



## **SMMT response to Transport for London's consultation on proposed changes to the Congestion Charge**

**30 July 2010**

### **Introduction**

- The Society of Motor Manufacturers and Traders (SMMT) is the leading trade association for the UK motor industry, providing expert advice and information to its members as well as to external organisations. It represents companies throughout the automotive sector ranging from vehicle manufacturers, component and material suppliers to power train providers and design engineers. The motor industry is a crucial sector of the UK economy, generating a manufacturing turnover of £51 billion, contributing over 10% of the UK's total exports and supporting around 800,000 jobs.
- SMMT welcomes the opportunity to respond to this consultation, and our response focuses on two key parts:
  - Western extension
  - Changes to discounts
- SMMT and its members are constantly working on new technologies to ensure that the next generation of vehicles are even cleaner and more efficient. CO<sub>2</sub> emissions from new cars are continuing to fall and the impact of vehicles on air quality has also significantly improved. To ensure that further emission improvements are achieved, the industry is committed to work in partnerships with government, local authorities and vehicle users.
- The core aim of the congestion charge should be to reduce congestion. Whilst reducing emissions is a considerable benefit and supported by industry, we would remind policy-makers to consider the potential market distortion their policy decisions can have, and also the need to provide clear and long-term indicators for technology/low-emission options.
- For any further information on any of the comments in this response, please contact John Evans, Technical Manager, [jevans@smt.co.uk](mailto:jevans@smt.co.uk) or 020 7344 1602; or Jonathan Hawkings, Senior Policy Officer, [jhawkings@smt.co.uk](mailto:jhawkings@smt.co.uk) or 020 7344 9217.

### **Western Extension**

- Industry supports the rationale behind the removal of the Western Extension. A concern is over the impetus to mitigate any financial losses or potential emissions increases through significant changes to the Low Emissions Zone (LEZ) as briefly referred to in the consultation document. SMMT is shortly meeting TfL on the LEZ and will be pleased to use this opportunity to discuss such concerns.

## **Removal of the Alternative Fuel Discount**

- As aforementioned, industry supports a technology neutral approach to emissions reduction, and opposes significant policy shifts which detriment markets. Alternative fuels are and should continue to be incentivised. This is particularly important for commercial vehicles where alternative fuels (such as CNG or bio-methane) and alternative powertrains (such as hybrid diesel-electric) are key for emissions reduction whilst there are significant limitations on low-carbon technology options for these types of vehicles. Goods carrying vehicles are, by necessity large, and will be unable to achieve car levels of CO<sub>2</sub> emissions and so additional targets should be considered based on class or weight categories.
- Below you will see our concerns regarding early adopters. We would recommend extending the exemption to 3 years to better reflect the average change cycles.

## **New Greener Vehicle Discount**

- Our members have different views on this discount as they have significantly different product ranges, therefore we would like to highlight some of challenges and potential impacts of the proposal.
- Early adopters of low-carbon technologies, for example those who have recently purchased Euro-4 standard hybrids will likely see significant impacts on the re-sale value of their vehicles as well as be penalised for early-adoption on current technologies available on the market. This is both unfair and market distorting.
- It should be noted that certain recent Euro 4 vehicles meet the Euro 5 emissions levels however, are not registered as Euro 5 due to these standards not being confirmed at the time of type approval.
- However, the approach of Euro 5 standards and 100g/km CO<sub>2</sub> or less is technology neutral, and leaves options to consumers, for example some diesels can achieve this.
- SMMT welcomes the technology neutral approach to the proposals but would urge TfL to consider additional options that incentivise innovative and low carbon options for commercial vehicles.
- We understand the motivation behind the proposed changes and would welcome working with TfL on how best to mitigate and address some of the impacts of the proposal, perhaps through greater lead-times or more gradual changes.

## **A change to the Electric Vehicle Discount**

- Several SMMT members are bringing to the market plug-in hybrid electric vehicles. As mentioned, we support discounts for a full range of low-emission vehicles, including zero-emissions electric vehicles and the electric hybrid vehicles. SMMT welcomes the central government incentivisation of the purchase of electric vehicles, the proposed widening of the discount is welcome and alongside government incentives will encourage a market to develop for these vehicles.

## **Additional comments**

- SMMT members have also commented on the administrative burden and need to have a paperless method for administering discounts. Such an approach would contribute to the sustainability agenda and better regulation approach TfL seeks.

- SMMT also welcomes the option of an automated payment method to simplify and reduce the administrative burden on companies and individuals.

**Conclusion – key points from this response**

- A mix of low-carbon technologies is essential to reducing emissions from transport whilst maintaining a thriving and competitive automotive sector and products which are accessible, affordable and meet transport needs.
- The removal of the Western Extension is supported and SMMT looks forward to engaging with TfL on changes to the LEZ.