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Climate Change Committee
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Ref Zero-emission vehicle mandate

Dear Minister,

I am writing in response to your letter dated 4th August asking for my Committee's advice on the zero-emission vehicle mandate and CO₂ regulations for new cars and vans, pursuant to s48(1) and s48(2) of the Climate Change Act 2008, on behalf of Ministers of the UK Government, Scottish Government, Welsh Government and Department for Infrastructure for Northern Ireland.

My Committee was disappointed by the Prime Minister's recent decision to delay the phase-out date for sales of new petrol and diesel cars and vans to 2035. This increases the risk of the UK not meeting its emissions reduction targets, which are vital to tackle climate change. We welcome, therefore, your decision to implement a zero-emission vehicle mandate on manufacturers. This is an important policy measure that will encourage the production of electric vehicles (EVs), by setting minimum requirements on the zero-emission share of each manufacturer's new car and van sales that increase each year out to 2030, and therefore progressively help deliver the decarbonisation of the transport sector.

The mandate will provide clarity for manufacturers, businesses and motorists on the direction of the UK market and the rate of change required. To build on this and demonstrate consistency to the market, we recommend that your department also sets targets for the period from 2030-2035, making sure these are ambitious enough to minimise the impact of continuing petrol and diesel vehicle sales on UK emissions.

Surface transport is the UK's largest source of greenhouse gas emissions. As such, the recent flat trend in car emissions and increase in van emissions poses a particular concern for the achievement of the UK's legal emissions targets. It is important, therefore, that the mandate is as ambitious as possible, while retaining the support of industry and consumers. Our analysis shows that bringing in a mandate will save money for British motorists, improve air quality and help the UK meet its legislated climate targets.

Your proposed approach of setting caps for allowances and activity within the scheme based on percentages of the in-year registrations of all participants is a proportionate step. We also agree that it is important to limit the ability to borrow future allowances and transfer allowances from the accompanying CO₂ regulations to the first three years of the mandate as is currently planned.

We urge you to look further at your proposed accompanying CO₂ regulations for new non-zero-emission vehicles. This is an opportunity to use regulation to drive emissions reductions among the remaining fossil-fuelled and hybrid vehicles that will continue to be sold and used for many more years.

Zero-emission vehicle mandate

A mandate for manufacturers to supply a growing proportion of zero-emission vehicles is an effective means to support the country towards the full phase-out of sales of new internal combustion engine (ICE) vehicles. This is vital for Net Zero and will improve air quality in British towns and cities. Our analysis also shows that the mandate will help save money for British motorists.

- The switch to EVs is the largest single driver of future emissions reduction in the UK's Net Zero pathway, accounting for approximately one fifth (50 MtCO₂e/year) of the annual savings by 2035 in the UK Government's Carbon Budget Delivery Plan. The mandate will be vital in delivering these savings, ensuring that EVs make up around half of all vehicles on the road by 2035.
- Vehicle manufacturers around the world are gearing up to produce EVs, and demand from motorists continues to grow in the UK and abroad more quickly than even our analysis had anticipated. Markets are therefore moving rapidly, and other leading jurisdictions are also introducing ICE sales regulations and phase-out dates. Securing a supply of EVs for the UK is critical, or consumers risk being left behind with an outdated technology. Alongside the mandate, consideration should be given to how to ensure that this supply covers all market segments, rather than continuing the growing trend towards larger vehicles that are generally less affordable and more resource- and energy-intensive.
- The mandate sends an important signal of the UK's industrial priorities for the automotive sector. This can help unlock business investment and build confidence among UK manufacturers that they can safely scale up and transition their supply chains to EV production and participate in this growing global market. Clarity on the pace of EV uptake will also be crucial for securing private-sector investment in public charging networks, which will help these to scale up ahead of need, building consumers' confidence in the widespread availability and reliability of charging infrastructure.
- A mandate will save money for motorists. Our estimates suggest that a typical EV will be cost-saving to own relative to an ICE vehicle by the mid-2020s, with total annual savings to society from the switch to EVs expected to exceed £10 billion by 2035. Your own department's findings support this and find that implementation of the mandate is expected to deliver a Net Present Value of £44 billion. Of course, it is critical to consider the distributional consequences and support those who may be negatively affected, especially in early years when EVs are still more expensive than ICE vehicles and used EVs are still not widely available.

Efficiency standards for new petrol, diesel and hybrid vehicles

Another critical element of the proposed legislation are the efficiency standards for new petrol, diesel and hybrid vehicles which will continue to be sold until 2035. Typical new cars remain on the road for around 14 years. Therefore, ICE and hybrid vehicles that continue to be sold alongside the mandate will continue producing emissions for a considerable period. We are concerned that the regulations proposed for this portion of the market, which would require that the average emissions of each manufacturer's new non-zero-emission car and van sales remain constant at 2021 levels each year, are insufficiently ambitious to deliver the emissions savings required to meet the UK's Nationally Determined Contribution to the UNFCCC and the Sixth Carbon Budget.

- Our calculations show that this policy of maintaining flat emissions intensities will reduce emissions savings by around 3 MtCO₂e per year by

2030 compared to my Committee's Net Zero Pathway. Furthermore, it will reduce manufacturer incentives to sell smaller vehicles, potentially increasing emissions associated with vehicle production and road repairs.

- Reducing the emissions intensities of new non-zero-emission vehicles is even more important following the decision to delay the 2030 phase-out date, in order to limit the impact on total UK emissions of the ICE vehicles that continue to be sold until 2035.
- While we recognise the importance of allowing manufacturers to focus investment into EV supply chains, opportunities to reduce these emissions without requiring substantial new research and development should not be overlooked. For example, your department's own alternative 'lightweighting' scenario would enable carbon-intensity improvements through reversing recent trends towards larger cars.

Confusing signals have been sent to businesses and consumers in recent days, following the Government's decision to slow the pace of the transition to the full phase-out of petrol and diesel cars and vans. We welcome the clarity that is provided to vehicle manufacturers by the timely introduction of the zero-emission vehicle mandate. We urge you to focus on creating the conditions for these targets to be achieved and explore opportunities to drive EV uptake beyond these minimum targets wherever possible. Measures to increase the availability, attractiveness and affordability of alternatives to car use must also be developed alongside implementing the mandate, to enable people to make lower-carbon travel choices. Any shortfalls in EV uptake or weakening of the mandate's application would increase reliance on these alternatives in meeting emissions reduction targets. I would welcome further discussion on any of these issues.

Yours,



Professor Piers Forster
Interim Chair of the Climate Change Committee