

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP**EXECUTIVE COMMITTEE****10 MAY 2023****CONSULTATION ON A ZERO EMISSION VEHICLE (ZEV) MANDATE AND CO2 EMISSIONS REGULATION FOR NEW CARS AND VANS IN THE UK****REPORT BY STRATEGY OFFICER (STRATEGIC CONNECTIVITY)**

This report seeks approval of a proposed response to the Department for Transport (DfT) consultation on 'A zero emission vehicle (ZEV) mandate and CO2 emissions regulation for new cars and vans in the UK'.

1 RECOMMENDATIONS

- 1.1 That the Executive Committee considers and approves the proposed consultation response to the 'A zero emission vehicle (ZEV) mandate and CO2 emissions regulation for new cars and vans in the UK', as detailed in Appendix A.

2 BACKGROUND

- 2.1 On 30 March 2023 the Department for Transport (DfT) published consultation on [a zero emission vehicle \(ZEV\) mandate and CO2 emissions regulation for new cars and vans in the UK](#) with the consultation period ending on 24 May 2023. The consultation is a joint consultation between the Scottish Government, UK Government, Welsh Government and Northern Ireland Department of Infrastructure.
- 2.2 As the deadline for responses is prior to the Partnership meeting scheduled for 13 June 2023, the Executive Committee is being asked to consider and approve a proposed Tactran response to the consultation.

3 DISCUSSION

- 3.1 [A zero emission vehicle \(ZEV\) mandate and CO2 emissions regulation for new cars and vans in the UK](#) outlines and seeks views on proposals to establish a regulatory framework for the use of zero-emission vehicles (ZEV), with the aim of reducing greenhouse gas emissions and improving air quality. The proposal includes a ZEV mandate requiring an increasing share of zero-emission cars and vans, alongside a CO2 emissions regulation to ensure that new non-zero emission cars and vans do not become more polluting in the future. The consultation is being led by DfT, but is a joint consultation between the UK Government, Scottish Government, Welsh Government and Northern Ireland Department of Infrastructure and aims to ensure net zero emissions targets for transport are met within the required timescales.

- 3.2 Evidence received through the consultation will inform the design of a mandate and CO2 emissions regulations, and the Scottish Government will carefully consider feedback received through the consultation to assess whether the proposals benefit Scottish communities and businesses and helps achieve the Scottish Government's ambition to phase out the need for new petrol and diesel cars and vans by 2030. As this is a devolved policy area, the final determination on whether and how a mandate would apply in Scotland rests with the Scottish Government.
- 3.3 The proposals put forward in this consultation are a significant step to decarbonise transport within the United Kingdom and, indeed, Scotland.
- 3.4 Tactran supports the principles of the proposed ZEV Mandate, but the ambition of the proposed targets falls short of where they should be if the Mandate is to drive the market as intended. Tactran, subsequently, supports the principle of introducing separate regulations with more ambitious requirements in Scotland and encourages the UK Government to increase its targets in line with the high scenario set out in the consultation document.
- 3.5 In the wider design of the regulation, Tactran considers the proposal that only ZEVs count towards the awarding of certificates makes sense. Tactran supports keeping the eligibility criteria and methodologies as set out for deriving the price for the carbon certificates and excess carbon emissions simple. Simplicity also means that there should be no banking or borrowing, as including these can result on the important early targets during the initial three years between 2024 and 2026 to be weakened. This will have a significant impact on the UK's and Scotland's ability to meet their ambitious carbon targets.
- 3.6 Finally, Tactran considers that the proposed system design of fixing the CO2 regulation at its current level and keeping that separate from the ZEV Mandate also makes sense. This will keep the focus on the development and sales of ZEVs.
- 3.7 The Executive Committee is asked to consider and approve the proposed Tactran response, as detailed in Appendix A to allow submission by the deadline of 24 May 2023.

4 RESOURCE IMPLICATIONS

- 4.1 There are no resource implications arising directly from this report.

5 EQUALITIES IMPLICATIONS

- 5.1 This report has been screened for any policy implications in respect of Equality Impact Assessment and no major issues have been identified.

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NOTE

The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above Report.

A zero emission vehicle (ZEV) mandate and CO2 emissions regulation for new cars and vans in the UK, Department of Transport, 30 March 2023

ZEV Mandate and CO2 Emission Regulation for New Cars and Vans in the UK Consultation

UK Government Consultation

Tactran Response

Tactran welcomes the opportunity to respond to consultation on the ZEV Mandate and CO2 Emission Regulation for New Cars and Vans in the UK.

Question 1:

- (a) Do you agree or disagree with the UK Government's preference to introduce a UK-wide regulatory framework?**
- (b) Or, do you agree or disagree with the introduction of different trading schemes with separate requirements in one or more of the nations, different from the rest of the UK? Please explain your answer.**

Tactran disagrees with the UK Government's preference for a UK-wide regulatory framework. As noted in the document, Scotland has more ambitious carbon reduction targets than the United Kingdom. The Scottish targets remain amongst the most ambitious targets in the world and are aligned with a path to keep global warming to below 1.5°C above preindustrial levels. Therefore, the regulatory framework in Scotland must be consistent with the ambitious targets set in Scotland.

The purpose of this regulation is to drive ambition. Governments should not set targets that are lower than the market would achieve anyway. Targets should be ambitious, but realistic, ensuring that manufacturers produce and deliver increasing numbers of zero emission vehicles for the UK market. Tactran, subsequently, agrees with the principle of introducing separate regulations with more ambitious requirements in Scotland.

Question 2:

- (a) Do you agree or disagree with the UK Government's preference to introduce UK-wide annual targets?**
- (b) Or, do you agree or disagree with year-on-year targets having to be met within each nation of the UK annually? Please explain your answer.**

Tactran disagrees with the preference to introduce annual targets, with two or three yearly being more appropriate. Annual targets can pose a challenge for manufacturers in terms of having to sell a set proportion of vehicles each year which does not necessarily fit with production plans. Targets should be set for Scotland that reflect the ambitions for Scotland.

Question 3:

- **Do you agree or disagree with the proposal for the central trajectory for new zero emission cars set out in Table 1?**

The proposed annual targets for cars can, and should, be more ambitious in the early years of the Mandate. The purpose of this regulation is to drive ambition. Governments should not set targets that are lower than the market would achieve anyway. Targets should be ambitious, but realistic, ensuring that manufacturers produce and deliver increasing numbers of zero emission vehicles for the UK market.

With BEV sales already around 15% of the market and rapidly rising, a target of only 22% in 2024 is below what the market will deliver anyway. If the current trajectory is maintained this would result in approximately BEV sales of 34% of the market. Tactran, subsequently, supports a target in line with the high scenario in Figure 7, achieving 41% by 2025 and 50% by 2027.

As stated previously, the ZEV mandate should drive ambition. The Scottish Government's ambition is to achieve 100% by 2030. Therefore, the proposed target of 38% for 2027 is also too low; it is towards the lower end of the SMMT's projections, meaning it is what would happen anyway. We therefore support a more rapid increase in ZEV sales culminating in 100% by 2030, this would be almost in line with the high scenario set out in Figure 7 which reaches 97% by 2030.

Question 4:

- **Do you agree or disagree with the proposal for the central trajectory for new zero emission vans set out in Table 2?**

Tactran believes that the targets set out for vans are behind where they should be. While it is understandable to set the initial target at a lower level than cars due to the differing maturity of the electric van market, the targets beyond 2024 must accelerate at a much faster rate than currently proposed and again aim for 100% by 2030, in line with Scottish Government ambitions and similar to the high scenario set out in Figure 8.

Question 5:

- **Do you agree or disagree that the proposed derogations (thresholds and adapted trajectories) strike an appropriate balance between supporting small volume manufacturers while also ensuring that all manufacturers play a part in the transition to ZEVs?**

Tactran agrees with the proposed derogations.

Question 6:

- **Do you agree or disagree with these proposals for the inclusion or exclusion of SPVs? If you disagree, please state your reasons for specific SPV categories.**

With the proposals to include a trading element, Tactran believes that there is no need to include exemptions for specialist vehicles. Specialist vehicles represent a very small share of the overall market and manufacturers can purchase credits to meet targets for these vehicles.

If exemptions are to be included in the Mandate, they must be specifically laid out in the regulation.

Question 7:

- **Do you agree or disagree with the proposals for banking during the 2024-2030 period?**

Tactran disagrees with the proposed provision for borrowing. Existing systems that use banking and borrowing, such as the Effort Sharing Regulation (EU) 2018/842, show that such flexibilities can delay much needed climate action.

This is contrary to what is needed if the UK is to achieve the Sixth Carbon Budget targets. Achieving the targets requires ZEV sales to be ambitious, especially during the initial three years between 2024 and 2026.

Tactran does not believe that banking and borrowing is needed in this regulation. Allowing companies to delay action will not stimulate further innovation.

It is obvious that the overwhelming majority of OEMs recognise the role of electric cars and vans, with an increasing number of OEMs already planning to end the production of ICE cars.

Question 8:

- **Do you agree with the proposed provisions for borrowing in the 2024-2026 period? If you disagree with the proposal, please provide alternative options and your rationale.**

Tactran disagrees with the proposed provision for borrowing. Existing systems that use banking and borrowing, such as the Effort Sharing Regulation (EU) 2018/842, show that such flexibilities can delay much needed climate action.

This is contrary to what is needed if the UK is to achieve the Sixth Carbon Budget targets. Achieving the targets requires ZEV sales to be ambitious, especially during the initial three years between 2024 and 2026.

Tactran does not believe that banking and borrowing is needed in this regulation. Allowing companies to delay action will not stimulate further innovation.

It is obvious that the overwhelming majority of OEMs recognise the role of electric cars and vans, with an increasing number of OEMs already planning to end the production of ICE cars.

Question 9:

- **What are your views on the proposed minimum requirements for ZEVs (emissions, minimum range and warranty)?**

The regulation should be kept under open review to enable the Government to monitor the market and make changes if necessary. If the market is not providing the quantity of quality vehicles needed for the transition, criteria could be added at a later stage.

Question 10:

- **Are there additional minimum requirements that should be added to the regulation (in the first year or at a later point)? Please provide your rationale.**

Tactran believes that that the eligibility criteria should be kept simple. Adding too many criteria on eligibility could be detrimental. The regulation, however, should be kept under open review to enable the Government to monitor the market and make changes if necessary. If the market is not providing the quantity of quality vehicles needed for the transition, criteria could be added at a later stage.

Question 11:

- **Do you agree or disagree with the proposal to provide additional credits to ZEVs used in car clubs? Are there any additional criteria or provisions that can increase the effectiveness of these incentives? Please explain your reasoning.**

Recognising the role of car clubs, Tactran agrees with the proposal to provide additional credits to ZEVs used in car clubs. Benefits of car clubs include the potential to introduce ZEVs more widely more quickly to replace journeys by ICE vehicles. They would also provide lower cost access to EVs, feasible for those unable to afford a new car. This is important in combination with local / regional demand management measures such as differentiating charges by vehicle size and emissions.

Question 12:

- **Is the proposed incentive mechanism an appropriate and beneficial way to support the development of zero emission WAVs?**

Tactran agrees with the proposed incentive mechanism. However, this would need to be accompanied by regulations by the Government to ensure that all taxi companies must operate a certain share of their fleet as wheelchair friendly taxis to be available to all wheelchair types. All too often wheelchair users are left stranded due to the lack of accessible wheelchair taxis.

Question 13:

- **What are your views on the proposed payment levels in the ZEV mandate?**

Tactran does not have a particular view on the payment levels but is supportive of the criteria set out in paragraph 2.103.

Question 14:

- **What are your views on the proposed methodology to set baseline CO2 emissions targets for manufacturers?**

Tactran considers the methodology to be reasonable.

Question 15:

- **Do you support the flat scenario, the tightening scenario, the lightweighting scenario or a different trajectory for the CO2 standard? Please explain your reasoning.**

Tactran supports the flat scenario to fix the CO2 regulation so that non-ZEV vehicles sold do not become less efficient. This scenario will enable manufacturers to focus their development plans on ZEVs which will help the UK to achieve its decarbonisation targets. The ZEV Mandate regulation is the best tool to help achieve that. The proposed approach would eliminate the concern that manufacturers will be required to meet two separate targets.

Question 16:

- **Does the proposal for derogations under the non-ZEV CO2 standard strike an appropriate balance between supporting small volume manufacturers and minimising increases in emissions from combustion engine vehicles?**

Tactran does not have a particular view on derogations under the non-ZEV CO2 standard but would urge the Government to stick to the principle of simplicity where possible.

Question 17:

- **What are your views on the proposed categories for exemptions from the non-ZEV CO2 standard?**

Tactran has no preference or contribution to make to Question 17.

Question 18:

- **Do you agree or disagree with the proposal for how pooling would operate under the ZEV mandate and non-ZEV CO2 standard?**

See answer to Question 6

Question 19:

- **What are your views on the proposed method for setting non-ZEV CO2 targets for new manufacturers entering the UK market?**

Tactran supports the proposed method.

Question 20:

- **What are your views on this proposed mechanism to enable overcompliance with the ZEV mandate to help toward compliance with the non-ZEV CO2 regulation?**

Tactran considers it essential for the CO2 regulation not to be linked to the ZEV Mandate certificate system. Allowing the two systems to work independently ensures that they are at their most effective in increasing the number of ZEVs sold in the UK while ensuring non-ZEVs do not become less efficient.

If the two schemes are to be linked, they must not be linked in a way that allows for companies to overperform on the CO2 regulation and offset that against underperformance on the ZEV Mandate. This would likely result in the continued development of hybrid vehicles, contrary to the Government's intention with the overall design of the ZEV mandate regulation.

The risk of allowing companies to use certificates earned on overperformance on the ZEV Mandate to offset underperformance on the CO2 regulation is that it could allow some companies to sell more polluting vehicles, albeit at the same time as selling more ZEVs. Although this may not be a significant problem, particularly in the long term, Tactran is of the opinion that the two schemes are not linked to ensure the greatest effectiveness.

Question 21:

- **What are your views on this proposed mechanism to enable overcompliance with the non-ZEV CO2 standard to help toward compliance with the ZEV mandate targets?**

As above under Question 20.

Question 22:

- **What are your views on the levels and structure of the proposed payment system for the non-ZEV CO2 regulation?**

Tactran does not have a particular view on the level of the payment for non-ZEV CO₂ regulation but would urge the Government to stick to the principle of simplicity where possible. As such Tactran supports using the existing CO₂ regulation whereby the manufacturer pays per gram (or fraction of a gram) of CO₂ above their target multiplied by the number of non-ZEV cars or vans sold.

Question 23:

- **What are your views on the proposed timeline and process for reporting data and meeting compliance with the ZEV mandate and non-ZEV CO₂ scheme?**

Tactran does not have a particular view on how the ZEV mandate and non-ZEV CO₂ regulation should be enforced, but we would urge the Government to stick to the principle of simplicity where possible.

Question 24:

- **Do you support or oppose the proposal to keep the regulation under review?**

Tactran believes that the regulation should be kept under open review to enable the Government to monitor the market and make changes if necessary. If the market is not providing the quantity of quality vehicles needed for the transition, criteria could be added at a later stage.

Question 25:

- **What are your views on the potential impact of the two proposed schemes on communities in the more rural and remote parts of the UK and to those businesses involved in the sale of vehicles in those areas?**

Tactran supports the swift electrification and decarbonisation of vehicles. While at present the public charging network is sufficient to meet current BEV numbers in most regions, there is the risk that regions will fall behind when the anticipated accelerated uptake in BEV numbers occurs from 2024, impacting on the reliability of EV charging. This particularly applied to the peripheral and more rural and remote regions.

Tactran welcomes the Scottish Government's initiative to support Scottish Councils to develop and implement Electric Vehicle Infrastructure Strategies and Expansion Plans. We believe that this is an important step to plan and deliver the public charging infrastructure that is required to ensure the target of 300,000 charge points throughout UK by 2030 is met to provide a sufficient network for all regions.