# Industry anger as PM softens stance on net-zero

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Mark Salisbury

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On Wednesday (20/09/2023) the Prime Minister brought forward an announcement he was due to make on Friday that the Government were going to roll back key net-zero targets that had cross-party political agreement for the last three years. The announcement, widely anticipated, confirmed that ICE cars will now be banned from 2035 rather that the current 2030 and that the gas boiler target date pushed back to 2049. Most commentators have seen this more as an electioneering tactic than a committment to net-zero.

This was, of course, were met with dispair from climate experts and enviromentalists, but the automobile industry have expressed anger at what they see as wasted billions in investment and infrastructure as they had seen Britain as a world leader in environment policies.

A spokesperson from DriveElectric commented: In his announcement about moving the 2030 date to 2035, Prime Minister Rishi Sunak was keen to stress that this change of decision was primarily taken due to the financial interests of families around the country. However the running costs of electric cars are lower than those of petrol and diesel cars, the whole-life costs of EVs are already less in many cases, and the purchase price of EVs are forecast to be on par with petrol cars by around the middle of this decade.

Most significantly, the Prime Minister's announcement ignores that urgent action is needed to tackle climate change, and deferring the move to zero-tailpipe vehicles delays action. Also completely overlooked is the issue of the UK's air quality emergency – the faster the UK transitions to EVs, the less impact there will be on our health from air pollution from road transport.

The key message at the 2023 SMMT Electrified Conference, which took place in Westminster just two days before the Prime Minister's announcement, was that the automotive industry needs certainty in order to plan ahead and invest in the UK. The certainty from the original 2030 ICE ban announcement resulted in companies such as GRIDSERVE being able to secure investment more easily for expanding public charging in the UK. The certainty has now evaporated due to the PM's change of date.

Linked to the 2030 date for the end of new ICE sales was the ZEV Mandate, which had been worked up by the Department for Transport to increase the percentage of EVs that manufacturers would have to sell in the UK leading up to 2030. Manufacturers such as Ford welcomed the proposed ZEV Mandate, which was due to be implemented from January 2024, but the proposals have been waiting for government sign-off for months, creating uncertainty for the industry, and Rishi Sunak made no mention of plans for the ZEV Mandate in his announcement.

The government has been making a lot of noise about the need for energy security over the last 18 months, however delaying the transition to EVs means that the UK is reliant on importing fossil fuels for longer.

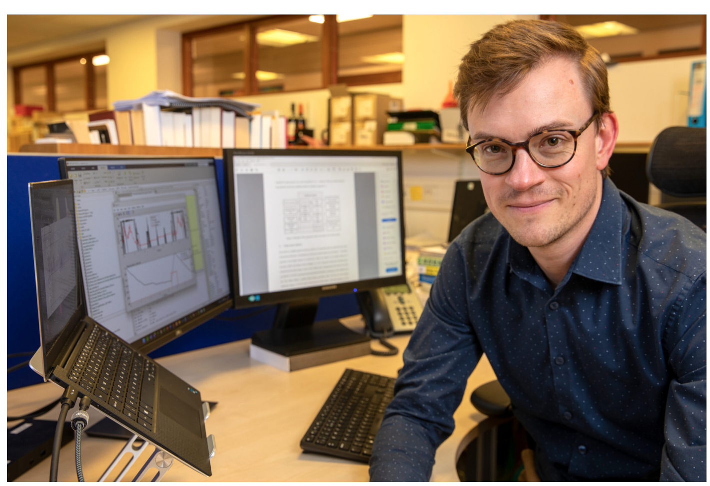
Despite the government backtracking on its self-proclaimed climate leadership, DriveElectric believes that motorists will continue to make the move to EVs because they offer a better ownership experience, and the company remains committed to helping people make the transition and reach net zero. Rather than delaying the move to EVs, what is needed is more support from the government now to help private motorists speed up the switch to electric cars.

The following comments are a sample of the industry response to the Prime Minister's announcement.

**Mike Potter, Managing Director of DriveElectric**, concludes: "Electric cars make sense financially because they last longer, need less maintenance, cost significantly less to fuel, and can cut electricity bills in half by using vehicle to grid technology. Such benefits also make EVs a much better buy for the second-hand market."

DriveElectric is an electric vehicle leasing company that has been helping organisations and individuals to adopt EVs to save money, lower emissions and transition to low carbon energy since 2008. DriveElectric aims to make the switch to electric cars and vans simple for business fleets.

**Christopher de Saxe, Head of Sustainability at logistic tech start-up, Zeus,** said: "The UK government's backpedalling on key green policies is very concerning, particularly the five-year push back of its 2030 phase-out date for petrol and diesel cars.



"While the associated diesel HGV phase-out dates of 2035 and 2040 (for HGVs of up to 26 and 44 tonnes respectively) were not featured in the

PM's announcement, historically regulations around HGV emissions have followed in close step with passenger vehicles and so this is also likely to be at risk in the near future.

Christopher de Saxe

"With the UK government's commitment to a 2050 net zero target still in force (for now), this announcement will cast serious doubt over the country's ability to deliver on its over-arching promises. The transport industry is the leading source of emissions in the UK at 24% of the total, making it greater than the emissions from energy supply, business activity or the combination of agriculture, land-use, and forestry.

"More specifically, HGVs remain one of the most critical sources of emissions to address given they contribute to 19% of all road transport emissions while only contributing to 6% of vehicle miles. Over the last two decades, total car miles travelled has remained relatively flat, while HGV and van miles have increased steadily to cope with the growing demand for goods by a growing population. Furthermore, the HGV sector is one of the most difficult-to-decarbonise and so any policy which will delay progress is cause for concern.

"A study by LSE has estimated that with existing global policies, the cost of climate change to the UK will increase from the current 1.1% GDP to 3.3% by 2050 and 7.4% by 2100. Yet, if the world's major economies backtrack on key decarbonisation policies these costs will be far higher and the chances meeting climate goals far lower. This transition requires a huge collaborative effort from us as industry, the government, and the general public alike, and this has to be built on foundations of credibility and stability. **Ford UK Chair Lisa Brankin** has rightfully pointed to their £430 million in EV investment in the UK in line with the 2030 phase-out date, and that this relaxation undermines business confidence in the government."

**Lauren Pamma, Director of Transport Programmes at the Green Finance Institute,** said: "Policy stability and certainty around the 2030 ban has set the direction of travel, resulting in billions of public and private capital being mobilised for the EV transition. Rowing back on this commitment and extending the mandate risks damaging the UK's international investment credibility and seeing investors leave for markets with more certainty. If we want to make the EV transition affordable and accessible, we need to create the appropriate policy and investment environment to ensure the supportive supply chain and enabling infrastructure, such as grid capacity, are in place."

**Asif Ghafoor, CEO and co-founder of Northern charging network Be.EV** said: "[Today's] announcement to push the ICE ban back to 2035 is the polar opposite to the ambition and bold strategy we need to see from the government right now.

"You can't help but think the Prime Minister looked at the net zero plan and thought 'that's going to be a bit hard', so chose to abandon it.

"The cold reality is Sunak needed to face up to the challenge – and to do so with conviction. The world is going through a major industrial shift – no one ever said it was going to be easy.

"At such an important time, the government should be leading the charge, creating jobs and opportunities and attracting investment to this country. Instead they are changing dates, generating uncertainty and demonstrating a total lack of ambition and courage in their vision for the country's green future.

"The government is no longer leading Britain's net zero transition. Their internal squabbles and indecisiveness have created a total loss of faith in any new measures or goals they announce. It will now fall on the public to drive the changes they want to see and the market to respond to that demand.

"For the EV industry, we have to push on with business as usual. The EV transition is happening – that horse has well and truly bolted.

"The rate at which consumers have adopted EVs has been faster than predicted. The British public is motivated to see a better, cleaner future for their kids and that will continue to provide some positive momentum to the transition.

"Car manufacturers are already globally invested in the EV transition, many have already made commitments to completely transition their production to 100% EVs before 2030.

"As an industry, our responsibility is now to the public, and to the public and private actors who are invested in this journey with us. At Be.EV, we will continue to play our part, supporting local councils and businesses to transform their communities, delivering the quality infrastructure needed to serve public demand and decarbonise Britain's transport once and for all."

**Wayne Mason-Drust, NBRA's board member** said: "The path to achieving net-zero emissions is undeniably urgent, but it is crucial to navigate this journey without damaging the very businesses that are key to making this transition successful. Our members, many of whom have already invested substantially in preparing for the 2030 deadline, now face uncertainty and potential financial setbacks.

By shifting the goalposts, the government puts at risk the investments made by businesses in our sector who took early steps to adapt to a greener automotive landscape. These businesses now face an extended period before they can see a return on their investment, raising questions about the economic viability of their proactive efforts.

To ensure that we do not compromise either our environmental objectives or the economic health of our industry, we suggest specific financial support, such as subsidies or grants, for those NBRA members who have already begun transitioning to EV-focused business models.

Additionally a graduated approach to discouraging petrol and diesel vehicle sales, perhaps through incremental EV grants, can stimulate a more manageable, gradual shift towards electric vehicles. Increased public investment in EV charging infrastructure is vital, making it easier for consumers to adapt and thus quickening the overall pace of transition."

**Mason-Drust** concluded: "Achieving net-zero emissions remains an imperative, but it is crucial to make this transition in a way that supports, rather than undermines, the businesses actively involved in this change.

The NBRA is open to collaborating with the government to find a mutually beneficial path forward that serves both our environmental and economic interests effectively."

**Maria Bengtsson, EY's UK Electric Vehicle Lead**, said: "The delay to the 2030 ban on the sale of new Internal Combustion Engine (ICE) vehicles could cause significant disruption for the automotive sector including Original Equipment Manufacturers (OEMs), dealers, businesses and consumers, given the extensive preparations made across the industry for the original deadline.

"It may also risk a loss of momentum just as the industry was preparing for the next phase of the EV transition, moving out of the early adoption phase and into a pursuit of mass market uptake. The recent substantial growth in Electric Vehicle (EV) sales could also be jeopardised if the delay leads to fleet operators and consumers opting to defer plans to adopt EVs. Again, this would have significant implications for OEMs and retailers that have recently invested substantially in the development and sales of EVs.

"Manufacturers had already committed to making the switch in line with the 2030 ban, but a delay adds uncertainty into the market, affecting manufacturers' ability to further invest, plan, produce, sell and support in the UK with confidence.

"Meanwhile, charge point operators have committed significant investment in a plan to meet the number of EVs on the road, which could likely be much fewer in the short term as a result of this delay. Consumers who were already unsure about the EV switch may also have more reason now to put it off. This may result in an imbalance in the market where the supply of EVs outstrips demand, causing further challenges throughout the automotive sector.

"Widespread EV adoption will be crucial to achieving the UK's 2050 targets, and while it may appear sensible to align the UK's ICE sales ban with the EU's 2035 deadline, the two markets are not like-for-like. The UK does not offer the same demand-side incentives or infrastructure environment as many EU jurisdictions and despite recent substantive inward investment into the UK EV supply chain, consumer uptake may be slower, so the Government may need to clarify whether it intends to address this with future policy.

"In addition, the effect of any Zero Emissions Vehicle (ZEV) Mandate delay that may follow today's announcement will be closely monitored by the auto sector. A potential delay could buy valuable time for OEMs to prepare for new regulations but this would likely mean frustration for key players who have already made significant investments and changes in anticipation of the original 2024 deadline."

**Ben Nelmes, CEO of New AutoMotive** said: "Pushing the ban on buying petrol and diesel cars back to 2035 is an abdication of leadership that motorists will pay the price for. It sets us back in the global race to develop green industries – a huge own goal by the UK.

"It's also a hammer blow to the UK's leadership on climate change. Despite what the Prime Minister has claimed, it will be harder to meet our legally binding emissions targets.

"He is right to say that electric car prices are dropping and charging infrastructure is improving – but this is thanks to the industry investing billions of pounds working towards the 2030 target. Pushing the date back will raise costs for motorists by deterring future investment in the UK EV industry and supply chain.

"It will restrict job creation, weaken energy security and lead to higher energy bills for longer for everyone. It removes a key pillar of the current government industrial policy of green growth, reversing the work of the last decade."

**Philip Nothard, chair, Vehicle Remarketing Association**, said: "It's very difficult to walk away from this announcement and not conclude that the whole thing is something of a mess. While it is fair to say that within remarketing, there are many sceptics who have serious doubts about the present viability of EVs in the used car market, almost everyone in the sector has still been working towards the 2030 deadline in a diligent and committed manner, often making substantial investments along the way. The government's move today has, from the feedback we've seen, left many of those people feeling confused and resentful.

"The government's argument is that this five-year delay will allow more time for electrification to take place and reduce costs to private motorists, but that shows a fundamental misunderstanding of how the motor industry works. Many or most of the decisions about the cars and vans on sale in the UK in 2030 have already been finalised, and have been made based on global factors. What the UK prime minister has done today will change little in terms of the new and used cars being sold here during the next decade or more.

"In the shorter term, it is possible that this move will bring more disruption to the values of electric vehicles (EVs), purely because buyers will be confused about where the market is heading which, in turn, will reduce the appetite for electrification, creating a kind of negative feedback loop."