



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Catching up with the Future

A Procurement Perspective on the Transition to New Energy Vehicles

"How do we pay for NEVs without increasing long-term risk?"



Making progress possible. **Together.**

Driven by purpose

How should we procure NEVs?

NEV procurement is not a once-off vehicle transaction. It is a managed transition in how we plan, fund, operate and maintain the fleet.

EVIDENCE

Procure against real duty cycles and whole-life value

ECOSYSTEM

Align people, infrastructure, suppliers and governance.

DISCIPLINE

Phase investment, measure performance, then scale.

Business Case Evidence

The objective is not to procure the cheapest vehicle, but the vehicle that delivers the greatest operational value and lowest whole-life cost for its intended duty cycle.

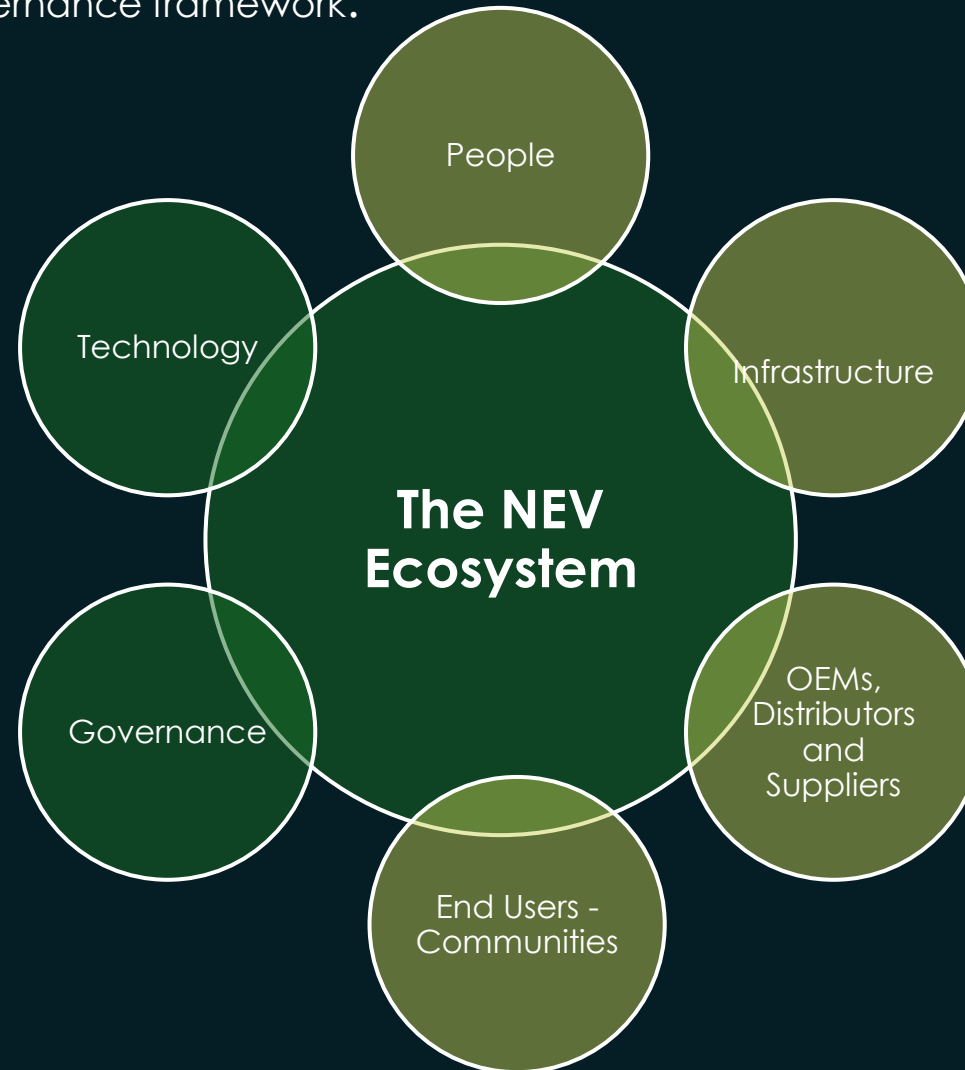
- Align vehicle selection to actual operating requirements
- Evaluate total cost of ownership, not purchase price
- Assess charging needs and vehicle availability impacts
- Consider battery life, warranties and replacement costs
- Prioritise long-term service delivery value and reliability

Ecosystem

Successful NEV adoption occurs when demand-side fleet requirements are effectively matched with supply-side capabilities within a strong governance framework.

Demand

- Fleet Users & Driver Requirements
- Energy Requirements
- Data & Reporting Needs
- Fleet Operations



Supply

- OEMs & Dealers
- Charging and Energy Providers
- Maintenance Providers
- Technology Providers

Discipline

Start where the operational case is strongest, measure results, then scale as the market and infrastructure mature.

1

PHASE 1 | PROVE

Select high-fit vehicles and predictable routes; confirm charging, support and baseline costs.

2

PHASE 2 | ASSESS

Add use cases when pilot data, supplier capacity and infrastructure demonstrate readiness.

3

PHASE 3 | SCALE

Build NEVs into replacement cycles and multi-year fleet plans; refresh specifications as technology evolves

WHY A PHASED APPROACH?

- Manage upfront capital pressure and avoid committing too much, too soon.
- Treat NEVs as an emerging market in the Global South: supply, price, models and support networks are still evolving.
- Spread risk across replacement cycles, suppliers and suitable vehicle classes.
- Compare outright purchase with leasing, rentals or other viable business models—using whole-life cost and risk, not acquisition price alone.
- Use each phase to capture data: utilization, energy cost, downtime, maintenance, range and user experience.

Funding Models – How do we pay for NEVs?

Model	Suitability
Direct Purchase	Capital funding is available
Operating Lease	Flexibility is required
Maintenance Lease	Maintenance capacity is limited
Vehicle-as-a-Service	Technology is rapidly evolving
Battery-as-a-Service	Reduce upfront capital

The optimal funding model is not necessarily the one that minimizes cost today, but the one that balances affordability, flexibility, technology uncertainty and long-term operational value. A phased deployment combined with leasing or service-based models can significantly reduce transition risk while building organizational confidence and capability.

Managing Risk Throughout the NEV Lifecycle

- ⚠ Technology obsolescence → Phase deployment and avoid overcommitting early.
- ⚠ Uncertain residual values → Evaluate lifecycle costs and replacement strategies.
- ⚠ Charging infrastructure dependency → Expand charging infrastructure in line with fleet growth.
- ⚠ Energy supply and tariff volatility → Diversify energy sources and optimise charging.
- ⚠ Skills and organisational readiness gaps → Build internal capability and technical expertise.
- ⚠ Financial affordability pressures → Apply TCO principles.
- ⚠ Evolving policy and regulatory requirements → Maintain procurement flexibility and monitor policy developments.

Key Considerations

1 | Fit-for-purpose Vehicles

Daily distance, payload, terrain, routes, standby needs, range in real conditions.

2 | Whole-life cost

Purchase price, energy, maintenance, tyres, insurance, residual value, financing and disposal.

3 | Charging & energy

Depot/home charging, grid capacity, charger uptime, tariffs and renewable options.

4 | Support & continuity

Warranty, battery guarantees, parts, repair capability, response times and vehicle availability.

5 | Compliance & contract

Approved budget, delegations, SCM process, fair specifications, evaluation criteria and contract KPIs.

6 | People & data

Driver training, emergency procedures, technician skills, telematics, usage data and change management

Thank You!

