
25 November 2022

Dir. Patrick T. Aquino, CESO III

Energy Utilization Management Bureau
Department of Energy

Subject: Recommendations and statement of ECCP on CREVI formulation

Dear Director Aquino:

Over the years, the European Chamber of Commerce of the Philippines (ECCP) and its Automotive Committee have been committed to working with stakeholders in promoting the electric vehicle (EV) industry's development and the advancement of smart and safer mobility in the Philippines. In this regard, the Committee also lauds the government for its timely issuance of the EVIDA Implementing Rules and Regulations (IRR), providing a comprehensive and coordinated policy direction among national agencies to accelerate EV development, commercialization, and utilization. Likewise, we recognize this measure as a complementary policy to the Philippine government's thrust to boost sustainability across sectors, which has been demonstrated in the implementation of crucial reforms such as the Energy Efficiency And Conservation Act of 2019.

With the preliminary work on the Comprehensive Roadmap for the Electric Vehicle Industry (CREVI) currently underway, the ECCP Automotive Committee outlines the following key recommendations and priorities in formulating the roadmap based on the insights shared by the industry players:

Import duties should be lifted for EVs coming from non-ASEAN countries

One of the most common means of accelerating EV adoption in developing countries like the Philippines is subsidizing vehicle prices. As such, the ECCP Automotive Committee reiterates the call for lowering or even the complete removal of the duties on EV imports to accelerate the country's shift to electric vehicles. We express support for the recent consideration for CREVI to have zero-duty for cars and SUVs in the households sector until 2035. To supplement this initiative, general tariff exemptions should also be extended to other types of EVs in the Philippines. Furthermore, we call for the immediate issuance of the executive order (EO) endorsed by the National Economic Development Authority (NEDA) board approving the removal of tariffs on EVs to spur demand amid high fuel costs.

In addition, any types of EVs used for testing, research, marketing, and training must not be subjected to duties coming from any country. The guidelines for this should be incorporated into the CREVI. Doing so will not only augment the development of EV adoption but will also capacitate every manufacturer to bring in their demo/training units to the Philippines, which can be used for initial market study.

CREVI should adopt the European standards for adapters

The Committee urges the concerned government agencies to adopt the European standards for EV charging connectors. The European-preferred Combined Charging System Type 2 (CCS2) is more aligned with the rest of the ASEAN EV market, enabling the Philippine EV industry to keep pace with its regional peers. Aside from making the local manufacturing of EVs more cost-saving, the European standards have larger industry support and will eventually drive the EV charging infrastructure. Furthermore, a cross-industry agreement on how to charge the vehicles is essential to guarantee rapid market penetration and avoid future incompatibility. Standardizing the electric vehicle charging infrastructure system would benefit all stakeholders, as adopting standards is critical to accelerating progress in EV as well as in battery technology research, development, and innovation.

Charging stations should be accessible to move the EV adoption forward

Strategic development of the EV charging infrastructure value chain is required to support the push toward EV adoption. In terms of costs, charging prices must be at par with the current electricity tariffs with a slight premium, and charging infrastructure should be placed in areas where consumers frequently visit or travel for accessibility. For charging rates, fast charging is beneficial for electric passenger vehicles and heavy-duty commercial vehicles. For this reason, we support the development in the drafting of the CREVI that sets out fast chargers for public transportation and long-distance travel.

Moreover, the government should consider supporting automotive dealers in the country to install EV charging stations in their respective facilities. These automotive dealers are strategically located and dispersed across the Philippines, which can be leveraged to establish the charging station network in the country with zero cost to the dealers. Aside from the economic benefits of the law, the environmental gains of switching to EVs in the Philippines are more crucial than ever. In recent years, there has been a clamor both in the local and international space for sustainable transportation. Alternative ways of greener mobility are critical for the country's automotive sector's sustained development in the post-pandemic period. As such, developing microgrids that use solar energy or other renewable energy (RE) sources should be established to power one or more sets of charging stations. This will aid in attaining the country's goal of having more than or close to 50% RE mix by 2040.

EV charging station providers should be incentivized

Charging players in the Philippines have an opportunity to fill various gaps in the ecosystem, increasing demand for EVs. To this end, EV charging operators should be incentivized to move the country's EV industry forward and the vital infrastructure that comes along with this development. The ECCP Automotive Committee urges government leaders to incorporate fiscal and non-fiscal incentives in the CREVI including reductions on rental costs, real property tax exemptions, and

Value-Added Tax (VAT) exemptions, for such charging players. Fundamentally, a comprehensive support program should be developed for the establishment of charging infrastructure as well as for ensuring the standards of locally produced EVs.

Battery swapping system for 2-wheelers is recommended and the number of charging points for these units should be identified in the CREVI

Charging duration plays a vital role in commercial applications where consumers' time is of the essence. For light electric vehicles especially 2-wheeler EVs, the Committee recommends the adoption of a battery-swapping system for the fastest EV adoption. Swapping solutions are the most economical for commercial use and developing a dense swapping network in localities is considered by industry players to be a lever in increasing demand at the stations. If the vehicle has a removable battery, one way for EV costs to also be reduced is by decreasing the upfront cost of the vehicle by selling it without the battery. To make it easier for mobility users, the number of charging points and real-time number of available charging slots should be ideally identified on an application in order to locate nearby stations. An effective mechanism for this matter must be incorporated into the CREVI.

Establish a roaming network via access control in all charge points & strengthen the non-tangible aspect of the CREVI such as data centers and reliable internet connection

A well-established charging station network will provide more opportunities for new players to enter the EV charging infrastructure value chain. On this note, the promotion of a charging network comes by finding investors for charging stations including electricity providers, oil companies, and private investors. In addition, a roaming network via access control should be established in all charging points, and EV drivers must be able to log in to any charging station and pay using a credit card or a smartphone. Accordingly, charging rates must be transparently presented in Pesos per kWh. To support this, Energy Regulatory Commission and National Telecommunications Commission must work hand-in-hand with other concerned authorities to manage back-end operations like payment systems and charging operations. In relation to the foregoing, strengthening the non-tangible aspect of the CREVI such as data centers and reliable internet connection should also be stipulated in the comprehensive roadmap.

EV retrofitting should be regulated by the government to ensure safety standards

In some markets, the conversion of running Internal Combustion Engines (ICE) motorcycles to electric, known as "retrofitting," has been enforced and considered to significantly cut greenhouse gas emissions in an inclusive and circular fashion. In the Philippine context, formulating standards for EV retrofitting should be developed to ensure the safety and quality of retrofitted vehicles. An unregulated retrofitting process may lead to an inefficient performance, which may affect the confidence of Filipino consumers in EVs and the overall perception to and reputation of the

Philippine EV industry. On this account, CREVI should lay down such standards and guidelines for retrofitting vehicles to enable a much wider set of e-vehicles in the market.

Mandate EV manufacturers to support technical vocational institutions (TVIs) in the Philippines and provide incentives to companies setting up EV training centers

Human resource development is among the major components of the CREVI. While EV skill development is a task undertaken by the Technical Education and Skills Development Authority (TESDA), the government must mandate manufacturers to share information and training with TVIs in the Philippines to accelerate manpower capabilities across the EV value chain. The Department of Education (DepEd) should also consider including EV courses in the higher education curriculum, particularly for programs significant to EV research and development. Private companies and automotive manufacturers that will invest in the Philippine EV training centers should also be incentivized as this will also improve how the country fares in the ASEAN region with respect to EV adoption.

The ECCP Automotive Committee looks forward to the government's consideration of the aforesaid recommendations in finalizing the CREVI. The Committee believes that public-private collaboration is crucial to stimulate the demand and development of the EV industry and is one of the most motivating factors for cultivating progress in the Philippine automotive sector as a whole.