

Low Emission Vehicles Contestable Fund – changes to the investment focus for rounds seven and eight

The purpose of the Low Emission Vehicles Contestable Fund (LEVCF, or Fund) is to encourage innovation and investment that will accelerate uptake of electric and other low emission vehicles that might not otherwise occur. To achieve this, the investment focus signals the types of projects that will be prioritised in each funding round in response to specific market barriers. The Minister of Energy and Resources approves the investment focus for each round.

More information about the Fund can be found at <https://www.eeca.govt.nz/funding-and-support/low-emission-vehicles-contestable-fund/>, including detail of the current funding round.

In August 2019, the investment focus was updated for both rounds seven and eight.

Investment focus broadened for round seven

Additional focus was brought in on low emission vehicle (LEV) servicing options to help build consumer confidence in LEV technology and the practicalities of owning and maintaining such a vehicle. The Fund also seeks to encourage extension of electric taxi, electric rental and electric car-share schemes, along with the development of innovative new transport services for individuals and organisations, also known as mobility-as-a-service.

The fund's investment focus for Round seven is detailed below. New focus areas are highlighted in red.

The investment focus is to:

- support the development of the **public** charging network by identifying and filling key gaps in the network, and by supporting EV charging stations in priority locations where further facilities are needed
- facilitate the scale up of LEV technology, especially in shared fleets and public transport
- enable the demonstration and uptake of light and heavy LEVs and associated technologies through high visibility projects in sectors of the economy where LEVs remain relatively unproven
- encourage low emission vehicle technology innovation, particularly Vehicle-to-**X/bi-directional** and smart charging technologies potentially resulting in reductions to peak electricity demand
- support the development of LEV maintenance, repair and other support services
- **support the development of battery refurbishment, recycling and repurposing services**
- **support the demonstration of low-emissions vehicles in mobility-as-a-service, increasing public exposure to low-emissions vehicles through such services as electric taxis, electric rental cars, and electric car-share schemes (excluding plug-in hybrids EVs).**

Potential applicants are encouraged to talk to EECA if you have questions or ideas to discuss.

New e-bike investment focus for round 8

Starting in round 8, an additional opportunity will be available under the Fund:

- Support more people to switch from internal combustion engine vehicles to e-bikes through provision of publicly available secure storage facilities, in particular for high-frequency travellers e.g. daily commuters.

Research shows a healthy market for e-bike sales, however the perceived lack of security for e-bikes for bikes is still a barrier. This round 8 investment focus area is intended to address that.

EECA expects that early notice of this new focus area will enable applicants to research the opportunity and prepare a proposal for round 8, which is expected to open in around February 2020 and close a month later. Co-funding approvals are expected to be provided by late July 2020.

e-bike secure storage facilities – Q&A

What level of support will the Fund offer towards e-bike secure storage projects?

As with other focus areas under the Fund, applicants can apply for up to 50% of the total cost of the project, up to a maximum of \$500,000. Projects with significant public benefit may attract a higher level of co-investment from the Fund.

Why isn't the government subsidising the purchase price of e-bikes?

Research has shown that purchase price is not a barrier, with upwards of 25,000 electric bikes imported into New Zealand in 2018. However, bike riders are concerned about security of their electric bikes when parked outside the home. Round eight's focus is to help alleviate that "security anxiety" by supporting security facility projects.

Who might apply for co-funding towards electric bike security facilities?

We expect park and ride providers for public transport hubs and councils with low emission vehicles targets to apply, along with business parks and other campus owners.

Why is this new focus area only coming in round eight?

The government wants to give potential applicants as much forewarning as possible, as this is a new area for project applications. In addition, it takes time to pull together interested parties who might want to collaborate on their part of the co-funding.

Why is the LEVCF supporting e-bike security projects, not other parts of government?

The Fund is a well-established mechanism to test the potential of innovative new technologies and ways to employ low emission vehicles in business. The Energy Efficiency and Conservation Authority, Ministry of Transport, Ministry for Business, Innovation and Employment and the New Zealand Transport Agency have worked together to bring this opportunity to market through the Fund, and will share the results of the funding round and any resulting projects. As with any Fund projects, applicants will need to demonstrate the potential to create public benefits.

How can e-bikes help reduce emissions in New Zealand?

E-bikes, like EVs, have the benefit of using our highly renewable electricity, with the potential to create public benefits in the form of reduced carbon emissions, reduced air pollution from tailpipe emissions, and reduced urban congestion. E-bikes also have advantages over conventional bikes; because they are battery powered, they are easier to use over longer distances or on difficult terrain.

Depending on how much they are used, e-bikes could displace conventional cars, in particular for daily commuting. However, studies have shown that significantly more people would cycle if cycling infrastructure was made safer and driving habits more cycle-friendly.

Contact EECA for more information

If you would like to discuss these new investment focus areas, please contact EECA on levfund@eeca.govt.nz, or call Richard Briggs on 027 222 2426, or Camilla Cochrane on 027 457 0205.