

# RAC Foundation response to the DfT's: Green Paper on a New Road Vehicle CO<sub>2</sub> Emissions Regulatory Framework for the United Kingdom

The RAC Foundation is a transport policy and research organisation which explores the economic, mobility, safety and environmental issues relating to roads and their users. The Foundation publishes independent and authoritative research with which it promotes informed debate and advocates policy in the interest of the responsible motorist.

We do not regard this response to be confidential and will publish it on the RAC Foundation website after submission.

The RAC Foundation fully supports the government's attempts to decarbonise road transport and backed, with caveats, the move to halt the sale of new petrol and diesel cars in the UK in 2030.

We recognise there is a strong argument for establishing a 'glidepath' to help us get to 2030 with progressive falls in CO<sub>2</sub> along the way.

However, we would make the following observations about the challenges this raises, particularly in relation to the two-pronged approach - zero emission vehicle (ZEV) sales mandates and steadily declining CO<sub>2</sub> values over time - set out in the green paper. We focus on the situation as it applies to cars though some of what we have to say may be relevant to other types of vehicle.

- 1) The setting of ZEV mandates which mean that manufacturers must, year-on-year sell a rising proportion of zero emission cars has attractions, not least the encouragement it gives to infrastructure providers to make further investments in public recharging facilities for electric vehicles. Knowing there will be a certain number of EVs on the road by a certain date helps providers plan their route to profitability.

However, whilst a ZEV mandate sets enforceable targets on the car industry, the take up of EVs is as much about the demand side as the supply side. Even if auto manufacturers make their EVs as attractive as possible there is no guarantee that consumers will buy them for reasons which include, but are not limited to:

- a. The general state of the economy and household wealth
- b. A possible return of Covid
- c. A scepticism about the practicality of EVs
- d. A reluctance to buy the current generation of EVs when tomorrow's might have better range and a more competitive price
- e. The continued price disparity between EVs and their ICE equivalents
- f. The future price of electricity and other energy

- g. Availability of government grants and subsidies
  - h. The fiscal framework around the purchase of vehicles and their use
- 2) Looking specifically at points f. and g. above these are both areas where, obviously, ministers can reduce uncertainty at a stroke. Just as this consultation looks at establishing a medium-term glidepath for emission standards so similar clarity is needed in other areas of public policy which impact the EV market.

It seems that the plug-in grant will be phased out sooner rather than later, but when exactly? Will there still be grants available to install home and workplace charge points? What will be the result of last year's call for evidence on reforms to Vehicle Excise Duty which might result in closer alignment between carbon emissions and duty levels as well as a higher 'showroom tax' on more polluting vehicles? How, if at all, will the anticipated decline in fuel duty revenue be compensated for with a new motoring tax that might raise per mile costs for EV drivers when cheap running costs are a key attraction for buying an EV?

- 3) The green paper sets out how current CO<sub>2</sub> targets are adjusted to reflect the weight of an individual manufacturer's average car; the higher the average weight, the more leeway they have in meeting the overall emissions target for the entire new car fleet. Whilst, overall, the above average emissions generated by companies making bigger cars is offset by those making smaller ones the current policy appears effectively to be endorsing the production of larger, heavier cars, which would seem counter-intuitive given the overall policy direction.

We believe that whilst consumers have the right to seek and buy bigger internal combustion engine cars, if that is what their lifestyle demands, the fact that such vehicles tend to emit more CO<sub>2</sub> than smaller, lighter models should be reflected in their price. It is well established in the UK market that drivers have tended to 'bank' improved fuel economy by trading up to higher performance models. The popularity of 'SUV' badged vehicles has been a feature of the UK market for some time now, and while there are perfectly legitimate reasons why drivers might prefer vehicles that are better able to cope with the lamentable state of our road network and still provide a comfortable ride, we would support the view that the incentive should be for them still to choose the least environmentally damaging option offering that body-style and ride.

Currently, all manufacturers can escape a financial penalty for non-compliance by buying credits from other manufacturers who have met and exceeded their emissions obligations. Removing emission limit adjustments based on weight could result in two things:

- a. First, makers of larger cars are likely to focus on building lighter, smaller cars in an attempt to meet what, for them, will be more stringent CO<sub>2</sub> targets
- b. Second, if the manufacturers of larger cars can't, or won't, meet the standardised, industry-wide emissions target then they will have to buy a larger number of credits from those companies that do, hence increasing the

incentive for those companies producing greener cars to further overachieve on their compliance.

- 4) The consultation explains how: “In the UK, from 1 January 2021 it has been a legal requirement to capture and store real-world emissions data from new vehicles.”

We understand that there is also an expectation that – using powers in EU law which has been transposed into UK law - government will “ensure that the public is informed of how that real-world representativeness evolves over time.”

Government and consumer access to this data will be crucial in establishing whether cars – particularly plug-in hybrids – really do have significant zero emission capabilities, and that those capabilities are being used. Whilst the assumption is that, in the right conditions, plug-in hybrids can be much more economical than cars solely reliant on internal combustion engines there has been a shortage of publicly available, real-world data to prove that is correct. Ideally this real-world data should also be available to consumers.

Not only would it allow drivers to make informed decisions about the suitability of a vehicle to their circumstances and trip patterns; it might also mean – if plug-in hybrids actually burn more fossil fuel than lab tests suggest – that they move straight to a zero-emission car thus speeding up the decarbonisation of the UK fleet.

It would be beneficial if the data – suitably anonymised – could be matched up/cross referenced against other data sets such as MOT records and be made available to researchers so that as much value as possible is gleaned from the information.

We urge government to use their powers as quickly as is practicable.

- 5) Experience has shown that when binding targets are set automotive companies can meet and exceed them. The challenge for government is how to finalise any new regulations in a timely manner given that the car industry is made up of so many individual firms with competing agendas and commercial approaches, and that car design and production lifecycles span several years. The risk is that the negotiations stall, drivers become further confused about what they should buy, and the clock is run down to such an extent that there is little meaningful to be gained by introducing a complex new system ahead of 2030.

RAC Foundation  
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