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Five Critical Considerations for Hospitality Businesses Implementing EV Infrastructure

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Electric Vehicles (EVs) are swiftly moving from a niche market into the mainstream. As this transition occurs, savvy hotels and restaurants are taking advantage of the relatively benign regulations and adding EV charging stations into their infrastructure.

Providing a robust charging infrastructure for EVs can create a competitive advantage, by attracting EV-owning customers and demonstrating a commitment to sustainable practices. This amenity comes with its own set of unique considerations and potential risks. Below are five considerations the hospitality industry should know about providing public EV infrastructure at their properties:

1. Proper Upkeep and Maintenance to Limit Liability

The first consideration is the importance of proper upkeep and maintenance of EV charging stations. Like any other piece of equipment on your property, charging stations require regular inspections and upkeep to ensure they remain safe and functional. Poorly maintained charging stations can lead to a variety of issues, including equipment failure, property damage, fire hazards, and even bodily harm.

This consideration should be factored in during pre-installation negotiations with the EV charging station provider. It is crucial to have a clear delineation of responsibility for continued maintenance, whether this falls on the hospitality business, the equipment provider, or a third-party service provider. Clarity on this point can prevent potential disputes and ensure the charging stations remain operational and safe.

EVs do more than recharge when connected to your charging station. The station also harvests data from the vehicle. An essential consideration is the continual maintenance of the EV charging station's hardware and software to mitigate the risks of data breaches. As EV technology continues to evolve and industry standards shift, it's critical that these stations are updated and upgraded accordingly. This not only encompasses the physical hardware of the stations but also the software that manages the transactions, communicates with the grid, and processes user data. Delays in updating could result in cybersecurity vulnerabilities that could potentially expose sensitive user information and transaction data, placing both customers and the business providing network access and data collection at significant risk. Proactive, regular maintenance is key to managing these potential liabilities and ensuring secure, reliable service.

2. Coverage for Property Damage and Liability

In addition to routine maintenance to assure the chargers are safe and fully functional, operators should consider insurance coverage for potential property damage and liability arising from the installed charger incidents. The addition of EV charging stations can alter the risk profile of your property, and your existing insurance policy may not cover these new risks. For example, cyber insurance can be instrumental in managing these risk exposures. With the rise of digital transactions in EV charging stations, the potential for data breaches increases, making them potential targets for cyber-attacks. Cyber insurance can offer coverage for these digital risks, thereby providing an essential layer of protection against the potential fallout from data breaches. Before installing charging stations, consult with your insurance provider to ensure you have

adequate coverage for property damage, cyber liability, and any other potential risks associated with the new infrastructure.

3. Planning for Changes in Technology and Business Footing

The world of EVs is dynamic and rapidly evolving. Technological advancements are constantly being made, and what is considered cutting-edge today might become outdated tomorrow. Therefore, it is vital to plan for changes in both charging station and vehicle technology when investing in EV infrastructure.

One significant risk to consider is the potential for investing in a technological standard that may change before the investment is fully amortized or depreciated. While certain manufacturers maintain an extensive and advanced charger network, any one company's decisions can influence the effectiveness and longevity of your investment. For example, if manufacturers were to alter their charging standards or connectors, it could render your current infrastructure obsolete or incompatible.

Just as problematic are concerns regarding proprietary connections between charger and vehicle. Though the Supercharger format is well on its way to becoming the national standard, many electric vehicles are not compatible without an adaptor and continued permission to charge at these stations. This status is certainly not set in stone, and corporate disputes between manufacturers could potentially disrupt many EV owners' ability to utilize charging stations. This risk underscores the importance of diversifying your charging infrastructure and considering universal charging solutions that are compatible with a wide range of EV models. Because of this evolving dynamic, the connection protocols need to be monitored.

4. Strategic Placement and Accessibility

The location of the charging stations can greatly influence their usage and effectiveness. Ideally, charging stations should be placed in well-lit, accessible locations that are close to main entrances or high-traffic areas. This not only makes the stations more convenient for EV drivers but also increases their visibility, thus promoting their usage.

The placement of charging stations could also play a significant factor in the potential exposure and coverage issues addressed above. As all hospitality businesses know, the risk of third-party criminal activity and injury to patrons depends heavily on numerous factors, including lighting, grade, susceptibility to spills, etc. Businesses that decide to invest in EV charging should take care to treat it like any other amenity or service offered on its property.

5. User Experience

Finally, it's important to consider the user experience. Providing clear instructions for use, signage, and dedicated parking spots can make the charging process smoother for EV drivers and more likely to attract customers to the central business. Likewise, offering amenities not otherwise available at competitor locations could attract an even wider swath of potential customers, such as a comfortable waiting area, Wi-Fi access, or entertainment and dining options. Further, customers are more likely to frequent charging stations with multiple bays – a critical factor given that average charging times at even the fastest charging stations are approximately 20-30 minutes. Lastly, user privacy and data security must not be overlooked. As EV charging systems involve digital transactions, users inevitably share personal data with these systems. If users doubt the safety of their data and the safety of data interchange at a particular location, they may avoid these charging stations altogether. So, while enhancing user amenities, it's vital to guarantee strong data security and protection. Doing so builds user trust and encourages repeated use of your EV charging stations.

In conclusion, while the addition of EV infrastructure can offer substantial benefits to businesses in the hospitality industry, it's crucial to be mindful of these considerations to ensure a successful implementation.

Baker Donelson's full-service approach to the EV sector allows us to serve our hospitality clients anywhere they are within the spectrum of operations. If you have any questions or would like more information on this topic, please reach out to [Joe Tirone](#), [Chris Saville](#), [L. Hannah Ji-Otto](#), or any member of Baker Donelson's [Hospitality](#) or [Electric Vehicle and Infrastructure Team](#).

For more information on privacy and cybersecurity issues, please refer to our previous alerts related to the EV sector, available [here](#).