



Department for
Business, Energy
& Industrial Strategy

Nadhim Zahawi MP
Minister for Business and
Industry

Department for Business,
Energy & Industrial Strategy
1 Victoria Street
London
SW1H 0ET

Rachel Reeves MP
Chair of the Business, Energy and Industrial Strategy
Committee
House of Commons
London
SW1A 0AA

T +44 (0) 20 7215 5000
E enquiries@beis.gov.uk
W www.gov.uk

03 April 2020

Dear Rachel,

Thank you for your letter of 17 March on the consultation on the transition to zero emission vehicles and the Plug-in Car Grant.

The transition to zero emission vehicles presents opportunities across the UK to remove greenhouse gas emissions from cars and vans (currently around 20% of all UK domestic emissions), reduce air pollution and to strengthen the UK, regional and local economies. The Government wants to position the UK to take advantage of these opportunities and be a world leader in the move to clean up road transport. The UK was one of the first major economies to announce an end to the sale of new petrol and diesel cars and vans by 2040. Our consultation on bringing forward and strengthening this phase out reflects the need to go further to deliver net zero by 2050 in the UK. Our engagement with industry and consumers will allow us to ensure a robust approach to delivering our ambitions. It will also set an example internationally as we seek to persuade other nations to increase their ambition on climate change at COP 26.

The market for electric vehicles in the UK is continuing to grow. In recent months, ultra low emission vehicles have accounted for around 6% of the new car market, of which almost half are zero emission vehicles, and there are now over 25,500 publicly available chargepoints, of which over 2,600 are rapid. We recognise that to accelerate this transition we will need to do more and the ongoing consultation is a key part of understanding the actions we need to take.

In your letter, you ask under what conditions the Government would adopt a 2030 phase out date and whether we would accept a phase out date later than 2035. In their advice on measures required to achieve net zero emissions in 2050, the Committee on Climate Change recommended a range of dates – 2035 at the latest or ideally 2030 – and that only zero emission vehicles should be permitted to be sold after this point. We have based our current consultation on this advice. To inform our decisions, as part of the engagement process we are asking stakeholders for views and, importantly, for evidence on the impacts on businesses and consumers of an accelerated transition, and on the measures to realise benefits and mitigate risks.

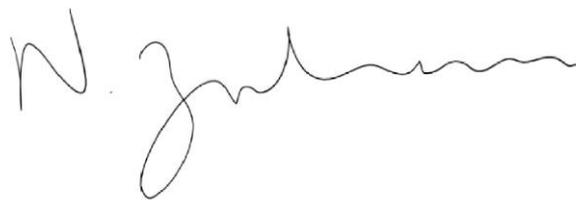
Our final decision will take into account a range of factors as the transition to a mass market for zero emission vehicles accelerates. As well as the obvious environmental imperatives, these include:

- The cost to consumers and businesses. Currently there are strongly divergent views on when the upfront price of electric vehicles will reach parity with petrol and diesel. Some think as early as 2024 whereas others think not until beyond 2040. As set out at Budget, the Government is looking at long term incentives to address the ongoing price gap;
- Ensuring the appropriate charging and energy infrastructure is rolled out to tackle key barriers to uptake including range anxiety, charging behaviour (recharging an electric vehicle is fundamentally different to refuelling a conventional vehicle) and safeguard our electricity system in light of additional demand from transport as well as other sectors;
- Securing adequate supply of vehicles, including sustainable batteries and raw materials for the UK market;
- Ensuring the UK automotive sector and its supply chain can make the transition; and
- Bringing consumers and businesses with us on this journey. It is critical to do so, not least to avoid the risk that people simply hold on to their conventional vehicles for longer, for example, due to up front price and infrastructure or the behaviour change required.

Our aim when we launched the consultation was to conclude it in the summer of this year and this remains the working assumption for now. However, we will keep you and our stakeholders updated if this situation changes as a result of Covid-19 disruption.

You also asked about the future of the Plug-in Car Grant. As set out above, we are considering the long-term future of incentives for zero emission vehicles alongside our consultation on bringing forward the end of the sale of new petrol and diesel cars and vans from 2040. HMT have also published a call for evidence on Vehicle Excise Duty (VED), including how it can be used to further encourage the uptake of zero and ultra low emission cars, and reduce overall emissions from road transport, to both meet our legally binding climate change targets and improve air quality.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N. Zahawi', written in a cursive style.

NADHIM ZAHAWI MP
Minister for Business and Industry