

Briefing Paper: Ultra-Low Carbon Vehicles in the UK

April 2009

Background

In January 2009, Geoff Hoon, transport secretary, announced that government would be investing £250 million in low-carbon vehicles as part of government plans on low-carbon transport. In March 2009, the Department for Business, Enterprise and Regulatory Reform (BERR) and the Department of Energy and Climate Change (DECC) published its initial scoping paper on a vision for a 'Low Carbon Industrial Strategy'. Within the consultation paper, government sets out the aim of "making the UK a global leader in the development and production of low carbon vehicles". A final Low Carbon Industrial Strategy will be published in the summer.

Summary

Business secretary Lord Mandelson and transport secretary Geoff Hoon unveiled the policy paper 'Ultra-Low Carbon Vehicles in the UK' on 16 April. The paper outlines government strategy in fostering a globally competitive electric vehicle market in the UK, alongside detailing a package of measures aimed at increasing the viability of the uptake of electric vehicles through incentives for consumers and investment in national electric vehicle infrastructure.

The policy paper:

- Highlights the importance of investing in ultra-low carbon cars as part of government's low carbon strategy in view of the Stern Review, King Review and the establishment of the Committee on Climate Change in setting Carbon Budgets.
- Emphasises the need to decarbonise electricity generation to maximise the CO₂ reduction from electric and plug-in hybrid vehicles, alongside creating a "greener grid" through smart management.
- Notes the recommendations of the New Automotive Innovation and Growth Team (NAIGT) in planning for a low carbon future, with government taking ownership and industry providing strategic direction for the development, production and use of vehicles in the UK.

Sets out five strategic goals:

- To support the automotive industry through the economic downturn, with such support as the Automotive Assistance Programme, to enable a successful transition to low carbon.
- To make the UK a world leader in research, development and demonstration. Government states that in addition to Technology Strategy Board's (TSB) Low Carbon Vehicles Innovation Platform £10 million competition, a further TSB R&D competition will open in June to invest in the supply chain for electric vehicles. Government also signaled it would immediately scale up the TSB's ultra-low carbon vehicle demonstration competition, doubling the planned 100 demonstrator vehicles. The Department for Transport will establish a £20 million Low Carbon Vehicle Procurement Programme.
- To create a viable environment to support the adoption of electric vehicles in cities and regions. Government will provide £20 million for companies to start the process of building and developing charging infrastructure.

- To make ultra-low carbon vehicle solutions competitive for consumers. Government will provide an incentive for consumers to buy electric and plug-in hybrid cars of around £2,000 - £5,000. Government is to begin discussions with the automotive and finance industries to see how the incentive can best be delivered. Eligible cars will have to meet safety standards and not exceed a maximum CO₂ ceiling, to be announced on a future date. The scheme is likely to be operational in 2011.
- To provide clear and strategic leadership and coordination across government and beyond Whitehall. Government highlights the NAIGT research and development roadmap to 2050, as well as the 'Test Bed UK' concept bringing together global suppliers and manufacturers to place the UK as a dynamic and growing ultra-low carbon automotive industry. Government recognises the need to provide co-ordinated and strategic focus to government activity as called for by the NAIGT.

Outlines timescales, stating that:

- In the short term (next five years), a shift to low carbon vehicles will see incremental improvements to efficiency of new cars, increased take-up of new model hybrids, cities and regions developing appropriate charging infrastructure to provide a 'core of electric car cities' and a gradual emergence of early market ultra-low carbon vehicles.
- In the medium term (five to ten years) there will be continued and increased improvements to: efficiency of new cars; take up of hybrids; coverage of charging infrastructure; with ultra-low carbon vehicles entering large scale production.
- In the longer term (ten plus years) the shift will see combinations of hybrid vehicles, downsized powertrains, and lightweight vehicles becoming dominant, continued rollout of charging infrastructure, and mass market development of ultra-low carbon vehicles leading to significant market penetration.

Next steps

The chancellor will outline the first UK Carbon Budget alongside the 2009 Budget on 22 April. Carbon budgets will legally set ceilings on the level of allowed UK CO₂ emissions over five year periods, including in the transport sector. Government is to launch its Low Carbon Industrial Strategy in the summer following consultation with stakeholders throughout April. Further details of consumer incentives for ultra-low carbon cars are to be announced in due course following discussions with industry on how best to deliver and target such funding.

The paper can be viewed at:
<http://www.berr.gov.uk/files/file51017.pdf>

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