid resilience. In short, no single actor from across the EV supply chain can resolve the many risks and barriers to normalising EVs (and CAVs) and, as such, there must be better collaboration and partnership working, and this could be facilitated through the EVGF.

AGILE AND INDUSTRY-LED

Respondents recognised the need for regulation to protect the customer and to underpin EVs as the mobility option of choice, and furthermore that EVs must play a key role in achieving carbon reduction targets. With improved communication and the realisation that the EV Industry is a global marketplace, having an industry-led regulatory and decision-making body was recognised as a benefit of the EVGF. It was seen that having a multisector approach that would expedite the most appropriate regulations being approved through national governments. No respondent thought that the EVGF should replace appropriate government regulation but that there could also be a role for self-governance through the EVGF.

IMPLEMENTING BEST PRACTICE

In the context of industry-led governance and self-regulation, respondents indicated a need to identify and assemble best practice and have a way of determining which rules and decisions could be brought forward by industry to avoid the need for premature government intervention which could be counter-productive at this stage of market development. Respondents saw a benefit of having all regulations, policies and standards in one place as proposed with the digital rulebook as this would add clarity and understanding for market participants as well as emerging market actors operating across the EV supply chain.

A CONSENSUS APPROACH

As indicated through the breadth of sectors represented across respondents, there is no single view on the transition roadmap to EVs, nor an accepted body to drive consensus on a single industry view on such issues. Each market segment is seeking to solve its own issues and has no co-ordinated way of engaging with other market sectors and actors which impact upon them. One example that was discussed across responses was the need for EV infrastructure and the misalignment of this with current regulation and policy which in some cases is hampering the uptake of EVs. Furthermore, providing EV charging as a service for the consumer requires significant involvement of manufacturers, energy producers, energy networks and charge point operators. The consumer wants a seamless experience and will not see the EV industry as a set of segmented services. As such products and services need to be joined up and interoperable. The data that underpins this is segregated and not centrally collated with inconsistencies around ownership and access which could be a focus for the EVGF to help resolve.

DIGITAL INTEGRATION

Continuing the data theme, access to data by industry and customers was discussed by respondents. While the energy industry has some data, many recognise that it is not a complete dataset of the EV markets and is mainly tied to regulatory requirements. To support a more efficient marketplace for customers, respondents highlighted the need for consistency around the collection and sharing of data. For example, many highlighted the need to identify the various data sources that currently exist and addressing any gaps in data collection by forming a single industry view on this issue.

VIABLE PATH OF TRANSITION

Many respondents discussed the challenges of new business models aligning. Academic respondents highlighted the need for analysis to identify gaps and barriers in the industry while service and product producers wanted the flexibility to take risks and innovate. The common ground was the need to ensure the customer had appropriate protections and that the ease of access for EV products and services was established. There was optimism with respondents believing that as demand increases more innovation will see new business models adding greater value whilst avoiding the need for further regulation.

GLOBAL SHIFT

There was an overwhelming acknowledgement that a global, digitally enabled, decision-making forum could help the UK, Europe and beyond achieve EV roll out and in turn contribute to carbon reduction targets. Respondents thought that the EVGF could add benefit to the industry to make it more efficient and break down the geographic borders represented by government and trade regulations.

NEED FOR GOVERNANCE

As already noted, there were a minority of respondents who did not believe there was a need for the EVGF, because:

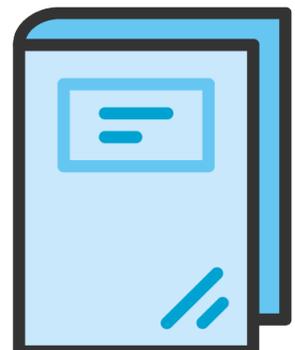
1. **Industry-led regulation** – it is not the industry's place to define and establish regulation and should not be proactive in doing so; and
2. **Redundant Initiative** – respondents pointed to existing activities, mainly led by the government, where they thought the EVGF would duplicate.

For two respondents, they thought that the typical market realities would see the rise of fair competition and appropriate services required to spur EV adoption. They implied that with more EVs will come more opportunity for innovation and that a common governance initiative would disrupt this natural economic occurrence.

While these are legitimate concerns, they were not the majority view held by respondents. In addressing these the EVGF has evolved with a much clearer recognition of the vital role that government regulation must play, but also – as we see in parts of the energy and other markets – the important role that industry self governance can play in bringing forward standards, codes of practice and the like that are critical to scale new products and services and de-risk large investments. Furthermore, an important part of the EVGF is that it would for the first time bring together multiple sectors to sit on the EVGF Forum which would debate a viable path of transition and make recommendations on such matters.

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**RESPONDENTS
SAW A BENEFIT
OF HAVING ALL
REGULATIONS,
POLICIES AND
STANDARDS IN ONE
PLACE AS PROPOSED
WITH THE DIGITAL
RULEBOOK**



3.

EVGF IMPLEMENTATION

Gemserv is acting as an independent catalyst to bring about the collaboration required to make accelerated EV adoption a reality. In this process, Gemserv will be undertaking the following:

1. Establishing the EVGF governance forum – we invite founding partners to join us in recognising that industry collaboration on a global scale is required to address our environment challenges with EV and the forthcoming autonomous vehicle fleet a core solution.
2. Developing a rulebook hosted on a digital platform - to bring together all the rules, regulations, policies and best practices to help the industry better understand the gaps and needs from a customer's point of view. This will help build market alignment and inform required industry-led regulations.

BENEFITS OF THE EVGF

Market Participants will see benefit from the EVGF through:

- Cross-sector industry engagement which will be driven through the EVGF and its digital platform and which in turn accelerates the forging of partnerships and problem solving among market participants in global markets.
- Increased sales of products and services because of the enhanced consumer confidence as a result of businesses being EVGF accredited and being associated with other accredited brands and organisations in their supply chains.
- Being able to bring to market products and services quickly which would not otherwise be possible because the EVGF has helped resolved issues such as interoperability at an early stage.
- In depth market research about the EV and CAV markets through the resources available via the EVGF.
- Reduced compliance burden because all applicable rules are accessible in one place in a digital format with tailored responses to questions about which rules apply to products, services, and business model.
- Sell more products and services as a result of the market scaling more quickly than it would have done in the absence of the EVGF.
- Be seen to actively engage in driving operational excellence and deliver quality products and services to market, which will increase brand value.

GET INVOLVED!

Should you wish to be involved in the EVGF to bring about industry-wide collaboration to help achieve a Net Zero Carbon future, please request an EVGF prospectus by emailing: evgf@gemserv.com or by visiting: <https://www.gemserv.com/capabilities/clean-transport/>

LIST OF ORGANISATIONS WHICH RESPONDED TO THE EVGF CONSULTATION

We are grateful to the organisations listed below for their responses to the Gemserv's EVGF consultation:

AVL

Centrica

Citizen Advice

Drax Group Plc

Electrical Safety First

E.ON

Energy Networks Association

Energy System Catapult

Energy UK

IBM

intu Properties Plc

Linklaters

Kaluza

Leve Ltd

National Franchised Dealers Association

Npower

Pod Point

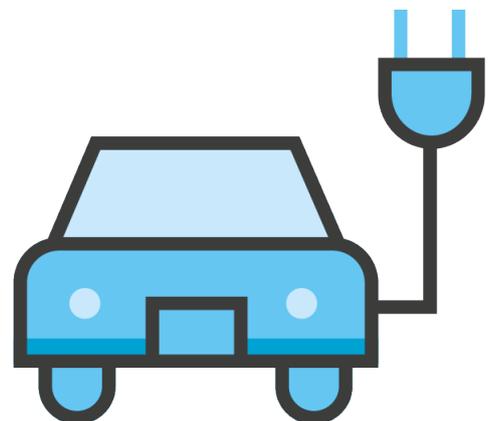
Renewable Energy Association

Renewable Energy Customer Code

Shakespeare Martineau

University of London

University of Sheffield



LONDON OFFICE

8 Fenchurch Place

London, EC3M 4AJ

Telephone: +44 (0)20 7090 1091

bd@gemserv.com

IRELAND OFFICE

Fitzwilliam Hall Business Centre

Fitzwilliam Place, Dublin 2

Telephone: +353 (0) 1 669 4630

bd@gemserv.com

