

# **UK Electric Fleet Coalition (UKEFC)'s response to the House of Lords Environment and Climate Change Committee Call for on Electric Vehicles**

## **Introduction**

This paper has been prepared and submitted by Climate Group as secretariat of the [UK Electric Fleets Coalition \(UKEFC\)](#), a group of 28 leading businesses committed to decarbonizing their fleets, in partnership with Steering Group members BT Group, LeasePlan, Openreach and Royal Mail. These companies have come together to demonstrate how UK businesses are leading the world in commitments to zero emission vehicles and to advocate for ambition from government in achieving a net zero economy.

## **Government approaches**

### **1. What are the main obstacles to the achievement of the Government's 2030 and 2035 phase-out dates? Are the phase-out dates realistic and achievable? If not, what steps should the Government take to make the phase-out dates achievable?**

The 2030 and 2035 phase out dates are not only realistic but necessary for UK competitiveness and to achieve its climate goals. Similar phase out dates have also been set in the European Union and globally, making it necessary for the UK to align to the same level of ambition.

UKEFC members have clearly committed to decarbonise their entire fleet by 2035. Legislative certainty is vital for businesses to push forward with their decarbonisation plans and invest in electric vehicles (EVs).

A key mechanism to facilitate the phase out of combustion engine vehicles is the zero-emission vehicle (ZEV) mandate. UKEFC signatories have repeatedly called for a ZEV mandate as a mechanism to help to accelerate the transition to ZEVs. The government lack of clarity, with no official confirmation that the policy will be implemented in January 2024 as first planned, leads to uncertainties and risk jeopardising companies' decarbonisation plans.

A strong mandate with ambitious targets and a linear projection will ensure that supply of EVs in the UK will be able to meet demonstrated demand. In the context of global competition and with limited stocks of ZEVs, OEMs are increasingly prioritising markets with policies in place that incentivize them to do so. Crucially for businesses with fleets it provides auto manufacturers with clear instruction to increase supply to the UK market.

A zero-emission vehicle (ZEV) mandate will also act as a practical and achievable roadmap to the confirmed end date of sales of new petrol and diesel vehicles, formally enshrining 2030 and 2035 phase-out targets into law. Through this, it will act as a key policy lever in enabling the government to achieve its net zero commitments.

In addition to securing supply, a mandate can also provide certainty to help manufacturers plan vehicle development and manufacture, presenting an opportunity for the UK to attract additional BEV manufacturing, particularly for vans. The Mandate must be implemented in a timely manner, coming into effect no later than the beginning of 2024. The final version of the Mandate must be ambitious and simple.

In addition to urgently deliver the ZEV Mandate, the government should continue to create EV's demand by ensuring that there are funding and requirements to deliver a comprehensive, reliable interoperable network of public and private charge points across the UK. Tax incentives and subsidies for larger electric vehicles accompanied by VAT reductions on public charging are also essential to drive take up.

While the public charging network is crucial for the BEV transition, it's important to note that around 30% of drivers don't have access to off street parking to facilitate at home parking. Over half park on-street and will require kerbside charging solutions, the other half in communal or private car parks. This issue is of particular significance to UKEFC members with 'take home fleets' as opposed to 'charge at depot' fleets. We urge the Government to explore as many avenues as possible to ensure that people can charge their vehicles at or near their homes.

Over recent months there is a worrying increase in anti-EV media reporting. Aware that this will translate into political pressure to suppress demand for EVs and weaken government political support for decarbonising cars, vans and trucks, it is important to recognise that the largest fleets in the country are fully committed to electrifying their vehicles, recognising associated health, environmental and commercial benefits to doing so. Clear, unwavering and continued commitment from Government will allow them to continue to lead the UK's EV transition.

**2. Do the 2030 and 2035 phase-out dates serve their purpose to incentivise the development of an EV market in the UK? To what extent are car makers focusing on one date or the other? What are the impacts of the deadlines on the ability of the UK supply chain to benefit and how could the Government seek to further support the development of the UK EV industry? Would the introduction of a plan with key dates and timescales support the development of the EV industry in the UK?**

It is crucial that the UK keep pace with the global transition to EVs. According to [European Automobile Manufacturers' Association \(ACEA\)](#), the EU is the UK's largest market for vehicle exports, with 752,566 UK exports to the EU in 2022, valuing €10.3 billion.

In this context, we encourage the government in finding an effective agreement on the "rules of origin" requirements under the U.K.-EU Trade and Cooperation Agreement (TCA) in a way for both parties to boost their electric vehicle industries and reduce reliance on other countries import.

The government should address these issues in a comprehensive Industry Strategy investing in key aspects of the zero-emission vehicles value chain, including BEV manufacturing, supply chain and battery production.

Moreover, we are quite concerned by the fact that the Government has not yet reviewed the real driving emissions of hybrid vehicles, ensuring that emissions are actual and not inflated. The government's delay in the definition of "significant zero emission capability" (SZEC), which will define which non-ZEVs can be sold between 2030 and 2035, might create loopholes.

The Government should set out its definition of "significant zero emission capability" (SZEC) asap and set strict criteria on the eligibility of PHEVs (i.e. high min. electric range, ability to smart charge).

**3. What specific national policies, regulations or initiatives have been successful, or have hindered, EV adoption to date? Are these policies or initiatives fit for purpose?**

Setting clear and ambitious yet achievable phase out dates have allowed fleet operators, manufacturers, utility providers, local authorities, and other stakeholders to better plan for a major technology transition, make the needed supply chain investments, explore innovative financing mechanisms, and educate their workforce.

Benefit in Kind (BiK) has long been used as an effective tool to drive users into more efficient, less polluting vehicles by linking tax rates to CO2 levels. Since low BiK rates arrived in 2020/21, electric car uptake has soared to record highs whilst petrol and diesel have slumped. This has resulted in high levels of BEV registrations in this segment with recent data from the [BVRLA](#) showing that 43% of new leased vehicles are now BEVs. These beneficial tax rates are set to continue until 2028, which should result in almost all new company cars being electric by that time.

The LEVI fund has the potential to ensure the transition to electric vehicles takes place in every part of the country by supporting tens of thousands of local charge points, especially for those without access to off-street parking. A mechanism such as a statutory obligation is needed to ensure funds are taken up by local authorities that charging infrastructure is delivered in a coordinated way while acknowledging local conditions. It is crucial that charging infrastructure meets current demand, while also accommodating for future need of fleets and less wealthy sections of society.

There is impressive progress against the governments charging network targets with the government currently on track to meet the aim of at least 300,000 public charge points by 2030. While media reports often highlight issues with the charging network, our understanding and that of our members is that the public charging network for passenger cars is progressing at a good

rate. Recent regulations mandating high reliability rates and easier payment will help address user experience issues that some BEV drivers have faced.

Grants for electric vehicles played a crucial role in supporting early uptake of passenger cars when in place. They continue to do so for Vans and MHDVs, where cost parity is still not reached.

Regulations reducing CO2 intensity of vehicle sales have played a crucial role in pushing OEMs increasing the supply of zero-emission vehicles.

The ZEV Mandate is another important mechanism to secure supply and provide certainty to help manufacturers plan vehicle development and manufacture. For instance, in California, EVs sales increased considerably after the introduction of the ZEV Mandate.

The main barriers to EV adoption for fleet operators are: cost, supply of vehicles in volumes required while vehicle range and payload to meet a variety of user needs.

The ZEV Mandate will increase EVs supply in the UK and stimulate the second-hand market. Other policies are necessary, including continue investing in charging infrastructure, cutting VAT on public charging, restoring benefit in kind for company cars, a reform of the vehicle excise duty VED to be modulated on the vehicle emissions and to make it a proper incentive for BEV uptake.

**4. Given that the Government should apply a behavioural lens to policy—which involves people making changes to their everyday lives, such as what they purchase and use—is there a role for clearer communication of the case for EVs from the Government? If so, who should take the lead on delivering that?**

It is crucial to communicate clearly and share science-based information on the use of BEVs and their positive impact on the environment and air quality. The government should invest in awareness raising campaigns and information sessions addressed to the general public explaining the benefits of switching to BEV. The recent media campaign against BEVs aims to misinform the public with the overall objective to reduce demand, while jeopardise government's decarbonisation policies. The voice of UKEFC members is crucial in responding to arguments that EVs are not in the interest of drivers or the UK Economy. The largest fleets in the UK are fully committed to the EV transition recognising the associated environmental, health as well as economic benefits.

**5. What is your view on the accuracy of the information in the public domain relating to EVs and their usage?**

As mentioned above, the UK media campaign against BEVs during the summer has showed poor and misleading journalism. We encourage the government to incentivise fact-based communication and work with business coalitions including the UKEFC to highlight positive stories on EV usage and associated benefits.

**6. What are the overall environmental benefits that would result from achieving the 2030 and 2035 targets?**

The transition to BEVs will have major environmental benefits, first of all it will reduce air pollution which kills an estimated 7 million people every year and is the biggest environmental health risk of our time, as reported by [United Nations Environment Programme \(UNEP\)](#).

The fastest we switch to BEVs the better it is for the environment and people's health.

**7. What are the likely costs that will be faced by consumers as a result of the Government's phase-out dates for non-zero emissions vehicles? Are there policies or initiatives that the Government could use to specifically target barriers arising from unpredictable costs to the consumer, for example significant fluctuations in the cost of electricity, changes to road taxes, or the introduction of low emission zones?**

When fleet operators decide to switch to BEVs, the upfront cost of BEVs is higher than the equivalent petrol or diesel one. However, in time the cost is offset by the lower cost of running a BEV (especially if charged at home or depots) as well as the lower cost of maintenance, making the switch to BEV an economically advantageous business option.

Moreover, the [Bloomberg New Energy Finance \(BNEF\) study](#), commissioned by Transport & Environment (T&E), found that electric cars and vans should be cheaper to make than petrol or

diesel vehicles by 2027, with some segments achieving price parity from 2026, new research suggests.

Favourable fiscal policies will help reduce costs and stimulate BEVs uptake, including reduced VAT on public charging. Taxation should be modulated on vehicle emissions, higher for polluting vehicles and lower for BEVs.

## **EV Market and Acquiring an EV**

These questions relate to the UK EV market and uptake of EVs by UK consumers.

**8. What are the main routes for acquiring an EV? Which aspects of these routes are working well, and which aspects could be improved?**

**9. What are the main consumer barriers to acquiring an EV, either through purchasing, leasing, or other routes?**

**10. How is the Government helping to ensure that EVs are affordable and accessible for consumers, and are these approaches fit for purpose?**

**11. Do you think the range of EVs on offer in the UK is sufficient to meet market needs? Which segments are under-served and why? Why is the UK market not seeing low cost EVs, particularly in comparison to China?**

**12. What is the future role of L-segment and personal light electric vehicles, and how will that impact car ownership and usage? What is inhibiting their uptake?**

**13. What is your assessment of the current second-hand EV market? How is the second-hand EV market projected to develop between now and the phase out dates?**

**14. What is the relationship between EV leasing and the second-hand market and how do they interrelate?**

Corporate registrations account for approximately half of new car registrations in the UK, with leasing and long-term rentals specifically accounting for 20%. In 2022, BEVs accounted for over 34% of new registrations in the leasing sector, tracking ahead of overall corporate BEV registrations (23%). As described in Q3, favourable benefit-in-kind rates have led to a significant increase in BEV registrations, providing a clear incentive for company car drivers to switch to a BEV.

The corporate sector's continued leadership of the EV transition is largely dependent EV propositions from leasing companies. Getting the right policies in place to encourage the widespread leasing of EVs will not only ensure more EVs are on the road now but will ensure there is a healthy used BEV market as soon as possible. The vehicles that company procure (primarily though leasing) today are the second-hand vehicles of tomorrow. Vehicles that companies procure tend to go into the used market after just 3-5 years. Not only will this increase the supply of BEVs into the used market, it will also help to bring prices down.

**15. What barriers are there to achieving a sufficient supply of second-hand EVs, mindful that second-hand vehicles make up a high proportion of all vehicles purchased?**

**16. What is the value and role of alternative transport models such as car clubs and micro mobility vehicles in the Government achieving the 2030 phase out date, and how should the Government consider their roles and opportunities for use in transport decarbonisation?**

**17. Are consumers charged higher rates of insurance for an EV when compared to an internal combustion engine (ICE) vehicle, and if so, are these higher rates justified? Can the Government do anything to mitigate this?**

## **Experience of using an EV**

**18. What are the main challenges that UK consumers face in their use of EVs?**

For fleet operators, 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.

Grants for vans and favourable Benefit in Kind (BIK) rates for EVs remain essential to help bring the up-front cost into line with their petrol and diesel counterparts.

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.

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.

**19. What are the main benefits that UK consumers could realise from using an EV?**

**20. How prepared are car dealerships, service networks, repairs and maintenance organisations, breakdown services and aftermarket suppliers to meet the growing EV uptake?**

**21. How does the charging infrastructure for EVs need to develop to meet the 2030 target? Does the UK need to adopt a single charging standard (e.g., the Combined Charging System (CCS)) or is there room in the market for multiple charger types?**

**22. The Government recently published the draft legislation of "Public Charge Point Regulations 2023". What assessment have you made of the draft legislation text, and what contribution will it make in ensuring the charging experience is standardized and reliable for consumers?**

The UK Electric Fleet Coalition welcomes the Public Charge Point Regulations 2023 which will improve the charging experience for electric vehicle drivers Improving reliability, data sharing, customer service, making payment easier and pricing clearer.

**23. What assessment do you make of the requirements set out in the draft legislation of "Public Charge Point Regulations 2023" for charge point operators to make data free and publicly available, and how may this improve the EV charging experience for consumers?**

**24. In terms of charging infrastructure, are there unique barriers facing consumers in areas of low affluence and/or multi-occupancy buildings, such as shared housing or high-rise flats? Do you consider public EV charging points to be accessible and equitable compared to home-charging points? What can be done to improve accessibility and equity?**

**25. Is there a financial benefit to the consumer of choosing an EV over an ICE vehicle? Are there further benefits, aside from financial, that a consumer may gain from EV use?**

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Moreover, the [Bloomberg New Energy Finance \(BNEF\) study](#), commissioned by Transport & Environment (T&E), found that electric cars and vans should be cheaper to make than petrol or diesel vehicles by 2027, with some segments achieving price parity from 2026, new research suggests.

Favourable fiscal policies will help reduce costs and stimulate BEVs uptake, including reduced VAT on public charging. Taxation should be modulated on vehicle emissions, higher for polluting vehicles and lower for BEVs.

We hear from EV100 members and UKEFC signatories that the driver experience with an EV is superior. Vehicles are smoother to drive, have faster acceleration and quieter.

Fleet operators also report that service and maintenance costs for BEVs are far lower. With less moving parts there is less to go wrong.

## End of life disposal of EVs

**26. What options are there for consumers for end-of-life management of batteries and EVs, and what impact does this have on consumer attitudes towards buying an EV?**

**27. What are the current regulations and responsibilities of disposal and recycling for EVs, and how effective are they? How much of the battery can be recycled from a technical standpoint, and how much of that is economically feasible?**

Batteries and materials recycling is crucial to ensure supply of critical raw materials for the production of EVs. The government should update its regulations and look at the recently adopted Batteries Regulation in the EU which sets stricter carbon footprint and due diligence rules as well as recycling targets for nickel, cobalt, and lithium.

**28. Is there a risk that the residual value of EVs may be lower than the value of the EV as a source of recoverable critical minerals, and how might this effect the flow of EVs into the second-hand market?**

## National and regional issues

**29. What are the challenges or concerns around grid capacity in relation to significantly increased EV adoption?**

According to the National Grid the grid will be able to cope with the increased energy demand in EVs although upgrades and maintenance on grid infrastructure will be needed.

Energy efficiency measures and smart charging have the potential to help to mitigate pressures on energy supply and should be promoted. 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.

The government should consider reducing the cost, lead time and streamline the administrative procedure for grid upgrades.

For many fleets, at depot will be the primary location for vehicles. Installing the infrastructure needed to recharge large vehicle fleets requires planning, installation, and often distribution grid upgrades that cost fleets time and money. Establishing a sound framework that enables this work in a timely, standardised, cost-efficient way is vital to scale up charging infrastructure.

**30. What is the role of distribution network operators in ensuring EV infrastructure can be rolled out sufficiently to meet 2030 target?**

A key barrier to the many fleets who are currently aimed at installing at depot charging, grid upgrade is necessary.

Fleets are encountering a range of issues with DNO which need to be resolved. DNO capacity is limited and there are not enough electrical engineers to deal with the demand for onsite works.

The process of installing charging infrastructure differs between each DNO. Additionally, DNO works requiring digging of highways, in most cases, has a minimum 12-week lead time. Due to power limitations, the costs of upgrades are considerable. DNOs are key accelerating the decarbonisation of fleet depots by overcoming grid connection challenges.

We would like to see a standardised flat rate costs for DNO upgrades. Sustainable growth in the DNO capacity to support the demand and increased acceptance of load balancing options to reduce DNO upgrades. It would also be advisable for DNOs to sign up to a common service level agreement to standardise the processes involved in working with individual DNOs

**31. What are the requirements, challenges or opportunities for the development of public charge point delivery across the UK? How will the development of EV charging infrastructure in the UK interact with existing planning regulations?**

Close coordination between local authorities, distribution system operators (DSOs), fleet managers and charging point operators (CPOs) is crucial to help identify the charging points

required. Fleet operators are willing to share their routes and help local authorities planning the deployment of charging infrastructures.

**32. What are the issues facing rural residents, urban residents, and sub-urban residents and how do they differ?**

**33. What role do you see local authorities playing in the delivering the 2030 phase out target, particularly in relation to planning regulations, charge points and working with District Network Operators? How can government best support local authorities in their roles?**

Local authorities will need to play a significant role specifically in relation to the rollout of charge points, including managing conflicting demands for space on the highway. The Government's EV Infrastructure Strategy is clear and rightly calls for local authorities to take responsibility for developing and delivering strategies to rollout charging infrastructure in their areas, with a generous central pot of funding available through the Local EV Infrastructure Fund (LEVI).

While we agree with the approach and the level of funding allocated, we believe the Government needs to go further by providing clear policy guidance for local authorities and mandating action through a statutory obligation.

Local authorities are facing a range of challenges and balancing a variety of priorities. With regards to EVs, there is a huge variance in levels of expertise, local political pressure for action as well as political will within councils. An obligation will ensure that there is attention to this issue and that charging infrastructure is rolled out nationally in a coordinated, coherent way that acknowledge current usage patterns while supporting a comprehensive future network of charge points that ensure that no one is left behind in the EV transition.

In terms of the relationship with DNO, applications for substation upgrades to facilitate depot and public charging are becoming more frequent and some local authorities are now restricting action on this as well as how many charge points companies can install at each site due to power availability,

#### **International perspectives**

**34. What are the successful approaches to the rollout and uptake of EVs in other countries, and what can the UK learn from these cases?**