

Electric vehicle policy iceland

Iceland's EV market sits behind Norway and ahead of places like Sweden or the Netherlands when it comes to EV market share. This makes it a great case study for those countries that are less advanced in their electric transitions.

Iceland's example demonstrates the power of three EV-adoption enhancers - high fossil-fuel prices, cheap electricity, and welcoming public policies. When these are brought together, EV adoption is fast, even in places with sparse populations, harsh climates, and rugged terrain.

Interestingly, the two countries with the highest EV market shares in the world, Norway and Iceland, are both known for their cold climates and rugged terrains. This helps put an end to the theories that EVs cannot handle extreme conditions.

One rule of thumb is that EV adoption on islands is relatively easy because fossil fuels must be imported and therefore, are usually more expensive due to higher transport costs. In the case of Iceland, this is complemented by cheap electricity, due to the country's abundant renewable (hydro and geothermal) energy production, as well as a small population, which is another common element between both nations.

Add these factors to public policies encouraging EV adoption, like VAT exemptions that have been applied since 2012, and significant results start to appear. By 2016, the market share of electric and plugin-hybrid (PHEV) passenger cars reached 4.6%, the second-highest in the world, only behind Norway (29%).

By that time, one of the main obstacles to battery-electric vehicle (BEV) adoption was the lack of charging infrastructure (CI), namely a nationwide charging network. The distance between the eastern part of the island and the western part is around 700km. This forced many prospective BEV buyers into buying something else and thus increasing the market share of PHEVs.

In 2020, the country celebrated a milestone, when BEVs and PHEVs took up most passenger-car sales for the first time ever. EVs by that time already represented 5% of the total fleet of passenger cars. With electric vehicles as a key component of the country's environmental policy and CO2 targets, Iceland is at the forefront of transport electrification.

The Icelandic EV market share has experienced three stages. The first was marked by a slow rising niche up to the beginning of 2016, to a steady growth until 2019. This was mainly due to plug-in hybrids, and especially the popularity of the Mitsubishi Outlander PHEV, a family-friendly SUV, with AWD availability, an important plus when tackling snow. These have been followed by a recent surge with the take-up of long-range BEVs, which have seen a wider choice of models.

With EVs now representing over 80% of the private passenger-car market, the EV transition is mostly done. By 2025, uptake is likely to be close to 100%, with BEVs representing over 95% two years later, completing the transformation.

Having said that, from April to June the EV share dropped due to registrations of car rentals - which are focused on small petrol or diesel cars, as tourists often look for the most economical options. This segment of the market could be a challenge to electrify because there are no cheap BEVs with the long range needed for rental cars.

In terms of growth rates, BEVs followed a common pattern until 2020, slowly decreasing the growth rate in the same proportion as volumes increased. Plug-in hybrids had a period of intense growth between 2015 and 2017, thanks to wider availability and choice of models, but then dropped afterwards.

2021 saw both technologies increase their growth rates, and the BEV market is expected to continue growing, although at a slower pace. This is because only 20% of the market is left to electrify. Meanwhile, PHEVs are projected to lose sales to BEVs, confirming their stepping-stone role.

Contact us for free full report

Web: <https://www.sumthingtasty.co.za/contact-us/>

Email: energystorage2000@gmail.com

WhatsApp: 8613816583346

