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Fleets Will Go Electric First

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Electric vehicles feel inevitable even as they were less than 3% of global sales and only about 1% of global stock in 2019. It is becoming more and more evident that the driving force is less likely to be retail consumer sales than it is to be fleet sales.

The most recent example of this is the United States Government. The entire Federal Fleet is now aiming to go electric. It is not hard to understand why. According to the General Services Administration data from 2019, the 645,000 vehicles in the US Government consumed 375 million gallons of gasoline and diesel while covering 4.5 billion miles. That is a lot of gas and expense to reduce on an annual basis.

But this is just the latest. Corporations can see the cost savings in not paying for fuel and are pushing forward to replace fleets. Just a year ago, Ceres led the creation of a collaborative group of companies called the "Corporate Electric Vehicle Alliance." The 20+ members are diverse, but include companies that undoubtedly drive a lot of miles: Amazon, DHL, Hertz, AT&T, American Airlines and others.

In many ways, this makes sense. For one thing, it arguably requires less infrastructure development. Such vehicles tend to stick to a smaller geographic area and get refueled (or charged) at a central business location. They need not plan on lengthy trips through rural areas (as a broad proposition). Those who drive for work to and from various cities or have other consumer uses of their vehicles may have greater concerns about charging stations and time to charge and other logistical challenges. If a business or government sends every vehicle from one location, all the charging can be done from that one spot without concern over whether there is enough retail charging, maintenance or service available.

That of course is another benefit: maintenance. Electric vehicles have fewer mechanical parts and are expected to have lower maintenance requirements and costs. For example, Consumer Reports found that electric vehicles have roughly half the maintenance costs as traditional vehicles. Over a fleet of hundreds, thousands, or hundreds of thousands, that is a substantial cost direct savings. But it is also a potentially substantial indirect cost savings in less down time, fewer head count to perform maintenance and other savings.

The simple fact is that the math of electric vehicle ownership is different depending on how many vehicles you own. The convenience factor also changes dramatically depending on how many

vehicles you own. All these factors increase exponentially as the size of the fleet increases. Thus, the United States Government, large municipalities and large companies are most likely to lead the world into the electric vehicle generation. Consumer use and sales are more likely to follow.

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