EVs and the future of PH mobility

BOSTON, Massachusetts — By 2030 electric vehicles (EVs) will be the king of the road. This is at least according to McKinsey and Company, which, in collaboration with Bloomberg New Energy Finance in a study titled “An Integrated Perspective on the Future of Mobility,” suggests the dominance of EVs in the future. Can we expect the same in Manila and Cebu in the future? And have our policymakers started preparing for this eventuality?

Aggressive policy is required for creating real demand for and widespread adoption of EVs. And currently, we don’t have one. We pale by contrast, for example, with the Thais who, in 2016, released a forward-looking, ambitious plan for the smart, intelligent generation and use of energy — and their integration with electric mobility. The Thais are leading the region in the leap forward in ICT-energy-transport integration. In addition to its policy preparations, Thailand also became the home of perhaps the first electric vehicle factory in Asean.

There are four types of EVs: hybrid, plug-in, battery, and fuel-cell; the first two are powered by electricity/diesel or electricity/petrol. At the moment, an EV is still a novelty or a rich man’s toy, but the market for it is set to rapidly increase in the near future. But it can be worth the investment only when its batteries can go about 200 kilometers at one charge, its quality gets better, and its size gets smaller. We need to prepare ahead for this emerging demand and new market.

Thailand is waiving tariffs for imported EVs, planning to build charging stations, and preparing incentives to prod domestic EV assembly. China’s central government in Beijing is subsidizing an equivalent of P340,000 per electric car, while the local government provides an additional P375,000, to allow a Chinese driver to buy a new Tesla Model 3 battery EV. Other Chinese cities offer additional incentives such as free license plates and reserved parking spaces, while increasing the number of charging stations.

Indeed, state policy is important. But policy should not only be about providing incentives, support and promotion; it also has to point toward a certain direction. Until charging becomes convenient—meaning charging stations become as ubiquitous as gas stations—many drivers will still be reluctant to buy EVs, even with generous
subsidies and incentives. Batteries, which are EV core components, need further research and demonstration support. Also important is ensuring that charging stations are powered by sustainable energy, since EVs might end up emitting more carbon when they are charged using electricity from fossil fuels. Yet another is preparing for the negative impacts on local jobs and industries.

Directionless policy is costly, especially since public incentives are funded by public money that is best spent for other development purposes such as education and infrastructure. The shift toward green mobility, however, will push through with or without policy. Those who didn’t prepare for it will end up losers in the EV game. Regional and global markets, air pollution, and the Paris Agreement on climate change are making this new future a reality.

We need to adapt and come up with new sociotechnical innovations. A clear-cut policy road map is essential: preparing infrastructure, taxes, laws, regulations and incentive structures; priming the private sector; investment promotion, especially with domestic production; R&D, especially involving battery; and human resources and new skills development for this new industry. Preparing for an eventual turn toward green mobility should be in the policy nomenclature of the Philippines.

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