A zero emission vehicle (ZEV) mandate and CO_2 emissions regulation

Campaign for Better Transport response to the Department for Transport consultation

24 May 2023

About us

Campaign for Better Transport is the national charity working across England and Wales to make transport better, greener and fairer. Our vision is for all communities to have high quality, sustainable transport that meets their needs, improves quality of life and helps protect the environment.

Summary

Campaign for Better Transport agrees that UK-wide CO_2 emissions regulations and a Zero Emissions Vehicle (ZEV) mandate are necessary if the country is to achieve its Net Zero and healthy air ambitions. A UK-wide approach, administered by the devolved administrations, will be the simplest and most effective approach to aid manufacturers to shift towards majority ZEV fleets within the required timeframe.

We support the central trajectory, flexibility for manufacturers through banking, trading and restricted pooling, and that there should be a penalty payment scheme for non-compliance with the mandate and regulations. In line with the Climate Change Committee, we advocate the adoption of the 'lightweighting' scenario, as we do not feel the proposed flat scenario adequate for the emission reduction objectives. The ZEV uptake targets could also be higher than suggested.

While we agree with the proposed trajectories, we do not feel that the Government and devolved institutions are currently doing enough to deliver the infrastructure necessary to bring about the shift to ZEVs by 2035. In particular, those living in rural or remote areas are overly dependent or solely reliant on private vehicles. Therefore, the Government and devolved institutions must, over the next seven years, place considerably more emphasis on creating the infrastructure necessary for ZEVs in rural and remote areas of the UK so that they become more appealing.

Campaign for Better Transport also believes that the case has not been made for many of the various exemptions and derogations proposed in the consultation document. Government support rather than redundant bureaucracy would be more effective in facilitating manageable shift. In addition, we are concerned that with some of the credit and exclusion proposals the Government may be trying to embellish the decrease in emissions through the figures, rather than delivering genuine reductions.

Question 1:

(a) Do you agree or disagree with the UK Government's preference to introduce a UK-wide regulatory framework?

(b) Or, do you agree or disagree with the introduction of different trading schemes with separate requirements in one or more of the nations, different from the rest of the UK?

Please explain your answer.

Given that the UK is committed by both statute and international agreement to achieve Net Zero, it makes sense for the country as a whole to work to the same target. We accept that separate schemes operating within the UK would be unnecessarily complex for manufacturers, and place undue burdens on devolved institutions. Therefore, a UK-wide regulatory framework, administered by the devolved institutions, would be the most effective approach. However, unlike England, Scotland and Wales have ambitious modal shift targets, so ZEV uptake targets need to be jointly agreed with the devolved administrations in line with those ambitious.

Question 2:

(a) Do you agree or disagree with the UK Government's preference to introduce UK-wide annual targets?

(b) Or, do you agree or disagree with year-on-year targets having to be met within each nation of the UK annually?

Please explain your answer.

For administrative ease (both nationally and at the devolved-level), and to facilitate manufacturers, a UK-wide annual target would be preferable. However, Campaign for Better Transport believes that the UK targets should be the most ambitious. It should form a base, not a ceiling; for example, the UK Government should adopt Scotland's target year for achieving modal shift. The UK targets should lead the devolved institutions, not hold them back.

Question 3: Do you agree or disagree with the proposal for the central trajectory for new zero emission cars set out in Table 1?

Campaign for Better Transport believes that the central trajectory for zero emission cars by 2035 is adequate bur could have been more ambitious. According to estimates by Green Alliance, which we support, to achieve the balances pathway for carbon reduction, the appropriate level of electric car uptake should be at 33% by 2024, 66% by 2027 and 100% by 2030. However, we recognise that consumer demand is currently lower than anticipated due to high costs of living and that there are supply issues with specific battery components. Therefore we consider the central trajectory targets to be adequate in the current climate. However, they might need tightening in the near future.

In addition, while uptake of electric vehicles is increasing year-on-year, the Government should be doing more to ensure that the infrastructure is in place to facilitate the necessary shift.

Question 4: Do you agree or disagree with the proposal for the central trajectory for new zero emission vans set out in Table 2?

As with cars above, Campaign for Better Transport considers the central trajectory adequate but not sufficiently ambitious. The estimate for vans by Green Alliance calls for 22% of vans to be electric by 2024, 71% by 2024 and 100% by 2030. Again these may need revising in the future.

Question 5: Do you agree or disagree that the proposed derogations (thresholds and adapted trajectories) strike an appropriate balance between supporting small volume manufacturers while also ensuring that all manufacturers play a part in the transition to ZEVs?

No, we do not. The need for businesses to 'submit to the Government a derogation application form' is introducing unnecessary bureaucracy and an unjustified burden on the small and micro-businesses the mandate claims to be protecting. The government has set a target to raise investment in research and development to 2.4% of the UK's GDP by 2027. To help achieve zero emissions, the Government should ensure that the necessary investment is directed to SVMs and MVMs so that they advance in-step with larger manufacturers. This would be more effective than exceptions and redundant paperwork.

Question 6: Do you agree or disagree with these proposals for the inclusion or exclusion of SPVs? If you disagree, please state your reasons for specific SPV categories.

Campaign for Better Transport disagrees. The case for exclusion of vehicles which 'generally do not generally [*sic.*] use standard type approval schemes, but rather use multi-stage, small-series or individual type approval, and receive a special categorisation compared to "mainstream" vehicles' has not been made. Furthermore, the Consultation sets only three minimum requirements for ZEVs: emissions limits, minimum range, and warranty requirements. The Consultation states that SPVs constitute a small number of vehicles. Therefore, to exclude them suggests a deliberate intention to hide emissions.

Question 7: Do you agree or disagree with the proposals for banking during the 2024-2030 period?

Campaign for Better Transport has concerns that banking could slow down the rate of emissions reduction when manufacturers should be encouraged to accelerate it.

Question 8: Do you agree with the proposed provisions for borrowing in the 2024-2026 period? If you disagree with the proposal, please provide alternative options and your rationale.

Campaign for Better Transport agrees with the proposals for borrowing, provided manufacturers achieve a set minimum reduction.

Question 9: What are your views on the proposed minimum requirements for ZEVs (emissions, minimum range and warranty)?

Question 10: Are there additional minimum requirements that should be added to the regulation (in the first year or at a later point)? Please provide your rationale.

Question 11: Do you agree or disagree with the proposal to provide additional credits to ZEVs used in car clubs? Are there any additional criteria or provisions that can increase the effectiveness of these incentives? Please explain your reasoning.

Campaign for Better Transport strongly supports the provision and uptake of car cubs across the country, and agrees with the Consultation document's assertions as to their efficacy in contributing to achieving zero emissions. According to CoMoUK, car clubs removed nearly 117,000 cars from the roads across the UK in 2021. To promote the increase of ZEVs in car club fleets, ZEVs used in car clubs should indeed receive more credits.

Question 12: Is the proposed incentive mechanism an appropriate and beneficial way to support the development of zero emission WAVs?

No, it is not. The Consultation document states that WAVs are typically converted vans. To award an extra half-a-credit to ZEVs converted to WAVs, in addition to the one 'credit which a zero emission SPV would already receive, to reflect the emissions reductions they would bring', suggests unjustified adjustments to the figures. There is no reason why WAVs should not transition – at the very least – alongside vans, according to the Consultation's recommendations.

Question 13: What are your views on the proposed payment levels in the ZEV mandate?

Campaign for Better Transport agrees that the criteria for proposed penalty payments should be greater than the additional cost to produce a ZEV compared to a comparable ICE vehicle in order to discourage manufacturers from making payments rather than producing ZEVs. The payment must reflect the cost of the excess carbon emissions that would result from selling an ICE vehicle rather than a ZEV. Also, that they must equate to equivalent fines for non-compliance in other automotive markets.

Question 14: What are your views on the proposed methodology to set baseline CO2 emissions targets for manufacturers?

Question 15: Do you support the flat scenario, the tightening scenario, the lightweighting scenario or a different trajectory for the CO2 standard? Please explain your reasoning.

Campaign for Better Transport supports the 'lightweighting' scenario. A flat baseline is inadequate to achieve the necessary CO_2 reductions. As the Climate Change Committee recommends, an average 2% reduction year-on-year will be necessary, and as heavier vehicles produce more emissions, increasing the proportion of lighter vehicle classes will make a valuable contribution to achieving Net Zero.

Question 16: Does the proposal for derogations under the non-ZEV CO2 standard strike an appropriate balance between supporting small volume manufacturers and minimising increases in emissions from combustion engine vehicles?

We do not believe the case has been made for exempting MVMs, and a requirement that their 'new non-ZEVs do not become more polluting over time' is inadequate.

Question 17: What are your views on the proposed categories for exemptions from the non-ZEV CO2 standard?

As above, Campaign for Better Transport does not believe the case for exemption of these vehicles has been made.

Question 18: Do you agree or disagree with the proposal for how pooling would operate under the ZEV mandate and non-ZEV CO2 standard?

Pooling is a sensible approach to achieving targets in emissions reduction without unduly burdening those with genuine difficulty in adapting. Campaign for Better Transport supports the end of open pooling and the implementation of restricted pooling with a baseline calculated for each group.

Question 19: What are your views on the proposed method for setting non-ZEV CO2 targets for new manufacturers entering the UK market?

Campaign for Better Transport is content with the proposal.

Question 20: What are your views on this proposed mechanism to enable overcompliance with the ZEV mandate to help toward compliance with the non-ZEV CO2 regulation?

Campaign for Better Transport accepts that the transfer mechanism will be a useful tool for manufacturers, but feel it should be limited to the first three years of the mandate, or at very least, reviewed at the end of that period.

Question 21: What are your views on this proposed mechanism to enable overcompliance with the non-ZEV CO2 standard to help toward compliance with the ZEV mandate targets?

Campaign for Better Transport accepts that credit mechanism is necessary given the production cycles of manufacturers and welcomes its limit to the first three years of the mandate.

Question 22: What are your views on the levels and structure of the proposed payment system for the non-ZEV CO2 regulation?

Campaign for Better Transport strongly agrees that there should be fines for non-compliance with the mandate, and does not object to the levels and structure proposed.

Question 23: What are your views on the proposed timeline and process for reporting data and meeting compliance with the ZEV mandate and non-ZEV CO2 scheme?

Campaign for Better Transport has no objection to the proposed timeline.

Question 24: Do you support or oppose the proposal to keep the regulation under review?

Yes, the regulation should be kept under review to ensure the effectiveness of the mandate and the functionality of the regulations. In particular, changing the minimum technical specifications, modifying the provisions for extra credits for car clubs, or bringing additional categories of SPVs into the scope of the mandate and emissions standard should be regularly reviewed. However, we oppose the suggestion that the review should be able to facilitate a reduction in the stringency of targets.

Question 25: What are your views on the potential impact of the two proposed schemes on communities in the more rural and remote parts of the UK and to those businesses involved in the sale of vehicles in those areas?

Campaign for Better Transport has highlighted the UK's various 'transport deserts' where no reliable public transport is available. Those living in rural or remote areas are overly dependent or solely reliant on private vehicles. Therefore, the Government and devolved institutions must, over the next seven years, place considerably more emphasis on creating the infrastructure necessary for ZEVs in rural and remote areas of the UK so that they become more appealing. For example, both should cooperate to deliver DfT's proposed 300,000 EV charging devices by 2030 – particularly as there are currently fewer than 7,000 rapid and ultra-rapid charging devices available to EV owners across the UK. In addition, the Government should invest substantially in improving public transport options in both urban and rural areas.

For further information, please contact:

Dr Stephen Goss
Policy & Research Manager
stephen.goss@bettertransport.org.uk