

# Policy environment will have an effect on how fast we invest: Voltera

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Established in 2022 and headquartered in Palo Alto, California, Voltera develops, owns and operates charging and refueling infrastructure for zero-emission vehicle fleets. Owned by EQT, a Swedish global investment organization, Voltera delivers turnkey fleet EV charging infrastructure for customers by acquiring real estate, setting up power connections, procuring chargers and charge point operation software, and operating and maintaining it. Voltera is working on a multibillion-dollar plan to acquire, build, own and operate critical charging infrastructure. **Srikant Jayanthan of S&P Global Mobility** spoke with **Tom Ashley, vice president, government & utility relations at Voltera** about the company's business plans and the dynamic policy landscape in the United States.



The following is the edited transcript of the conversation

**S&P Global Mobility: Can you talk a bit about Voltera's business and also about yourself and your role?**

Tom Ashley: Voltera officially launched in August 2022. Our business model or strategy is quite simple, but the execution of it is rather complex. Voltera acquires real estate and develops charging infrastructure for zero-emission vehicle (ZEV) fleet customers on the acquired land. We are also open to supporting other types of customers beyond fleets. For example, maybe a convenience store network or an auto original equipment manufacturer (OEM) developing a branded charging network— but fleets have been the sweet spot for us thus far. Current customers include light-duty fleets in the rideshare segment and, on the other end of the weight class or use case spectrum, Class 8 drayage truck fleet customers.

About myself, I joined Voltera in May of last year. Prior to that, I spent eight years at Greenlots, which became Shell Recharge Solutions, leading the policy and market development practice there.

**So you basically work as the middle partner. For example, you speak with the fleet owners, arrange everything from acquiring the chargers, working with utilities and service providers. Is that your primary role?**

Yes. And there are two versions of our business. One is where a fleet is telling us roughly where, when and how much charging they need. We are then finding and acquiring the real estate, working to entitle the real estate from a land use approval standpoint, working with utilities to first evaluate the feasibility of power capacity for the site, and then depending on how that goes, moving the site forward and ultimately securing the power and working with the utility through the energization

process. Importantly, we're also financing all of this.

The other version is where we're working ahead of the fleets by telling the fleets where and when they can access charging, and how much charging they can access. That's an important part of our strategy, but as you can imagine, it has some risks associated.

### **Which states are you operating in?**

We have an existing footprint in a handful of states including California, Arizona, Texas, Georgia, and Florida. Those states are also more tied to where fleets have been asking us to help them set up charging. My expectation is that we will continue to offer that.

On the other hand, if a fleet wants us to set up a facility in a new state and we see that as strategic, we will probably purchase property and set up a charging facility for them in that state.

### **So you are basically the owner of the land as well. It's not something like you lease a property or you rent a property?**

A few of our properties are leases, but the majority are owned. At the end of the day, I'm open-minded about who owns the real estate. There are pros and cons with different versions, but I think that's the way it is. What is attractive to fleets and other potential customers [about not having to own the real estate] is not dealing with landlord issues. That's a big challenge for a lot of fleets with their existing facilities, particularly those involved in first- and last-mile operations. So at least in working with Voltera, they just have one contract for everything. This easy-button approach is highly valued in the research that we have been doing and the conversations we have been having with fleets.

### **How many charging stations are you handling, and who are the major customers that you have right now?**

We just announced the completion of our first heavy-duty truck charging station for our customer Einride. Located in Lynwood, California, the 65-charger site can charge up to 200 Class 8 electric trucks daily and is used to support drayage operations at the Ports of Los Angeles and Long Beach.

### **Over the last few years, have you seen a change in the utilization rate of your chargers?**

To be frank, Voltera hasn't had chargers operating and vehicles using them for very long. So we don't have a significant data set to work with yet. But I can share some insights from my experience, both pre and current Voltera. I think on the truck side, we're starting to see, for some fleets, the shift from pilot to starting to adopt more scale. That does correlate to increased charger utilization, especially in a scenario where the infrastructure planning hasn't preceded the vehicle acquisition or vehicle planning by the standard lag time that it tends to take working with the utilities to expand electrical capacity.

In other scenarios, that scale-up of vehicles also correlates to a scale-up of charging capacity. And if that planning has gone far enough ahead, that may translate to lower utilization of chargers in a controlled fleet environment. On the light duty side, it's all up. If it's DC fast charging that is relevant to the fleet segment, whether that's behind the fence or some version of shared or public, utilization has been increasing. And the sense I have, at least anecdotally, is that utilization is either outpacing new capacity or there's a correlation where utilization and new capacity are growing at a fairly similar rate.

### **Now that you mentioned building up capacity, how long does it take on average for you**

**to set up one charging site, right from the acquisition of the land to the first vehicle actually coming in for charging?**

It's quite a spectrum. For our Lynwood site for Einride, that was a relatively efficient process, both on the land use approval front and on the utility energization front. The latter took longer than we anticipated it would, but in the grand scheme, I would say less time than the industry average.

Generally, around the industry, there's an expectation that the type of capacity certain truck charging sites are looking for tends to be a two-to-three-year process, just on the power side. Obviously, there are geographical and situational considerations. In some cases, that power may already exist, and then it's just about building the site or constructing the chargers. In other cases, the two or three years might be five or six or more. So quite a range. But I would say, and a lot of folks would probably say in the US, a truck charging site is about two years, from a power standpoint.



*Voltera's recently opened Einride site in Los Angeles. Source: Voltera*

**Over the last few years, we've seen a lot of important laws being passed in the US, such as the IRA, Bipartisan Infrastructure Law. How have these policies impacted the overall charging business, and what policy changes do you expect going forward?**

There are a lot of different elements of that. There's the California market and then there's the rest of the United States. In California, the policy has created a supply and demand-market. Outside of California, maybe a handful of other states that have been adopting California-like vehicle regulations or are in the process of doing so, and are developing charging infrastructure funding programs. At a federal level we have policy that supports the supply of infrastructure; it doesn't yet support the demand for that infrastructure, at least at a high level. We don't have to be working in perfect markets, but there's a big gap even with the recent (vehicle supply-side) EPA Greenhouse Gas Emissions Standards for Heavy Duty Vehicles.

Outside of California, the broader US market now has a strong policy foundation supporting the supply of infrastructure, but does not yet have a strong policy foundation for the demand of zero-emission vehicles or for the demand for the infrastructure. So, you know, arguably infrastructure comes first, if you're thinking the chicken and egg situation. But, from a policy standpoint, I'm excited to see the policy landscape evolve and strengthen, like the recent US Environmental Protection Agency (EPA) Phase 3 regulation.

Regardless of a view of whether regulation is good or bad, from a policy standpoint, it's a tool to create demand. A lot of that has already happened in California and is happening in other markets outside of the US. But in the US context, the policy focus thus far really has been on the infrastructure supply side. Three out of the four policy drivers - vehicle supply, vehicle demand, and infrastructure demand - have opportunity for further policy development.

In some cases, the market is going to drive that policy, not the other way around. I think that's going to be an interesting dynamic to track. In some cases, it may feel like the policy is ahead of the market. In other cases, where I think we are generally in the US, the policy is behind the market. That's where the US and fleets and manufacturers that are in the US may be facing a competitive disadvantage to other global market geographies that are further along in policy, if not, in their market state.

**We have seen huge investment from the government side towards charging infrastructure through its policies. How has the private investment scene in the charging domain developed in the last few years in the US and in California?**

Some of the investments have been driven by policy are around manufacturing. This is great if you're a business that is focused on developing charging facilities, as you've got to have a supply of hardware to install and operate. Manufacturing investment in the US is really starting to increase, both on the technology side, or charging side, and manufacturing capacity, and also on the vehicle side. That is a big chunk of the investment that has been made or is in flight, both from a government funding standpoint and private sector standpoint. We have got a ways to go in investing in the supply chain, but I think we've made some good progress in this US market.

On the Volterra side, we want to invest. We have invested and we are investing. It is fair to say that the policy environment and where it goes will influence whether we invest more quickly and at a greater scale than our current trajectory.

**2024 is an important year for the United States due to elections. Are you cautious with making new investments? Is there a possibility if there's an administration change going forward? Would that impact the investments that could come into EV charging?**

I would say there are a lot of stakeholders that are taking a maybe too cautious approach at the moment. You may have seen that the US government released the National Zero Emission Freight Corridor Strategy in March. I think that's a great example of some of the big messages that may be federal in scope, but at the local and state level, translates to jobs and federal investment. And that is attractive to states and localities regardless of politics.

One of the big stories that isn't being well told at the moment is just how much economic activity and economic development is associated with the transition to zero-emission vehicles or infrastructure. I think it's fair to say that policy outcomes, whether at a state level or federal level will be affected by who the elected officials are. But overall, it feels like the train has left the station in this space—even on the truck side—and now it's really about meeting the market where the



market needs to be met in terms of supportive policies and providing the bridge to transition from what everyone's been doing for a very long time.

**Has the US market matured enough that it has crossed that point of no return where regardless of what kind of policies are being followed on the federal level, electric mobility transition will move forward?**

I think so. There's a lot that has happened over the last couple of years from a policy standpoint at the US federal level. I would say, in many respects, that it hasn't caught up to California, but it has helped close the gap. So regardless of an election outcome, that foundation is much, much stronger for some of the legislative packages that Congress has passed and that have been signed by the president over the last couple of years.

**Would that also impact the states that you may look to invest in the future?**

The policy environment has, in many cases, manifested to funding or incentives. If you're looking at a California that has a very robust set of policies and attendant incentives, that probably looks better than another state that doesn't have those things. However, some of those other geographies may have a lower cost of real estate, and they may have a much lower cost of power. If you extrapolate from Voltera's real estate footprint, there is a mix of circumstances. There's California that has a robust policy and incentive environment, and there are a number of geographies that don't but may make up for that lack of policy and incentives with lower-cost real estate or lower-cost power. I think that certainly, the policy work of the next administration, whether that's the current one or the former one, will have an effect on this market. But at a state level, I think that it's really going to be other factors that are really core to how Voltera and some of the other market participants do business.

**One of the key considerations for a lot of new players coming into the market is the return on investments. In the US, what has been the progress in this regard in the last few years?**

Speaking from a policy standpoint, with the benefit of seeing what is going on within my company and some visibility of the investment decisions that are being made, or in some cases, not being made, I would say that in the US at the moment, it's a bit segmented and geographically based. I think there's fairly good confidence that the drayage truck segment in California is going to work. However, the demand or the return may not be as high as some stakeholders would enjoy and I think that is something that we're all going to learn about.

Whereas in other geographic markets in the US, and other market segments, it may not quite be there yet. I think that it will be very interesting to see how it develops, both where and when within market segmentation. But I think that I mentioned long-haul a little bit earlier as an intriguing use case. That's a segment where the cost savings in switching from traditional fuel to electric in a zero-emission vehicle paradigm is extremely attractive.

That in and of itself may not be attractive enough to pay for the new infrastructure that needs to be invested in and built to then unlock those cost savings from a fuel standpoint. One of the big questions in an ongoing manner for the returns associated with the charging infrastructure business is, how far we go with policy and therefore, how much of a gap or not, there is to close from a business or financial standpoint for fleets.

**Right now, fleets are your primary customers. Would you be looking at OEMs as well in the future?**

The simplicity of the Voltera business model is that we can build a facility for anyone who needs a facility and is willing and able to pay for that facility. Thus far, it's been fleets. We're envisioning some other potential customers who may have a similar need and willingness. But I think time will tell what that looks like. And I'm very optimistic, but also acknowledge that fleets have different motivators compared to other potential customer segments, in some cases. I think auto OEMs is a mixed example. They may have motivations that are even stronger in some cases than the fleets, but they may also have more flexibility because they don't need a 5-acre site or a 3-acre site. They may just need a quarter-acre site. And that may not be the best fit for Voltera's capabilities absent a vision for a significant number of sites.

**Finally, can you shed some light on the opportunities and challenges that you see going forward for Voltera and for the charging infrastructure industry as a whole?**

Sure. I think it's all about timing. As I said, the train has left the station, but how quickly it gets where it's going has yet to be determined. I think there's a high degree of confidence in the market around where we are at this stage. But how quickly we get to further stages is going to play a huge role in how much and how quickly investment is made, both in infrastructure and in vehicles. Speaking from a Voltera perspective and from a policy perspective, with the benefit of a lot of experience working on policy and helping stand it up, we've got a great start in the US in this market space. However, we do have ways to go in terms of supporting the market and enabling the type of global competitiveness that I know is important for all stakeholders in the US, again, regardless of politics.

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