Submission on Electric Vehicle Policy for 2019 and beyond
by Charged Hong Kong

With regard to our Air Quality, and the measures we are taking to improve it, Hong Kong continues to lose out to competing countries in our region. The health and fiscal consequences of this are impacting us every day. According to the Hedley Index, in 2016 there were 1,686 premature deaths, 113,000 hospital bed days and 2.6 million doctor visits caused by air pollution. Total economic loss was HK$21 billion.

We have the following suggestions for 2019 and beyond:

1. Purchasers of Electric Vehicles ("EVs") in Hong Kong used to enjoy a 100% exemption for First Registration Tax of new vehicles. In the 2017/2018 budget, the Financial Secretary announced a cap on this exemption for private cars at HK$97,500 - effectively making only the first HK$200,000 of an electric private car purchase, tax free. Since the cap came into effect, new sales of EVs have dropped to a tiny fraction of what they were, and show no signs of recovery to anywhere near past levels. Only 116 EVs were registered from Apr 2017 to Feb 2018. The total number of registered private vehicles exceeded 610,000 in 2018 but only 1.78% of those are EVs. Prior to this policy change, recent years had seen a dramatic increase in the number of Electric Vehicles on our roads; purchasers have now simply switched back to polluting petrol/diesel vehicles, with no reduction in the growth rate of the private vehicle fleet.

   Electric vehicles are still significantly more expensive than polluting petrol equivalents; primarily as a result of the high cost of batteries. To help EVs be competitive in the marketplace, and to encourage their adoption, we urge the HK Government to reconsider this cap. Either remove it, or increase it to balance the pricing inequality. Setting the cap at HK$272,500 would achieve this goal. This can be done in a fiscally neutral manner by increasing the corresponding tax on petrol/diesel vehicles.

2. Several national governments have pledged their intention to end sales or registrations of new internal combustion engine vehicles. For example:

   - France: Commits to end sales of petrol and diesel vehicles by 2040.
   - Norway: Only sales of 100% electric or plug-in hybrid cars to be allowed by 2025.
   - Netherlands: All cars must be emission free by 2030.
   - UK: All new cars being electric or ultra-low emission by 2040.

We urge government to announce a clear timeline and long-term plan for Electric Vehicles in Hong Kong. The targets for EV adoption should be set for the next 5 to 10 years. It is important that the fledgling electric vehicle industry, as well as purchasers of the vehicles, have a clear commitment from government to support this growing trend. A clear timeframe would encourage investment in EV charging infrastructure (see point 4 below).

3. We urge the government to reconsider the restrictions on the incentives for the trade-in and scrapping of petrol/diesel vehicles, and their replacement with electric alternatives. Such incentives (such as the switch of aged buses) have worked well in the past, and have been effective at getting the most polluting vehicles off our roads. The introduction of the "One-for-One Replacement" scheme in Feb 2018 has proven ineffective due to its strict requirements. Only 268 applications under the Scheme were approved from Mar – Nov 2018 (an average of just 30 per month).

4. The single biggest issue facing electric vehicle users in Hong Kong is the lack of home apartment and workplace car park charging facilities. Vehicle owners are willing and eager to install chargers in their own home or office car parks, but the buildings management ("BM") companies and owners corporations ("OC") block such installations - in particular where the installations must interface or pass through common areas of the building. There is, quite simply, no incentive for BM or OC to permit such installations; all they see are risks and extra workload. Our Hong Kong Government has implemented effective measures for new buildings (with the GFA concession being tied to EV enabling car parks), but nothing substantial has been done for existing buildings.

   The solution for home and office car park charging being increasingly adopted overseas is to provide either legislative or regulatory support for the owners of a car park to have the legal right to install an electric vehicle charging station in his own car park space (including the right to access common areas and facilities). Such rights are conditional on aspects such as registered contracts being used, third party liability insurance coverage, all costs being borne by the car park owner, and there being sufficient electrical power for the installation. Hong Kong should adopt such a framework.

   As with the case of the Government's fund to replace old elevators with modern more efficient ones, we also urge the Government to consider the introduction of a fund for EV enabling existing buildings. Such a fund could be in the form of either cost sharing or interest free loan. The fund would be used to kickstart the process of enabling installation of EV charging facilities in existing buildings by incentivising BM and OC to be early adopters (thus able to take advantage of the fund) rather than continue delaying (as the fund will run out after its term expires).

   It should be emphasised that EV charging facilities are used by both commercial and private electric vehicles. The more electric vehicles on the road, no matter whether private or commercial, the more pressure there is on BM and OC to permit installation of charging facilities, and the greater the commercial viability (and competition) within the EV charging networks and providers.

5. On the subject of public charging, the government car parks around Hong Kong provide electric vehicle charging facilities. Such facilities are not dedicated to electric vehicle charging (so the car park spaces are taken by petrol vehicles and unavailable to electric vehicles). We urge the government to dedicate those spaces to electric vehicle charging and to continue the deployment of medium speed chargers to government facilities.

6. Regarding the Steering Committee on the Promotion of Electric Vehicles, we urge the government to expand that committee to include representatives from the trade offering EVs for sale in Hong Kong, as well as the electricity companies (CLP Power Hong Kong Limited and HK Electric Investments Limited). These are the people that should be steering the direction of the EV market in Hong Kong.

7. Electric Vehicles, while reducing roadside emissions to zero, are still affected by the cleanliness of the electricity grid used to power them. We urge the government to continue in its commitments to reducing emissions (both RSP and CO2), by moving to a more sustainable and renewable fuel mix.

   Local power companies (CLP and HKE) must be incentivised to move to a cleaner fuel mix, and to support alternative methods of supplementing the grid. In particular, regulations should be relaxed, and support provided, to permit effective adoption of the recently announced feed-in-tariff for private solar/wind facilities. CLP and HKE must be incentivised to support such facilities. The lack of solar/wind power in Hong Kong is deplorable; especially given the success and growth of this elsewhere around the world. Hong Kong has fallen woefully behind in this respect, and changes need to be made now to support this.

We thank our Government for its policy support for electric vehicles and a cleaner environment. However, the 2017/2018 budget hit the industry badly, and was a huge step backwards. With data from the past two years, we hope that Government can see this clearly, and make appropriate policy and regulatory adjustments to improve the situation. We hope that the administration will reconsider and strengthen its support for Electric Vehicles and the improvements to our air quality that a transition to electrified transportation will bring.

Sincerely,
Charged Hong Kong
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