Road to Zero: the future of automotive

30 August 2018

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Download the recording of the webinar here

- During presentations (14:00 – 14:30) everyone will be muted so that only the presenters will be heard.

- The presentation will be followed by a Q&A session. Please type your question into chat box in the side panel.

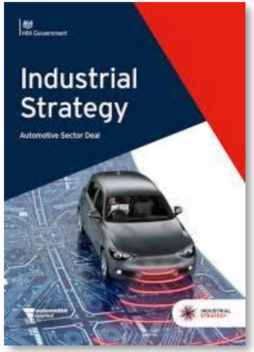
- If you are experiencing any technical problems please call 020 7344 1673.

Agenda

- Wider context
- Ambition levels
- Key policy announcements
- SMMT reaction
- Future engagement and next steps

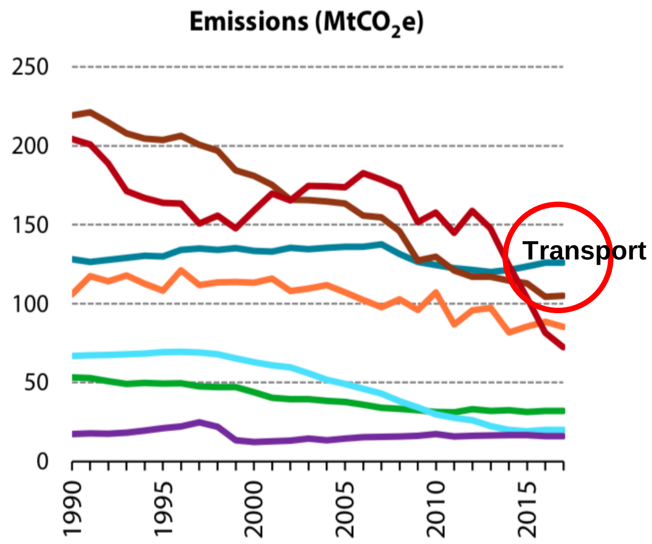
SMMT DRIVING THE MOTOR INDUSTRY

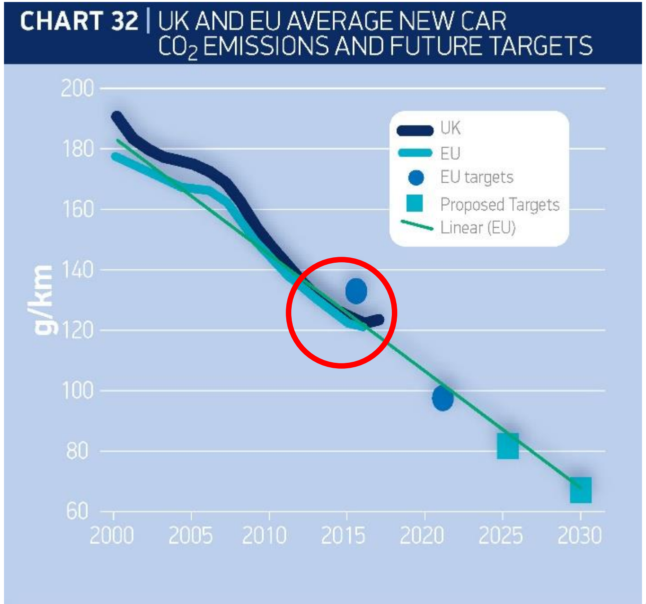
Wider context



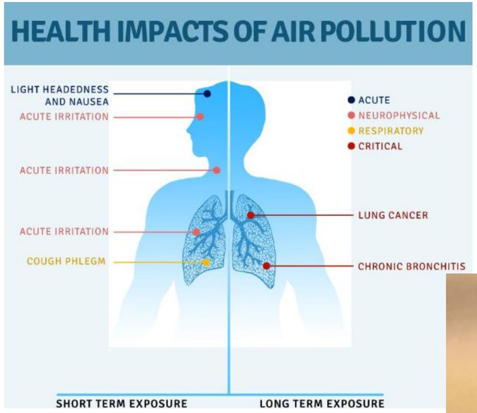
CO_2 - backdrop

- Road transport now main source of CO_2 emissions
- New car CO_2 emissions rose for first time in 2017



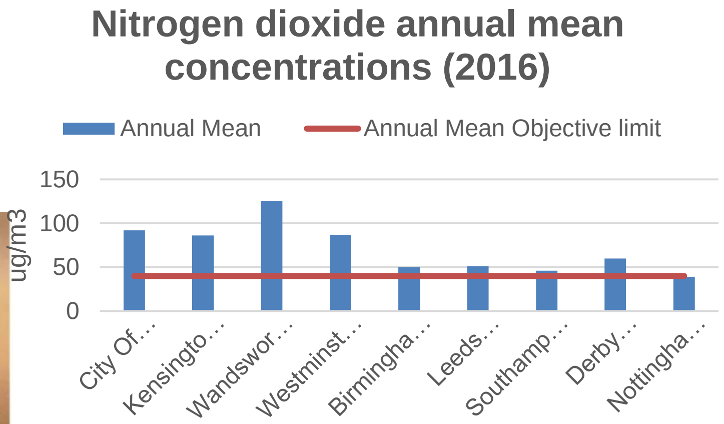


Air quality - backdrop



Air Pollution Is Shortening Your Life. Here's How Much.

A power plant in Cheshire, Ohio. Worldwide, outdoor air pollution reduces the average life span at birth by one year. Maddie McGarvey for The New York Times



Ambition levels

- **2030**: **50-70%** of new cars and up to **40%** of new vans to be ULEVs (post 2020 = 50g/km)

- **2040**: majority of new cars and vans sold to be **100% zero emission** and all new cars and vans to have **significant** zero emission capability

- **2050**: almost every car and van to be zero emission

- By **2025**: **review** progress towards ambitions

‘Bold ambitions, bold action’

Government wants to see new cars and vans delivering as many zero emission miles as possible, as fast as possible

Adequate vehicle supply
- 38 cars eligible for PiCG
- 9 vans eligible for PiVG

Strong consumer base and right market conditions
- Confusion around technology
- Higher upfront cost
- Infrastructure

Infrastructure network
‘Affordable, efficient, reliable’

Technology neutral

“Cleaner diesel cars and vans **can play an important part in reducing CO_2 emissions** from road transport during the transition to zero emission vehicles whilst meeting ever more stringent air quality standards”

“Although the environmental performance of range extenders, plug-in, and non-plugin hybrids depends on their use and zero emission range, these vehicles are amongst the cleanest vehicles on the market and can bring **significant environmental benefits**. They are an important way of helping motorists make the switch to a different way of powering their vehicles”

Technology neutral

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Fleet turn-over will play an important part in reducing emissions

Range extenders, plug-in and **non-plug-in hybrids** are amongst the cleanest vehicles on the market and can bring significant environmental benefits

Diesel is more suitable for cars that regularly drive long distances or carry heavy loads.

In air quality terms, a **new conventional vehicle** will almost always be cleaner than an older one of the same fuel type

For cars principally being used in **urban areas** where journeys tend to be shorter and at slower speeds, petrol hybrid, other alternatively fuelled or new conventional petrol cars are likely to be most suitable.

Road Transport Emissions Advice Group

Driving ZEV and ULEV uptake

- **Consumer incentives** in some form will continue beyond 2020
- Set out **definitions** of ultra-low and zero emission vehicles that local areas can adopt
- Ensure the **tax system** incentivises the cleanest vehicles (van VED consultation)
- **Messaging** to consumers and fleets (GUL)
- Government **leadership**: 100% of central government fleet to be ULEV by 2030

Increasing charging infrastructure

- £400 million **Charging Infrastructure Investment Fund** to help accelerate charging infrastructure deployment
- Consultation on introducing a requirement for chargepoint infrastructure for **new dwellings** in England
- All new **street lighting columns** to include charging points in areas with current on-street parking provision
- **Workplace Charging Scheme** increased to 75% of the purchase and installation costs capped at a maximum of £500 per socket
- £4.5 million invested in the **On-street Residential Chargepoint Scheme** until 2020

Powering the transition

- Automated and Electric Vehicles Act – all new **chargepoints to be smart**
- **Electric Vehicle Energy Taskforce**
- Gather evidence of any potential key network connection **infrastructure barriers**
- **Highways England pilot** to increase electrical capability at a motorway service area

LCVs

- Up to 40% vans to be ULEVs by 2030

- Most general issues to cover vans too
- Strategy did note increased **number and use** of vans, more **limited ULEV options** and **strong role for diesels**
- Suggested **alternatives** to diesel – including petrol are possible
- Changes to allow car licence holders to drive **alternatively fuelled vans to 4.25T** (from 3.5T)

Heavy goods vehicles and freight

- Freight operators to reduce GHG emissions by **15% by 2025** (2015 base)

- Identify and assess **zero emission technologies suitable for HGV traffic** on the UK road network

- Working with industry to develop **an ultra low emission standard for trucks**

Bus and coach

- **New £48mn** to accelerate uptake of ULEB and related infrastructure

- Noted invested **£130mn** through Green Bus Fund and Low Emission Bus Scheme supported 1,700 LEB and infrastructure, whilst £63mn Clean Bus Technology Fund supported **retrofitting 5,700 buses**

Industrial strategy

- Increase in **public investment in R&D** and rate of R&D tax credit to 12% (as per Ind Strategy)

- Work with industry to set an ambition for a UK **content target for the ultra low emission vehicle supply chain** that is at least as ambitious as for conventional vehicles (50%)

- Launching a **supply chain competitiveness and productivity** improvement programme

SMMT reaction

- **Share government's goal** of zero emission transport
- Barriers around **infrastructure, consumer acceptance and supply chain** need to be addressed
- Industry welcomes **technology neutral approach**, with no plans to ban any particular technology
- **Diesel recognised as playing a key part** in the transition, and will continue to play a vital role for consumers and businesses
- **2030 targets far beyond European expectations** and industry predictions
- **Infrastructure announcements welcomed**, but government must offer world-class package of incentives to match ambitions for ultra-low and zero emission vehicle uptake

Press coverage

- Coverage centred on **trailed press release**, not Monday media briefing
- Sunday-Monday: two major **cabinet resignations**
- Industry response appeared across **national and trade** media

FINANCIAL TIMES

UK stops short of 2040 ban on petrol and diesel vehicles

The automotive industry group, Society of Motor Manufacturers and Traders, praised the new plan for its technology-neutral approach, but expressed concern about whether the 2030 target for ultra low emission vehicles was realistic.

"These new technologies, and the lengthy investment required to deliver them, cannot be fast-tracked," said Mike Hawes, chief executive of the SMMT.

The Guardian

The motor industry had argued that the 2040 targets were contributing to consumer fears over diesel cars, whose UK sales have slumped in the last 15 months. Mike Hawes, the chief executive of the Society of Motor Manufacturers and Traders, said the strategy recognised "the vital role conventional engines, including diesel, will continue to play in the transition to 2040 and beyond".

He said the industry welcomed the "technology neutral approach" and the news that hybrids would not be banned but remained concerned over 2030 targets for ultra-low emission vehicles. "We need realistic ambition levels and measures that support industry's efforts, allow manufacturers time to invest, innovate and sell competitively, and provide the right incentives and infrastructure to take the consumer with us," he said.

THE SUNDAY TIMES DRIVING

Responding to the Road to Zero policy announcement, the SMMT CEO Mike Hawes welcomed the proposals for the most part, saying, "Industry is firmly committed to a zero emission future and is investing billions in technologies to get us there."

Future engagement and next steps

Zero Emission Vehicle Summit

Electric Vehicle Energy Taskforce

Road Transport Emissions Advice Group

Review by 2025

New Car and Van CO_2 Regulations

Consumer incentives

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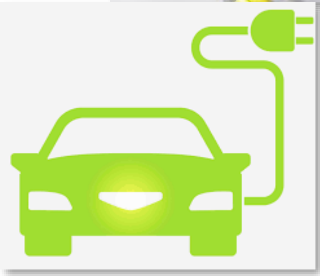
New car and vans CO_2 Regulation

Timeline	• **Welcome 2030 target date**, sufficient time & in-line other EC targets • **2025 target should be removed**, too little time to make progress
Level of ambition	• For cars, **20% reduction in CO_2 by 2030** (under WLTP) • Target should be **conditional** on AFV uptake and infrastructure • Review in 2024
Zero and Low Emission Vehicles benchmark	• **Amend ZLEV benchmark to support other tech (eg PHEV)** • Technology neutrality is essential (positive no technology mandate)
Light Commercial Vehicles	• LCV target should be **significantly below cars** • Adjust ZLEV benchmark to be LCV specific (cars different to LCVs)
Small volume and niche provisions	• **Small volume manufacturer provisions should remain** • **Niche derogations should also be maintained**
Principles	• **Keep principles** of g/km, mass as a parameter and tank-to-wheel • Introduce **additional flexibilities** - offsetting cars/LCVs, car sharing/driver efficiency

Consumer incentives

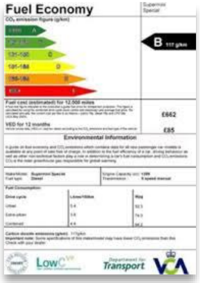
- **Plug-in car and van grants need to be maintained, at least the current rate, beyond 2020**

- Need long term **certainty**
- Market still at early stage and concern premature removal will **adversely impact** on demand (and supply)
- Incentives should match **ambition levels**
- **Other measures** could be pursued too – taxes, use of bus lanes, free parking etc.



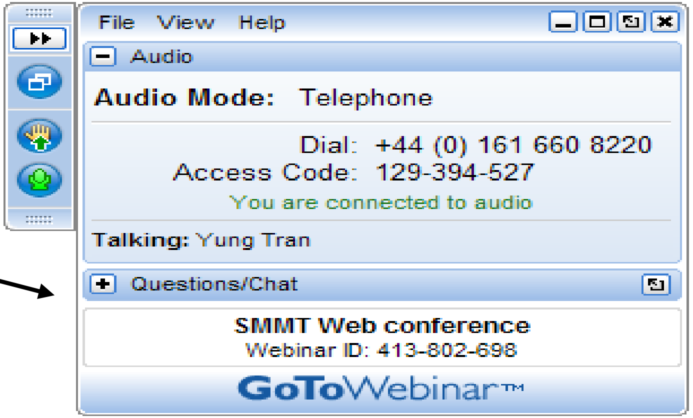
Consumer messaging

- Consumers key to **mass market** transformation
- Need **clear and consistent messaging**
- Concern over replacement hold off and buying **unsuitable products** in the short-term
- Road Transport Emissions Advice Group needs to be set up and **delivering outputs** soon (e.g. issues around WLTP)
- **Go Ultra Low** plays an important role in this space
- Role of **fuel efficient** driving



Questions and Answers

Please type your question in the Question/Chat box.



Email: memberservices@smmt.co.uk with your questions after this session.

Slides emailed to participants after this session.

Thank you

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