

# North East plugging in to an electric future

## Background

One North East is establishing a world-leading environment for the development of low carbon vehicle technology.

The region's strengths include an unrivalled commitment to innovation, combined with major industrial and research strengths in vehicle manufacture, vehicle component manufacture, power engineering and chemical engineering.

The automotive sector currently employs around 26,000 people in the North East. It is home to Nissan, the largest car manufacturer in the UK and is to manufacture the world's first mass-market electric car, the Nissan LEAF, in Sunderland.

One North East is delivering the UK's first Low Carbon Economic Area for Ultra-Low-Carbon Vehicles.

### Who was involved?

One North East enjoys a strong partnership with Nissan, which is developing the first affordable, mass-market electric passenger vehicle, the Nissan LEAF. Also based in the region is Smith Electric Vehicles, the world leader in commercial electric vehicles.

One North East and partners are taking part in a trial of 35 new electric passenger vehicles in the region. This includes Nissan LEAF cars, Smith electric taxis, a Smith executive minibus, two AVID saloon cars and two Liberty urban Range Rovers. This project is supported by the UK's Technology Strategy Board and data from the trial is being monitored and analysed by Newcastle University.

All five North East universities and all 12 North East local authorities are involved in the development of low carbon vehicles, a project which has been strongly supported by the regional business community.

The regional programme has been actively supported by UK Government incentives and investment in this industry, including direct grants of up to 25%, or providing 25 per cent towards the cost of a new electric or hybrid electric plug-in car, capped at £5,000.

### What action was taken?

One North East is creating the UK's first extensive electric vehicle charging infrastructure to support the adoption of electric vehicles.

One North East is in the process of installing 1,300 charging points across the region, and the first 40 are now appearing on Tyneside, where the first vehicle trials are taking place. As one of the UK's initial three Plugged-In Places alongside London and Milton Keynes, this will be the effective starting point of the national infrastructure that will set the standard globally.

Regional partners from the private and public sector have to date pledged more than £1m for charging points to be installed at their premises. They stretch across the region and range from garden centres and hotels to major housebuilders and supermarkets, and all 12 of the North East's local authorities.

This infrastructure work is being supported by a high-profile private sector partnership made up of Tesco, British Gas, CE Electric UK, the AA and Capital Shopping Centres. They are helping One North East to provide high-profile locations for charging points, along with vision and technical advice and promotional work.

### **Impacts and Achievements**

Nissan has already announced it will manufacture the Nissan LEAF in Sunderland, which will also be its European 'Mother Plant' for electric battery production. There will be a new manufacturing facility employing 350 people and producing 60,000 batteries a year. One North East signed an historic Definitive Agreement with the company in December 2009, which sets out a road map for the roll-out of electric vehicles and infrastructure in the region.

A number of different initiatives are already under way in the Low Carbon Economic Area, to develop this new industry in the region, including:

- The national Skills Academy for Sustainable Manufacturing and Innovation, specialising in ultra low carbon vehicles.
- The National Low Carbon Vehicle Research and Development Centre.
- An open access test track to trial the use of new technologies.
- The Turbine Business Park.

### **Resources**

One North East plans to invest £30m in the development of low carbon vehicles, which is helping to attract significant spending from others into the region. Nissan is investing more than £400m in its battery plant and in LEAF production.

Overall, national Government is investing over £450m to encourage the development, manufacture and use of next generation ultra-low carbon vehicles. Delivered by the Office for Low Emission Vehicles this support is being targeted to maximise the economic benefits for the UK and to cut carbon from UK road transport.

The North East's Plugged-In Places initiative, which includes the 1,300 charging points, will cost £7.8m, of which One North East is investing £3.8m, OLEV £2.978m and regional partners just over £1m. The response to this project has been so enthusiastic that One North East is to leave open the fund which offers regional companies and organisations match-funding for charging points - effectively enabling them to install charging points at their premises for half the standard price (around £2,500 instead of around £5,000).

### **Timescale**

The project was launched at the beginning of 2009 and is ongoing.

## **£125m venture capital fund, North East England**

Regional Development Agency One North East, led and co-ordinated nearly two years' intensive work with the European Investment Bank (EIB), European Union and UK Government to establish the first publicly backed fund of its type in England.

The new JEREMIE venture capital fund – Joint European Resources for Micro to Medium Enterprises Initiative – will invest loans and equity investments into 850 SMEs over the next five years and create more than 5,000 jobs, targeting business start-ups, technology-based companies and growing smaller businesses.

The EIB, European Regional Development Fund and Government have all approved their investments into the fund which will go live in January 2010.

The fund is seen as providing vital access to finance for firms during the recession, helping them consolidate and plan ahead with greater confidence to seize the opportunities the economic recovery will present.

Leading venture capitalist Robert Drummond is heading the JEREMIE Investment Advisory Board with support from deputy chairman Sir David Chapman and board members Dr Anthony Henfrey, Richard Green, Peter Yendell and Robert Davies, to monitor the performance of investments.

### **Key facts**

- £125m in funding will be made available to SMEs.
- 850 SMEs will receive loans and equity investments over the next five years.
- More than 5,000 jobs will be created.

Robert Drummond, former chairman of the British Venture Capital Association, said: "The new JEREMIE project heralds a challenging and exciting new era for venture capital in the North East. I am excited that the JEREMIE funds will be used to help many young and small companies prosper and deliver good returns to investors too."