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# Will Malaysians stay loyal to EVs?

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EV owners in Malaysia may have difficulty finding third-party workshops and replacements for parts. But EVs do not need annual servicing, and the insurance premiums are comparable to that of ICE vehicles in the country currently.

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**A** 2023 study in the US by S&P Global Mobility found that only 52.1% of non-Tesla electric vehicle (EV) drivers would still buy an EV for their next purchase, a choice affected by concerns regarding pricing, infrastructure and range. This has fallen from a high of 81% in 2021.

As Malaysia pushes ahead with its goal for 80% EV adoption by 2050 by growing its EV network and infrastructure, how have local drivers responded to this, and are they affected by the factors that have turned foreigners away from EVs?

Datuk Shahrol Azral Ibrahim Halmi, president of the Malaysian Electric Vehicle Owners' Club, is an early adopter of EVs in Malaysia, having owned his Tesla since 2017. He believes that one of the biggest barriers to entry when buying an EV is the premium price tag.

Shahrol bought his EV for around the same price as a BMW 5 series car, and while the price of EVs has since fallen, the average price is still RM150,000, he says.

The other main source of costs is repairs. Unlike with internal combustion engine (ICE) vehicles, third-party workshops are hard to find.

"Because EVs are still quite new, there are not a lot of third-party workshops willing to work on these cars. After a crash, they have to be sent out to the principal dealers, where drivers encounter crazy mark-ups," says Shahrol.

He cites a viral case in Canada, where a driver claimed he only hit a small bump but the car [data showed] that the battery pack was cracked. The dealer said he needed a new one, which cost C\$60,000, which is more than what the car was worth.

Shahrol experienced this when he needed to replace his motor drive unit, which had a coolant leak.

"The particular type of motor they use had the coolant leak inside the motor because its seals would fail after a time. This is a very well-known issue, which to their credit, [they] have been reiterating the design over the years to fix it," he says.

Another EV owner, Yee Yin Chew, a print production manager for SGK Inc, tells *ESG* about his

experience with his Tesla Model 3, which he bought in 2020. "I've just changed tyres and serviced the aircon every four years. I do have some small parts failures like on the door hinge, cameras and door button, and had the cooling pipe replaced," he says.

While EVs do not need annual servicing like ICE cars do, parts will eventually fail and need to be replaced. Both Yee and Shahrol note that individual repairs are cheaper than regular servicing, although replacements for parts such as tyres can cost far more.

"Some EVs come with premium high-performance tyres with softer compounds, which would wear out faster anyway," says Shahrol, recalling that the tyres of his Tesla cost RM1,000 each.

### CHANGING LANDSCAPE

In the US and UK, EV owners face another challenge: higher insurance premiums. According to a report by *The Guardian*, which sourced data from Confused.com, insurance premiums for EVs in the UK were 72% higher than a year before in 2023, compared with the 29% increase for ICE vehicles.

This was because insurers have less experience in setting premiums for EVs, and the cost of repairs is higher, thus increasing the claims cost.

When *ESG* asked representatives in smart Malaysia showrooms this question, they said the premiums for EVs are still similar to ICE vehicles in Malaysia, as they are based on engine capacity instead of car type.

Representatives from BYD Malaysia showrooms agreed with this as well, noting little difference between insurance premiums between ICE vehicles and EVs in Malaysia.

To illustrate, Shahrol takes a smart #1 BRABUS EV, which costs RM250,000 and has a yearly insurance payment of RM6,747. A comparable ICE car would



MALAYSIAN ELECTRIC VEHICLE OWNERS CLUB

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be a Volkswagen Golf GTI, which costs RM246,012 and has an annual insurance premium of RM6,709.

"In Malaysia right now, there is no difference, but this may not be the case moving forward because you see other countries [changing their insurance policies] based on crash data," he says.

This goes back to the lack of third-party workshops to handle car repairs and the mark-ups by principal dealers. When the cost of these repairs enters insurance companies' database and are part of their risk assessments, it can lead to a rise in EV insurance premiums.

Shahrol recounts stories of UK and US insurance companies that had to give more full payouts to EVs than to ICE vehicles, leading to an eventual rise in premiums.

"In Malaysia, the situation is such that there are not that many crashes involving EVs yet, so the insurance is relatively affordable because it is the same as any commercial insurance."

### LOWER OVERALL COSTS

Perhaps because of the evolving EV landscape, Malaysian EV owners seem to face lower additional costs compared with owning an ICE vehicle.

Tesla EVs do not require annual servicing and have no maintenance fees as software updates are done remotely and repairs are needed only when something begins to fail.

Other EV providers do require maintenance periods that are still cheaper than ICE vehicle servicing, with a BYD Malaysia representative quoting a rough estimate of RM100 to RM300 annually.

Other than the lack of need for maintenance, the appeal of EVs is, of course, its chargeable battery. "[Charging prices for EVs] are not like petrol prices, which is controlled everywhere," Shahrol says. "It varies depending on the charging station you use."

The amount charged is generally based on the charge point operator used and the location. A charging point near a residential area will be significantly cheaper than one on the expressway or up in Genting Highlands, he adds.

Based on data shared with the Malaysian Electric Vehicle Owners Club, charging rates on expressways range from RM1.20 to RM2.20 per kilowatt-hour (kWh), or RM1.20 to RM2.80 per minute, depending on the charge point operator. JomCharge is on the cheaper end and Shell Recharge is on the higher end.

Home charging costs also vary, as the amount charged per kWh depends on electricity usage. Based on Tenaga Nasional Bhd's tariff rates for domestic users, the first 200kWh per month is charged 21.8 sen/kWh. The rate rises to 33.4 sen/kWh for the next 100kWh per month. ■