



CLIMATE GROUP
EV100



openreach



UK Electric Fleets Coalition

2022 Policy Paper



The UK Electric Fleets Coalition brings together the following businesses in support of this policy position statement:



Executive summary

The UK Electric Fleets Coalition (UKEFC) is a group of twenty eight of the UK's leading businesses, led by Climate Group in partnership with BT Group, LeasePlan, Openreach and Royal Mail. It is committed to zero emission fleets while advocating for ambition from policymakers to decarbonise road transport and accelerate the transition to a net zero economy.

The UK has shown leadership internationally with the announcement of the 2030 ICE phase-out and the planned ZEV Mandate. Now is the time for the new Government to keep momentum and to continue support for the transition to Net Zero. A clear pathway to 2030, alongside a strong, simple and ambitious ZEV mandate, backed by funding and targeted support, will give businesses the confidence to invest in EVs at scale now. It will also ensure the UK continues to build a globally competitive automotive manufacturing sector. We ask the new Government to look at the opportunities the transition will create for UK jobs and growth and the key role that EVs have in the decarbonisation of the grid. Using EV batteries as storage to help balance peak demands on generating capacity will solve the availability issues of renewables, help achieve energy security while meeting The UK's Net Zero goals.



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Businesses are the main procurers of new vehicles and have a crucial role to play in accelerating the transition to electrified road transport. UKEFC signatories have already made ambitious combined commitments to fleet electrification. We ask the new Government to match this ambition by making bold, supportive policy decisions in the following areas:



1. Increasing supply

Lack of supply and choice of zero emission alternatives is one of the leading barriers cited by the Climate Group's EV100 members that is limiting uptake. Long lead times, lack of choice (or no option at all for some vehicle types) and lack of availability are all challenges that companies face when meeting their commitments to the EV transition. These issues are particularly acute for commercial vehicles.

In this context, we welcome the UK Government's planned Zero emission vehicle (ZEV) mandate and recognise it as a world leading piece of legislation. In the context of global competition, it will help to provide certainty to plan vehicle development and manufacture, presenting an opportunity for the UK to attract additional Battery Electric Vehicle (BEV) manufacturing in the UK, particularly for vans which are most critically needed. To drive the transition and stimulate an immediate and continuing increase in supply of vehicles, the new Government must now provide more detail on how a simple yet ambitious ZEV mandate will be delivered. We need to see a commitment to putting it in place with ambitious targets, strong implementation mechanisms and a linear projection to provide auto manufacturers with a clear instruction that now is the time to increase supply to the UK market.



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2. Driving further demand

Demand for Zero Emission Vehicles has significantly increased in the last three years with the end of last year ZEVs overtaking diesel cars for new car registrations. However, the upfront capital cost remains a major issue, with 58% of EV100 members seeing it as a significant barrier in the UK. Challenges around cost are more pronounced for vans, and although some members are already seeing predicted cost parity over a ZEV's lifetime, this is not yet the case for most buyers. Due to inflationary pressures, there are likely to be further cost challenges ahead. We look to the new Government to help the businesses we represent drive change and remain fit for the future. In this regard we would highlight the following key points:

Grant certainty

Grants for vans remain essential to help bring the up-front cost into line with their petrol and diesel counterparts. The unpredictable nature of grants causes significant disruption for fleet operators, both in terms of future planning as well as purchasing. Grant reductions or restrictions on grant applications per customer announced without forewarning or consultation can halt sales already in process, which has both a direct impact on buyers and reduces trust in the scheme. As the Treasury looks at the long-term fiscal implications of the transition to ZEVs, we encourage dialogue with business with large fleets in order to ensure that policy decisions recognise the impacts of different measures on the lifetime costs of vehicles, and the impact these decisions may have on fleet operator's ability to make the transition.

Company Car Tax

Favourable Benefit in Kind (BIK) rates for EVs have been central to driving uptake in the UK over recent years. The current BIK regime up to 2024/25 continues to provide a huge incentive to purchase EVs. In order to give fleet operators much needed certainty and to provide confidence to invest in electric fleets, stability and clarity is needed. BIK rates should remain low for ZEVs up to 2030/31 and increases in rates should be no more than 1% a year between 2024/25 and 2030/31 with no cliff edges. 2025/26 rates should be announced in the next budget and with much additional foresight as possible.

Advisory Electricity Rate

The new Advisory Electricity Rate (AER) for reimbursing electric company car mileage remains at 5p per mile. Planned increases to the energy price cap in October 2022 will make the AER even more fundamentally out of step and will leave EV drivers out of pocket. In the context of rapidly increasing energy prices the issue will worsen without review. The AER for reimbursing electric company car mileage should be increased in line with increasing energy costs.



At the end of last year, ZEVs overtook diesel cars for new car registrations.



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3. Charging Infrastructure

82% of EV100's UK-based members say that access to reliable charging infrastructure, both at-home and across the road network, is a 'significant or very significant barrier' to EV adoption. In particular, drivers lack options when they do not have access to at-home charging, with public charging infrastructure often being too slow, unreliable, or unavailable due to increasing demand.

More is needed to ensure the delivery of a comprehensive, reliable, interoperable network of chargepoints that will allow businesses to electrify their fleets at scale and now. We were pleased to see commitment to address these issues in OZEV's recent consultation on a new regulatory framework. We would urge the Government to provide more detail on when plans in this area will be taken forward, including in respect of a possible new statutory obligation on local authorities to plan and deliver charging infrastructure. We would also highlight the following points.

Tendering for chargepoints/ Upgrades to grid connections

For fleet operators, installing chargepoints represents a significant upfront cost. As well as the often slow and cumbersome process these costs stymie plans for installing both private and publicly accessible charging points. This puts extra pressure on the existing charging infrastructure, as well as acting as a further disincentive for companies looking to transition to EVs. We would like to see greater government support for the installation of multiple chargepoints, the introduction of a tendering process for chargepoints and connection upgrades and help for businesses in the near term to offset the cost of upgrading strategic grid connections in areas with low capacity alongside a shift in approach to network regulation to drive more strategic investment in the electricity distribution grids for the longer term.



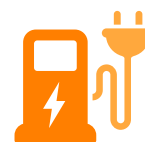
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Local delivery of national ambition

The Government's EV Infrastructure Strategy, launched in March including £450 million funding for local authorities as part of the Local Electric Vehicle Infrastructure (LEVI) fund and On-Street Residential Chargepoint Scheme will provide crucial support for the coordinated delivery of chargepoints across the UK and if delivered effectively will ensure that no region is left behind in the EV transition. We welcome the recently announced pilot to allocate support through the LEVI fund to a number of local authorities to deliver charging infrastructure and look forward to the Government building on this in future. As we look to the future, more detailed consideration is needed to ensure the right mix of depot and home charging, public charging which includes near home, en route rapid charging and destination charging. We would also like to see the inclusion of interim targets to reach the goal of at least 300,000 public chargepoints by 2030. Access to the fund should be extended from 2025 to 2028.

Right to plug

For many van drivers, charging overnight is the only option, yet many don't have either a private driveway or access to on-street charging options. For many UKEFC signatories, this is the biggest barrier to fleet electrification. Planning rules (including minimum size of parking spaces), lack of local authority action and lack of data/information, have all contributed to a sluggish roll out of on-street / available charging. This needs to change if consumers and businesses are to be reassured that they can charge their vehicles when needed. UKEFC members would welcome changes to planning rules, including introducing a guarantee the 'right to plug' to all those using an electric vehicle through requiring local authorities to install in areas where there is proven demand



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