



CLIMATE GROUP
EV100



openreach



UK Electric Fleets Coalition

2021 Policy Paper



The UK Electric Fleets Coalition brings together the following businesses in support of this policy position statement:



centrica



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Life Is On | Schneider Electric



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Executive summary

The UK Electric Fleets Coalition (UKEFC) is a group of more than 30 UK leading businesses, led by the Climate Group in partnership with BT Group, LeasePlan, Lex Autolease, Openreach and Royal Mail committed to zero emission vehicles (ZEVs) as well as advocating for ambition from lawmakers in achieving a net zero economy.

In the past 12 months, we advocated for an ambitious ICE phase-out date and welcomed the announcement from the UK Government to end the sale of new petrol and diesel vans by 2030.

2021 is a key year for electric vehicles (EVs), with COP26 being held in Glasgow and a raft of domestic policy decisions to be made. The UK has already shown leadership internationally with the announcement of the 2030 ICE phase-out and now is the time to drive home the advantage and put the policies and support measures in place that will give businesses the certainty to invest in EVs and help achieve the UK's net zero goals.



The UK has shown leadership internationally with the announcement of the 2030 ICE phase-out

Achieving 2030

2030: Meeting the ambition of business

Companies are the main procurers of new vehicles and have a crucial role to play in accelerating the transition to electric transport. For example, in 2020, 54% of new cars in the UK were purchased by businesses and fleets¹ and will then enter the second-hand market typically after three to five years.

The second-hand market will be crucial in increasing the uptake of EVs among the wider population. EV100 members, for example, have already made combined commitments to fleet electrification that will see over 4.8 million vehicles switch to zero emissions by 2030. This is on top of commitments to company-wide EV charging roll-out for staff and customers that will see chargepoints deployed at over 6,500 company locations. In the UK this includes over 750,000 vehicles and over 1,000 company locations. Government must match this ambition by taking positive, supportive policy decisions.

Global leadership

The COP26 climate summit offers a major opportunity for the UK to take a global leadership role on electromobility. We support the UK Government's ambitions to be seen as a global leader. This will help convince other countries to up their ambition on Clean Road Transport, one of COP26 President Alok Sharma's key priorities. By pursuing ambitious policies domestically, the UK can set an international example of leadership and leave behind a strong legacy.

In 2020



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of new cars in the UK were purchased by businesses and fleets

¹ www.smmmt.co.uk/2021/01/uk-automotive-looks-to-green-recovery-strategy-after-29-4-fall-in-new-car-registrations-in-2020/



Investing in the EV transition to support economic recovery.

Calls from academic, business, and political leaders in the UK and around the world to align economic recovery planning with the transition to a net zero economy are gaining traction. In addition, public demand for action on climate change has never been higher. A survey carried out by the UN Development Programme (UNDP) found that 81% of UK respondents believe climate change is an emergency, with over three-quarters of that group wanting “comprehensive and urgent climate action”². We welcome the creation of the Build Back Better Business Council by the Prime Minister last year, bringing together some of the biggest companies in the UK to ensure a post-COVID-19 recovery is sustainable, ambitious, and good for jobs. Net zero and economic recovery go hand in hand. A demand stimulus for fleet EV procurement will help to not only protect but to grow existing jobs in auto manufacturing; a nationwide EV infrastructure roll-out could be a jobs rich and shovel-ready national effort.



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² www.undp.org/publications/peoples-climate-vote

Policy recommendations

Increasing supply

Lack of supply and choice of electric commercial vehicles is the leading barrier cited by EV100 members that is limiting EV uptake, something that is particularly acute with supply of electric vans. We look to work with manufacturers to accelerate the release and development of electric commercial vehicles to deliver on the UK Government's phase-out target.

EV100 members have seen an 111% increase in the number of EVs in their fleets in the past year, and there are now nearly 170,000 EVs deployed by our members³. However, in the most recent [EV100 Progress and Insights Report](#) 64% of members state lack of correct vehicle type as a significant barrier to increasing their uptake of electric vehicles⁴.

Long lead times, lack of choice (or no option at all for some vehicle types) and lack of availability are all challenges companies face when meeting their commitments to the EV transition, and in some cases mean companies are falling behind internal targets. Competition for bulk buying EVs is also fraught and adds disruption to committed companies.

We believe the demand for EVs has been well demonstrated, and all these barriers add costs to the transition. Auto manufacturers need a clear instruction that now is the time to increase supply, as well as the certainty to plan vehicle development.

We believe a ZEV mandate, which coexists with competitive UK CO₂ emissions standards, is crucial in achieving mass uptake of ZEVs. We are ready to work with government to define how the two complementary schemes can be effectively implemented.



A ZEV mandate, which coexists with competitive UK CO₂ emissions standards, is crucial in achieving mass uptake of ZEVs

³ www.theclimategroup.org/sites/default/files/2021-02/EV100%20Progress%20and%20Insights%20Report.pdf

⁴ www.theclimategroup.org/sites/default/files/2021-02/EV100%20Progress%20and%20Insights%20Report.pdf

Zero emission vehicle (ZEV) mandate

A ZEV mandate is a supply-focused policy that requires a gradually rising percentage of vehicles sold by auto manufacturers to be zero-emission. A ZEV mandate would underpin the accelerated ICE phase-out, with a clear trajectory to increase the supply of zero emission vehicles. This would give auto manufacturers clarity and an incentive, as well as giving fleets owners and other buyers confidence to commit to ambitious ZEV targets.

Key policy details

- Introduce a requirement for all manufacturers to meet an annually increasing percentage of vehicle sales that are zero-emissions.
- Ensure that annual sales targets are set out to 2035 in as linear projection as possible to avoid a scramble in the 2030s, as well as delaying the uptake of ZEVs.
- Create a credit system that neither over-compensates larger battery sizes, nor under-compensate genuine battery electric vehicles (BEVs) with a smaller range.
- Plan a tapering of plug-in hybrid vehicle credits to match the 2030 phase-out date.
- Introduce a separate credits category for vans and larger commercial vehicles.

The UK needs to stay competitive with EU vehicle CO₂ regulations

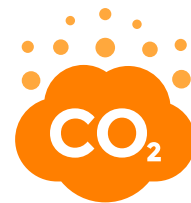
EU emission standards have been instrumental in driving vehicle efficiency and encouraging electric vehicle supply and should be maintained in UK law. However, alone they will not provide strong enough incentive to increase the manufacturing of EVs at the rate required. It is essential that a ZEV sales mandate complements EU CO₂ regulations in order to ensure that petrol and diesel cars continue to improve their efficiency. Translating current EU regulation into a new form of UK law would also safeguard against the UK being a secondary market for more polluting vehicles.

Key policy details

- Ambitious standards set a clear direction for car makers to shift investment and bring forward new technologies in the Green Paper on the UK's post EU emissions regulations due this year⁵.
- The UK should provide greater certainty to the market and maintain at least the same level of ambition as the EU.



A complementary system of a ZEV mandate and competitive CO₂ emission standards will increase clarity and confidence in the transition



EU emission standards have been instrumental in driving vehicle efficiency and encouraging electric vehicle supply and should be maintained in UK

⁵ assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936567/10_POINT_PLAN_BOOKLET.pdf

Driving further demand

Demand for ZEVs has increased hugely in the last three years with the end of last year seeing ZEVs overtake diesel in new car registrations. However, the upfront capital cost is still an major issue, with 58% of EV100 members seeing it as a significant barrier. The cost is even greater for vans, and although some members are already seeing predicted cost parity over the lifetimes of their ZEVs⁶, this is not yet the case for most buyers.

Grant certainty

The UK's plug-in vehicle grant has been a hugely successful scheme, enabling the purchase of 100,000 zero emission vehicles since its introduction⁷. However, the unpredictable nature of grant reductions has caused significant disruption for fleet operators, both in terms of future planning as well as purchasing. Grant reductions announced without forewarning or consultation can halt sales already in process, which has both a direct impact on buyers and reduces trust in the scheme.

Grants should accurately reflect the cost-gap between Internal Combustion Engine Vehicles (ICEVs) and ZEVs until price parity is reached, and their employment should be made while considering the best use of public finances in incentivising the greatest uptake of EVs. Yet there needs to be more transparency and consultation around decisions to cut the Plug-In grant. Medium and large companies ready to commit to more ambitious EV targets for 2030 need to have a level of confidence that government support will not disappear, especially in the case of vans and specialist vehicles, which are further away from price-parity than cars. Grants should continue to ensure that there is not a gulf of cost between ICE and EVs, and a much clearer and data driven approach to decisions around the size and shape of the Plug-In Grant until price parity is met.

As the Treasury looks at the long-term fiscal implications of the transition to ZEVs, we encourage government to establish dialogue with business with large fleets in order to ensure that policy decisions are made that recognise the impacts of different measures on the different lifetime costs of vehicles, and the impact these decisions may have on fleet operator's ability to make the transition.

Key policy details

- The price parity of vans remains behind that of cars and a longer tapering off period for grant support is required until costs are competitive with ICE vans.
- Customers, fleet operators and businesses need greater certainty when it comes to grants so they can plan for the future and invest in EVs with confidence.
- There needs to be a clearer, data driven approach to decisions around the size and scope of the Plug-In Grant until price parity is met.

⁶ www.theclimategroup.org/sites/default/files/2021-02/EV100%20Progress%20and%20Insights%20Report.pdf

⁷ www.gov.uk/government/news/plug-in-vehicle-grants-update-following-todays-budget



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The unpredictable nature of grant reductions has caused significant disruption for fleet operators

0% VAT on second-hand ZEVs

Fleets are a significant driver of the second-hand market, with many second-hand cars coming from ex-fleet models. It is crucial that commercial fleets continue to support that market so more individuals can afford EVs. The emerging second-hand market is already growing as earlier models of EVs enter the market. Currently, the majority of incentives are aimed at the new car market, excluding individuals from the EV transition.

For fleet owners, the lack of a well-developed used-EV market impacts the current setting of 'Residual Values' on new leased and financed electric vehicles. Lower resale values down the track result in lower residual value pricing on new EVs up front which leads to higher monthly rentals. A buoyant second-hand market is crucial for all stakeholders.

Both government and the whole ZEV industry need to ensure this is an inclusive transition and electric vehicles are available to everyone. It is important for the levelling up agenda that people don't feel excluded from climate action, and introducing 0% VAT for second-hand vehicles would be a simple and effective way of ensuring a wider population have access to ZEVs. This would act as an encouragement to a much wider segment of the population.

Key policy details

- 20% saving for car dealership profits would help ensure EVs value is held as well as incentivising dealerships to sell EVs.

Infrastructure

The UK's energy infrastructure is already undergoing a radical overhaul as renewables have become cheaper and technologies are becoming smarter, but there is a risk the electricity network infrastructure becomes a barrier to electrification of transport. The next two years will see decisions that will shape the next two decades⁸, and we need a smart and flexible grid that facilitates the change we are seeing across energy, heat and transport.

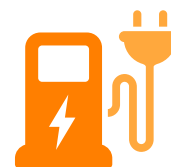
EVs can play a huge part in grid transformation, easing energy demand by shifting charging patterns when there is either too much, or too little electricity generation. Yet the UK energy market needs to both recognise and reward the flexibility EVs can provide.

At a more fundamental level, there remain significant barriers to EV ownership when it comes to home, business and street charging, as well as significant useability issues surrounding interoperability and capacity.

⁸ The energy regulator, Ofgem, will determine the regulated price controls for the electricity distribution networks for 2023-27 ("RIIO-ED2") over 2021 and 2022, which will need to support new electric loads like EVs.



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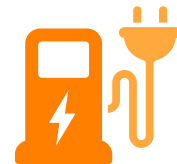
Tendering for chargepoints/Upgrades to grid connections

For fleet operators, installing chargepoints represents a significant upfront cost, but this can be multiplied many times over if there is the need to upgrade the grid capacity; this can cause costs to run into hundreds of thousands of pounds per chargepoint. As well as the often slow and cumbersome process these costs stymie plans for installing both private and publicly accessible charging points. This puts extra pressure on the existing charging infrastructure, as well as acting as a further disincentive for companies looking to transition to EVs.

Policy Exchange recently released 'Charging Up' report⁹ recommended a government led tendering programme for chargepoints and strategic grid connections. UKEFC members support this broad approach and would welcome government action in this area.

Key policy details

- Provide greater government support for the installation of multiple chargepoints.
- Introduce a tendering process for chargepoints and connection upgrades.
- Support for businesses to offset the cost of upgrading strategic grid connections in areas with low capacity.



Policy Exchange recently released 'Charging Up' report recommended a government led tendering programme for chargepoints and strategic grid connections.

⁹ policyexchange.org.uk/publication/charging-up/



Right to plug

For many van drivers, charging overnight is the only option yet don't have a either a private driveway or access to on-street charging options. For many UKEFC members, this is the biggest barrier to encouraging uptake. Planning rules, lack of local authority action and lack of data/information, all contribute to a sluggish roll out of on-street charging.

This needs to change if consumers and businesses are to be reassured that they can charge their vehicles when needed. UKEFC members would welcome intervention to change planning rules, as well as introducing a 'right to plug', which would allow EV drivers to request access to chargers in their locality.

The UK has made great strides in charging infrastructure but there is still a long way to go, with fast-charging, on-street, destination, and workplaces solutions represent options for differing business models.

Key policy details

- Guarantee the 'right to plug' to all those using an electric vehicle through requiring local authorities to install in areas where there is proven demand.

Interoperability and roaming

National charging infrastructure has grown organically, with few guiding rules or principles on interoperability. This has led to a confusing picture, with many different operators and schemes which discourages both consumers and fleet drivers and leads to frustration with existing EV drivers. The Government has signalled a change in this area, and UKEFC members hope that this leads to obligations for chargepoint operators to provide easier access and interoperability.

Key policy asks

- Require chargepoint operators to provide access and roaming for chargepoints.



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BT Group is the UK's leading telecommunications and network provider and a leading provider of global communications services and solutions, serving customers in 180 countries. Its principal activities in the UK include the provision of fixed voice, mobile, broadband and TV (including Sport) and a range of products and services over converged fixed and mobile networks to consumer, business and public sector customers. For its global customers, BT provides managed services, security and network and IT infrastructure services to support their operations all over the world. BT consists of four customer-facing units: Consumer, Enterprise, Global and its wholly-owned subsidiary, Openreach, which provides access network services to over 650 communications provider customers who sell phone, broadband and Ethernet services to homes and businesses across the UK. For the year ended 31 March 2021, BT Group's reported revenue was £21,331m with reported profit before taxation of £1,804m.

British Telecommunications plc is a wholly-owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on the London Stock Exchange. For more information, visit www.bt.com/about

CLIMATE GROUP EV100

EV100 is a global initiative by the Climate Group bringing together forward-looking companies committed to accelerating the transition to electric vehicles (EVs), to make electric transport 'the new normal' by 2030. Electric transport offers a major solution to climate change, as well as curbing air and noise pollution. Businesses can lead through their investment decisions and influence on millions of staff and customers worldwide. By joining EV100 they increase demand, drive mass roll-out, and make electric cars more rapidly affordable for everyone. In driving corporate EV uptake, the Climate Group works closely with regional engagement partners Ceres and Japan Climate Leaders Partnership. Visit: TheClimateGroup.org/EV100



LeasePlan is a leader in two large and growing markets: Car-as-a-Service for new cars, through its LeasePlan business, and the high-quality three-to-four year old used car market, through its CarNext.com business. LeasePlan's Car-as-a-Service business purchases, funds and manages new vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years. CarNext.com is a pan-European digital marketplace for high-quality used cars seamlessly delivering any car, anytime, anywhere and is supplied with vehicles from LeasePlan's own fleet as well as third-party partners. LeasePlan has approximately 1.9 million vehicles under management in over 30 countries. With over 50 years' experience, LeasePlan's mission is to provide what's next in sustainable mobility so our customers can focus on what's next for them. Find out more at www.leaseplan.com/corporate.



LEX AUTOLEASE

Lex Autolease is the UK's leading fleet management and funding specialist and currently manages more than 290,000 vehicles (including more than 44000 alternatively-fuelled vehicles). In 2020, it leased one in every 20 new battery electric vehicles (BEV) delivered in the UK. www.lexautolease.co.uk

openreach

Openreach Limited is the UK's digital network business. We're 35,000 people, working in every community to connect homes, schools, shops, banks, hospitals, libraries, mobile phone masts, broadcasters, governments and businesses – large and small – to the world.

Our mission is to build the best possible network, with the highest quality service, making sure that everyone in the UK can be connected. For more information, visit: www.openreach.co.uk



Royal Mail plc is the parent company of Royal Mail Group Limited, the leading provider of postal and delivery services in the UK and the UK's designated universal postal service provider. UK Parcels, International and Letters ("UKPIL") comprises the company's UK and international parcels and letters delivery businesses operating under the "Royal Mail" and "Parcelforce Worldwide" brands. Through the Royal Mail Core Network, the company delivers a one-price-goes-anywhere service on a range of parcels and letters products. Royal Mail has the capability to deliver to around 31 million addresses in the UK, six days a week (excluding UK public holidays). Parcelforce Worldwide operates a separate UK network which collects and delivers express parcels. Royal Mail also owns General Logistics Systems (GLS) which operates one of the largest ground-based, deferred parcel delivery networks in Europe.

The Climate Change Organisation (the Climate Group) with Company Registration Number: 4964424 and Charity Registration Number: 1102909.

The Climate Group, Inc. a 501(c)3 with EIN 43-2073566.

M/s TCCO India Projects Private Limited with Corporate Identity Number U74999DL2018PTC334187