



Charging forward: How businesses are powering the EVolution

centrica
Business Solutions



Executive summary

As the UK economic recovery from Covid-19 continues, the outlook for businesses is growing steadily more positive.



Greg McKenna,
Managing Director, Centrica Business Solutions

While some businesses remain in survival mode, others have seen revenues return and have shifted their focus back towards capitalising on opportunities and maximising growth.

This cautious optimism is reflected in firms' plans when it comes to adopting electric vehicles (EVs).

Businesses have invested £11.6bn in EVs over the past 12 months, an increase of more than £1bn billion on the previous year. That puts the total combined investment figure for the past 24 months at £22.2bn.

Considering the major challenges all businesses have faced during the pandemic, and the ongoing concerns about rising wholesale energy costs, this is a compelling demonstration of the commitment to respond to the electrification challenge.

A further £13.6bn of investment is planned for the year ahead, to cover both the cost of the vehicles themselves, and putting

in place the charging and energy management infrastructure they will require.

For this year's report, we have again surveyed 200 businesses from across the UK in a wide range of sectors, asking them where they are on their EV journey and what their plans for the future look like.

The results reveal that while most businesses are pushing ahead with ambitious EV adoption plans, some significant barriers remain, particularly when it comes to the practicalities of charging vehicles and meeting the increased energy demands and costs, especially against the backdrop of historically high wholesale energy prices. As we look to the future it's clear we need to find a solution for a more decentralised, renewable energy network that can help to bring some cost certainty to businesses.

We are continuing to help businesses balance their environmental and economic objectives and I'd like to say a big thank you to all of the firms that contributed to this report. These businesses have provided invaluable insights on how they are working to meet EV targets at what remains a very challenging time for many businesses.



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£13.6bn

UK firms intend to invest £13.6bn in electric vehicles over the next 12 months


62%

of businesses expect to operate a 100% electric fleet within next four years

93

The size of the average EV fleet is 93, up from 74 in 2020





“It’s clear that business fleets are playing a key role in the overall drive towards electrification.”



Powering ahead with electrification

This year’s data shows a strong upward trend in businesses’ EV investment intentions.

Two-thirds (65%) of firms plan to invest more than 5% of their turnover in EVs in the next 12 months, compared with just over half (53%) that said they had made that level of investment last year.

This translates to a total investment figure of £13.6bn in the next twelve months, an uplift on the £11.6bn spent in the year before, as firms increase their spend on fleets and putting in place the charging infrastructure they’ll need.

Looking further ahead, almost two-thirds (62%) of businesses expect to operate a 100% electric fleet within the next four years and all respondents expect their fleets to be 100% electric within 10 years. Just one in five (18%) predict that complete EV adoption will take them more than five years.

Installing charging infrastructure forms a significant part of these adoption plans. More than four in 10 businesses (44%) have already installed home charging points in some employees’ homes and a further third (36%) plan to do so in the next 12 months.

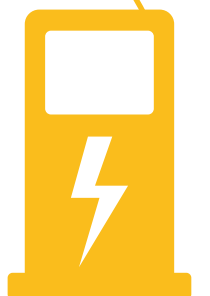
Perhaps most impressively, firms plan to add 163,000 vehicles to their fleets in the year ahead, a 35% increase on the 121,000 registered last year. Given that the total number of new battery electric vehicles (BEVs) that joined the UK’s roads in 2021 – including private and commercial vehicles – was just over 190,000, it’s clear that business fleets are playing a key role in the overall drive towards electrification.

44%

of businesses have increased the number of EVs in their fleet over past 12 months, compared to 40% of firms the year before

36%

of businesses are planning to install EV charging points at employees’ homes in the next 12 months



What's driving EV adoption?

For the 44% of businesses that said they had increased their EV fleet last year, most cited the motivation behind the investment was meeting sustainability plans and targets (59%).



This is followed by reducing disruption and the cost of low and zero emission zones (49%), demand for EVs from employees (45%) and pressure from customers to be more environmentally friendly (43%).

A quarter of firms (24%) said they were attracted by the opportunity to create new revenue streams by generating energy on site to support EVs and selling surplus to the grid. Four in ten (40%) planned to install renewable on-site energy generation to support EV infrastructure and a third (32%) also intended to adopt battery storage to store excess energy generated on-site, in moves that suggest a more decentralised approach to EV charging.

When we asked the whole sample – including those that either maintained their EV fleet size or reduced it – what they view as the key benefits of adoption, the results were slightly different. The biggest attraction is the potential to reduce operational costs (62%) followed by enhancing business reputation (56%), recruiting and retaining staff (53%) and improving environmental performance (53%).

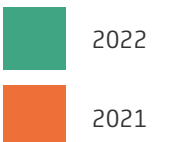
When it comes to government support for EVs, a significant majority (66%) of firms think that government departments and policymakers are doing enough to encourage adoption.

However, more than half (54%) would like to see tax reductions based on EV usage, four in 10 (44%) called for some form of funding or subsidies to help with the cost of vehicles and charging points. A third (34%) said they felt there could be better communication and education about the benefits of EVs and the same number (34%) said government grants should be available to help firms cover adoption costs.

Internal pressures from investors, shareholders and trustees to become more environmentally friendly remains high on the agenda, with almost two in ten (17%) firms citing it as a driving factor.

Top reasons for adopting EVs and how these have changed in the past 12 months

To meet the business' sustainability plans and targets



To reduce disruption and cost caused by low and zero-emission zones



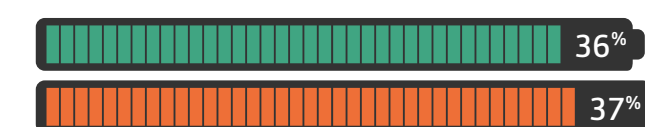
Demand from employees for availability of EVs



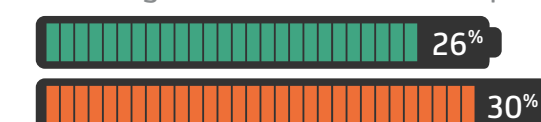
Pressure from customers to be more environmentally friendly



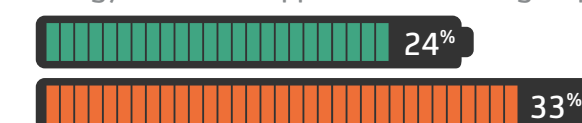
Attraction of lower maintenance and whole-life cost vehicles



To meet government environmental policies and emissions targets



Opportunity to create a new revenue stream by generating energy on-site to support EV and selling surplus to the grid



Pressure from investors, shareholders and trustees to be more environmentally friendly



Barriers to adoption

There is no question that businesses across the board are focused on fleet electrification and they intend to invest heavily in the coming years.

However, our survey revealed that there are still some major barriers to be overcome, chief among them the question of vehicle charging.

Of the 56% of businesses that said they had not increased the size of their EV fleet in the past 12 months, lack of public charging infrastructure was the joint most-commonly cited reason for the decision (46%).

This is understandable, as almost two thirds (64%) of businesses said they either completely or partially rely on the public charging network to operate their EV fleet. Range limitation of EVs was also cited by 46% of firms.

Behind these charging-based barriers, 44% of companies said they had chosen to prioritise investment in the business elsewhere following the impact of Covid-19, while fewer than a third of businesses (30%) said they were put off by the up-front cost of EVs.

In terms of the overall perceived barriers of EV adoption, when we asked the whole sample what barriers were keeping them from going 100% electric sooner, more than half (52%) cited the cost of buying the vehicles.

And almost half (46%) highlighted the increased energy costs caused by employees charging vehicles at home while four in ten (40%) pointed to a lack of on-site charging infrastructure.

One growing concern for EV adopters is around rising wholesale energy prices. While the costs of running EVs still remains lower than those associated with Internal Combustion Engine (ICE) vehicles, rising prices are a worry for some firms.

As the UK moves towards a more electrified future, a shift towards a more decentralised energy network will be critical to ensuring that energy demand from EVs can be managed and energy costs can be controlled. A key part of this will be greater adoption of solar and battery storage to enable businesses to generate and store renewable energy directly on their premises.

63%

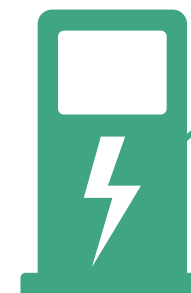
of businesses are worried about accessing public charging infrastructure in the future to keep their fleet moving on the road

64%

of businesses wholly or partly rely on the public charging network to operate their fleet

46%

of businesses who have not increased their EV fleet say lack of public charging infrastructure is the main reason



Plans to facilitate the use of EVs

Sign up to an energy tariff that offers a reduced rate for EV charging



Install EV charging points on business premises



Install on-site energy generation technology (non-renewable)



Install renewable on-site energy generation technology



Install smart energy sensors to monitor how EVs are affecting businesses' energy use



Install a battery array to store energy from on-site renewable generation



Explore flexible energy financing options



Hire personnel to specifically oversee the electrification of the fleet



Provide training for staff on how to operate electric vehicles



Have already
Plan to in the future

Overcoming the charging challenge

It's plain to see from the barriers cited by companies that vehicle charging and energy costs are both significant stumbling blocks.

They are preventing the floodgates of EV uptake from opening in the way they need to as we approach the 2030 ban on the sale of new Internal Combustion Engine vehicles.

Admittedly, part of the responsibility for tackling this challenge lies with government, and its fiscal support to aid the roll out the UK's charging infrastructure.

However, there is also much work to do in educating businesses and working with them to realise the potential benefits that exist in adopting EVs as part of a wider transition to smarter energy management.

Almost two-thirds (64%) of businesses said they had not installed charging points on their sites because it is too expensive while a third (32%) said they have chosen not to install electric charging points on their premises due to concerns around increased energy costs.

But companies don't have a choice when it comes to adopting EVs ahead of 2030, so it's important to think about how they are going to manage the additional energy requirements.

Those installing on-site charging should look to avoid the risk and high costs of buying all of the power from the grid by investing in on-site renewable generation and increasing the use of energy storage too.

Many are already embracing this approach. Some 43% of businesses plan to install renewable energy generation technology such as solar panels, on their premises – and 40% already have them in place. But the shift to a decentralised energy network is not keeping pace with the growing demand for power. These need to go hand-in-hand to effectively manage the energy needs of the future, and all businesses should consider how distributed energy technologies like solar panels and battery storage can benefit their EV infrastructure.

On the other hand, if they're chiefly going to use employee home charging, they should investigate management systems that allow these charging points to be integrated with company payroll systems so business energy consumption can be reimbursed without becoming an administrative burden.

According to the survey, for those companies that have already installed EV charging points in employees' homes, only a third (36%) have already set up a system to reimburse charging costs. Almost three-quarters (72%) plan to set up a system to manage this in the next 12 months.

We are working in partnership with many businesses to implement solutions that will allow them to meet the additional energy demands affordably, wherever they are charging their vehicles.



Find out more

To learn more about Centrica Business Solutions can help you achieve your plans for EV adoption visit **www.centricabusinesssolutions.com**

Methodology

A survey of 200 UK-based business with a turnover in excess of £1million and operating a least one vehicle was carried out on behalf of Centrica Business Solutions by research agency Coleman Parkes in January 2022. 'Electric vehicles' were defined in the survey as battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs).

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