

## Understanding Fit for 55 and AFIR

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**As part of the European Green Deal, with the European Climate Law, the EU has set itself a binding target of achieving climate neutrality by 2050. This requires current greenhouse gas emission levels to drop substantially in the coming decades. As an intermediate step towards this goal, the EU has raised its 2030 climate ambition, committing to cutting GHG emissions by at least 55% by 2030.**

The EU is working on the revision of its climate energy and transport-related legislation under the so-called *Fit for 55* package in order to align current laws with the 2030 and 2050 ambitions. This obviously has significant implications for the mobility sector. We meet with Christelle Verstraeten (Senior Director European Policy at ChargePoint, a global leader in electric vehicles and ALD Automotive's international charging partner), as well as Stéphane Rénie (Head of CSR and EV Program sponsor at ALD Automotive), to unpack what it means for us.

### **How does the Fit for 55 climate package impact mobility?**

**Stéphane Rénie:** Given the breadth and cross-cutting nature of the entire Fit for 55 package, not all the proposed regulations will affect mobility, but the impact is significant for our sector nevertheless. The most commented part of the package was the revised CO2 emissions target, that should lead to a ban on new ICE-based vehicles by 2035. Other pieces of the jigsaw, under the more obscure terms of AFIR, TEN-T, RED or EPBD, will imply a number of important changes, particularly around the density of and access to charging infrastructure in both the public and private space, but also around the production of renewable energy as a whole.

The impact on corporate fleets will be considerable, for the simple reason that our work encompasses the entire value chain, from vehicle selection to daily usage, from vehicle-related operations to the charging ecosystem, materialising into a carbon footprint and TCO equation. Which is why we need to keep abreast of the situation as it changes.

### **What is AFIR and what does it aim to achieve?**

**Christelle Verstraeten:** Let's begin with the Alternative Fuels Infrastructure Directive (AFID) – a piece of legislation that's already in force at European level and spells out the technical requirements concerning infrastructure for recharging and refuelling with alternative fuels. The Directive dates back to 2014 and focuses more on technical details like plug type than on market principles likely to lead to harmonization across the entire continent. When the Commission adopted the Green Deal and decided to implement Fit for 55 in July 2021, it was clear that a broader set of regulations would be needed. Although still in proposal form and not yet adopted, the Alternative Fuels Infrastructure Regulation (AFIR) will therefore create a set of binding laws. Whereas the Directive is more akin to a vision laid out in Brussels, which allows each Member State a certain flexibility in interpretation, the Regulation will be implemented into national law. As a result, it will apply in the same way to all 27 Members, immediately following the regulation's publication. This will help iron out some of the existing discrepancies between countries with a relatively advanced infrastructure, such as the Netherlands, and those in Central or Southern Europe, for example.

What's more, the proposed Regulation will include a couple of interesting and useful new stipulations. One will be the setting of binding targets for each country to deploy their charging network. This will be laid out in terms of energy capacity rather than a specific number of charging stations, which is important because of the variety in population density across the continent. Another stipulation concerns fleets and chargers. Whereas the Directive laid down a rather arbitrary number of 1 charger per 10 vehicles, the Regulation will be much more flexible, geared towards the needs of each Member State.

However, the Regulation will only cover public infrastructure, rather than home or office chargers. ChargeUp Europe, the Brussels based trade association of which ChargePoint is one of the founders, will however be bringing pressure to bear on the relevant decision makers to encourage them to work together towards regulating the private infrastructure in December – as the two sectors clearly go hand in hand.

Other key considerations will be the transparency around pricing, which must be non-discriminatory, as well as the question of payment means: whether the user opts for *ad hoc* charging using a credit card or one of several subscription models using a loyalty card. These are currently still under discussion among EU decision-makers. But in the face of a rapidly changing EV ecosystem, such details are perhaps best not laid down in law at this stage, as developments may have changed the situation on the ground by the time the law comes into force.

### **What will AFIR change for fleets?**

**SR:** Because of its focus on the public charging infrastructure, AFIR will address "only" 20% of charging occurrences (80% of which take place at home, at the office or at the depot). But this 20% is sensitive and important, because it is highly visible. The provision of chargers in the public space will remove psychological barriers: when drivers opt for a BEV, even if they mostly charge privately, they need to be reassured about the existence of public chargers. But having a charger in sight is not enough. Ease of use

is another issue: drivers need to know that the charging cards they possess will allow them to charge in reality. The situation today is that they need to carry a certain number of charging cards if travelling further afield, as there is a lack of roaming capability between operators and across borders.

Then comes clear pricing. AFIR will ensure that drivers know in advance how much they are going to pay. The implications of this for fleet customers in terms of TCO need no spelling out. Lastly, the focus on a more even distribution of chargers across countries will introduce sweeping change in those markets which are currently rather deserted and make the transition to EVs more accessible for fleet and personal users.

AFIR should thus introduce harmony and transparency across Member States and making travel both within and between countries easier. It will thus contribute to increasing the user base, and onboarding sections of the population and "use cases" who are not using electric vehicles today. This is going to be necessary as the market moves from its current 15% market share of EVs to something nearer 50% in the years ahead. We see AFIR as a massive enabler for the transition, although the devil is, as ever, in the details!

### **What are the key takeaways for ChargePoint and ALD Automotive?**

**CV:** As the voice of the EV charging industry, we have helped form the ChargeUp Europe Trade Association – which was founded this year in Brussels. As an industry, we are working towards the expeditious and effortless rollout of EV charging infrastructure in Europe within the EU. In the specific context of AFIR our role is that of an advocacy group to make sure the Regulation is fit for purpose from an EV user's point of view. Our aim is to encourage legislators to take the main issues we've mentioned in terms of ease of use and transparency into account, and to be ambitious in their targets.

Founded by Charge Point together with EV Box and Allego, our alliance includes members, from hardware and software manufacturers, utilities and oil companies and e-mobility services providers, as well as ecosystem partners, including ALD Automotive.

**SR:** Yes, as an ecosystem partner and the only leasing company, we work with ChargeUp to represent the voice of the fleet industry – a sector which has at times been overlooked by legislators. As EV is such an important part of our business model, it is clearly in our interest to make sure the conditions and infrastructure are in place. ChargeUp helps give our voice far greater impact than if we were operating alone. Meanwhile, we provide ChargeUp with feedback on the ground, which helps feed into their policy message.

We echo what has been said earlier about more chargers in the street, where it matters, and a better spread, including in regions which are less mature. It is crucial to ensure simplicity of usage for drivers in terms of accessibility and payment means and provide our e-customers with key information in terms of cost control – that last part is absolutely essential. Whereas life was simpler with fuel cards, the new world ahead is more complex, less mature at this stage, and currently characterised by a multiplicity of charging points, operators and prices. Given our desire to support companies in their transition, it's very much in our interest to help ChargeUp advocate for harmonisation, simplicity and transparency.



## What are the next steps?

**CV:** On July 14<sup>th</sup>, the legislation was initiated by the Commission, after two years of drafting process during which we provided the industry perspective. It will now be negotiated between the Council of European Transport Ministers and the European Parliament. Although precise timelines are impossible, we will be engaging with national ministries and the Parliament going forward. Throughout this period, we will be meeting regularly with our members and ecosystem partners. Discussions will continue quite possibly until the end of next year, with a view to the Regulation being adopted hopefully in 2023. Once adoption takes place, the legislation will become effective immediately.

**From AFID to AFIR, and from now until 2023, ChargeUp Europe and ALD Automotive will continue working to make adoption easier and more transparent for all key players in the mobility sector. We hope the road ahead now seems clearer!**



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