

XPRESS CASE STUDIES ON BARRIERS TO INVESTMENTS IN RENEWABLE ENERGY SOURCES

– SWEDEN –

SWE-SME-2 is a taxi company in Sweden. Before 2020 they had 700 vehicles and contracts with other taxi companies around Sweden. They are one of the biggest Swedish companies within taxi business. Owned by the 900 members who also are sub-contractors. The case is chosen as this SME works with renewables when it comes to vehicles and have earlier won tenders for public authorities.

Analysis of current situation

The company is facing challenges for survival related to Covid-19 and the tough and sometimes unfair competition on the taxi market. This is related to the Covid situation and to new actors on the market like Uber. All companies have similar costs, so this encourages gambling, risking and cheating.

The company finds that there is a lack of charging infrastructure in the city, as charging takes time and also access. There is only one location exists for charging hydrogen, and it is quite far away from the city.

a. Sustainability strategies, energy related strategies

The current organizational strategy is to keep the position as one of the largest taxi actors, but the market has changed. The tough and sometimes unfair competition on the taxi market is related to the Covid situation and to new actors on the market like Uber. Their energy related strategies are focused on to be completely renewable 2025, now discussing to instead be fossil free/emission free with a new clean vehicle directive, but no time perspective is yet set.

The respondent gave many examples of the lack of long-term sustainability directions from society or from the political level. One example was about the missing criteria in public procurement. Another example was about the long-term, predictable signals regarding what fuels to go for (like the subsidizing/discounting of HVO100 that lasted one year), that makes it possible for them to invest in the right type of cars. A third example was the fragmented demands for taxi transport services, implying that there is no coordination. Therefore it is highly difficult to live up to a plethora of demands and not possible to practically and economically have dedicated cars for each municipality.



b. PP strategy or regulations & support for SMEs

In terms of the level of public support for green services, the respondent meant that they could do so much better and they should work together with the Pas much more. Sub-contractors have lack of time and lack of priority. The public/the higher political level must come down to the procurement level or contract, which is very hard for them.

Environmental criteria is very seldom part of the procurement assessment criteria, one example is Stockholm's stad (city of Stockholm in English) (2-4% of the cars should be on renewable fuel). This is important for the resource utilization of the cars as e.g. Region Stockholm färdtjänst (transport services in English) is a very good complement to the normal taxi demands as they occur between 10-14 during the day (a totally dead part of the day).

When it comes to regulations and/or support schemes at the EU, national or municipality level, the respondent said that their biggest issue is the clean vehicle directive. From 2026, the city aims to be fossil free, which it is a problem for SWE-SME-1. Because they keep the cars for up to 6 years, they need to know what cars to buy now. This company acts in the premium segment, and premium cars are expensive, and they do not have many emission-free cars as option. In 2022, they are expecting that there will be some middle-class cars that might be possible to use.

The support from public funding in terms of the development and innovation of renewables is "hard to find and hard to get". The respondent thinks that the PAs do not use procurement in a good way as they could. The suppliers cannot get paid well enough to be willing to innovate in this area, in terms of renewables.

c. PP & supplier engagement

The municipalities think that they have good strategies for dialogue with suppliers in the pre-tender phase. They are often invited for dialogue. They talk to their contractors, but some of them also reach out to the market. But the communication is very one-sided instead of dialogue. "They seldom listen to what we say, they just want us to say yes", as stated by the respondent.

When it comes to participation in any pre-tender supplier/market engagement activities for renewable energy-related purchase organized by a municipality, the respondent said that the municipality tried to reach them 1, 5-2 years before. They have to be in the right process on starting procurement, as timing is important from the municipalities. In the last 5 years we have had some really bad procurements, no contractor wanted to bid upon them. The respondent finds that it is difficult to influence the Pas' procurement strategies.

When trying to participate in public procurement, the respondent mentioned that they are facing barriers such as different municipalities have completely different demands, even if they are next to each other. There are totally different tenders, so you cannot use the same cars. It would help if there are consistent national or regional strategies. Another issue is that the procurers do not have expertise to make simple, clear and stable demands for the tender.



The respondent thinks that the Pas could have done better in terms of the level of public support for the green products or services. He thinks that the PAs and private sector should work together much more. The public/the higher political level must come down to the procurement level or contract; The PAs usually have limited time for the sub-contractors, and lack of priority.

Barriers & Drivers: Possible solutions

- The general barriers they try to deal with by a new competitive strategy and a new management.
- Another barrier is the lack of sustainability-friendly cars in the premium segment, which their strategy dictates.

Barriers & Drivers: Identification

- Financial constraints due to a tough market situation, and management problems in a cooperatively owned company.
- Difficulties with the cooperative ownership (with 900 owners) implying different levels of business and sustainability knowledge.
- Lacking infrastructure for fuel, like charging cars, tanking hydrogen or HVO100. Charging takes a lot of (potential driving) time, and there is just one location where hydrogen can be tanked.
- Lack of long-term directions from society and financial constraints are barriers to sustainability.
- Different municipalities have completely different demands, even if they are next to each other. Totally different tenders, you cannot use the same cars.
- The procurers do not have expertise; it needs to be simple, clear and stable demands.
- The drivers or critical success factors for SMEs to become suppliers to public customers is that municipalities and regions could pay for and get the expertise beforehand, then the supplier can build the business model accordingly.

Summary & Discussions

This SME has a lot of problems to deal with currently. But they have also a lot of knowledge, competencies and ideas for improvement. Several barriers need to be handled outside the company, on public or political level. Tenders that focus on lowest price are not the right types of tenders for SWE-SME-1, because they are in premium market segment and their ambitions to be a fair player on a not always fair market. Like many other SMEs they see public procurement as the lifeblood during pandemic when private taxi orders have reduced dramatically.

