

# Transport Committee

Oral evidence: [Electric vehicles](#), HC 742

Tuesday 15 May 2024

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Members present: Iain Stewart (Chair); Jack Brereton; Fabian Hamilton; Paul Howell; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 1–42

## Witnesses

I: Steve Huntingford, Editor, *What Car?* Magazine; and Marc Palmer, Head of Strategy and Insights, Auto Trader.

## Examination of witnesses

Witnesses: Steve Huntingford and Marc Palmer.

**Q1 Chair:** Welcome to today's session of the Transport Select Committee. We are looking at electric vehicles. Before we get into our questions, could I ask the panel to introduce themselves, with their name and organisation?

**Steve Huntingford:** I am Steve Huntingford. I am editor of *What Car?* magazine and whatcar.com.

**Marc Palmer:** I am Marc Palmer, head of strategy and insights at Auto Trader.

**Q2 Chair:** Thank you. We are very grateful to you both for giving us your time and opinions this morning. I will start with a fairly general question. Would you give us your assessment of the state of the EV market, both now and how you see it evolving over the next couple of years?

**Steve Huntingford:** The cars are getting better all the time. The cars are very good, but the trouble is that the interest is not there at the moment among private buyers. That is the problem. Effectively, the cars are oversupplied at the moment. The number has been ramping up as if people are going to buy them, but actually we have seen a drop-off in interest. I would say that is more to do with perceptions—some of them true, but a lot of them not true—around issues with the cars.

**Q3 Chair:** Thank you. Mr Palmer?

**Marc Palmer:** At market level, progress has been increasing. We have seen penetration of electric cars and new car registrations grow to 15% or 16% of sales. As Steve says, that is largely being driven not by private buyers but by the fleet sector. There has been a successful policy, which is benefit in kind and salary sacrifice schemes, and that has been driving lots of registrations through the leasing sector. Principally, where we want to see more growth is among what we would call private or retail buyers. There is quite limited interest. Fewer than one in 10 registrations of that type are for an electric car. That is where we really need to see adoption accelerate.

In the case of the used market, which, if you are unaware, accounts for seven of every eight private transactions of cars—most people drive a used car in the UK—there has been an increase in interest in electric cars. That has begun to stabilise, and we are concerned about the amount of supply that is about to come into that market and what that means for it structurally.

**Q4 Chair:** The purpose of our session today is to help shine a light on to some of those issues, particularly the perception ones, to assess whether they are well founded or unfounded. Steve, let me pick up on your point about there being misapprehension among people. How would you



characterise those apprehensions? Where is the main problem?

**Steve Huntingford:** We are seeing a lot of negative stories about electric cars in the mainstream media. As I say, there are some legitimate issues around that in terms of, for example, the ranges not being what they are advertised as, although that is more to do with inaccuracies in the testing rather than manufacturers making false claims.

You read stories that they are going to collapse car parks and destroy the roads. It is just not true. Remember, there was that big car park fire at Luton airport. Immediately the assumption was, "Oh, it's electric cars." Actually, it was not. It is that sort of thing. The story about what it actually was was much smaller than the story with people guessing it was electric cars.

**Marc Palmer:** We conducted a survey in the last month asking car buyers and consumers whether they had heard of those stories and, more importantly, whether they believed them. Just to bring some data to that—Steve is absolutely right; most people have heard stories about electric cars catching fire—43% of people we asked believed those stories. There are a number of others around, such as them costing more to insure, that there are long queues at public charging points and things like that. Broadly, people hear these things, and many people believe them.

The strangest one is that heavy electric cars will cause car parks to collapse. We found that one in five people believe that to be true. The regular drumbeat of mainstream media negativity is filtering through to people's general perceptions of electric cars. That is not going to help adoption.

**Chair:** You mentioned one of the issues being the concern about the real range of vehicles in normal driving conditions, as opposed to the stated range. My colleague Greg wants to ask some questions on that point.

Q5 **Greg Smith:** Good morning, Steve and Marc. Steve, *What Car?* has published some pretty damning reporting on unrealistic range advertised for pretty much the whole range of EVs on the market. For the purposes of the evidence that we are taking today, can you summarise as best you can the findings that your publication has found on unrealistic range, and just how severe the problem is at the moment?

**Steve Huntingford:** At *What Car?* we do a test of electric car ranges every summer and every winter. The reason why we do it twice is that there is a big difference in battery efficiency in colder weather. We found that, in the summer, the best cars are getting probably around 7% short of the official figures. In winter, it is more like 21% and some of them are falling almost 40% short.

The reasons for that are not that manufacturers are lying about their cars but the way the official tests are conducted. The official tests are



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conducted at 23°. They are conducted in optimum conditions. They are also conducted at the highest average speed the cars travel at, which is 58 mph. That is not reflective of the speeds that people are going to be driving at, particularly if they are travelling a long distance. They are going to be travelling on the motorway for most of that time and travelling at 70 mph. That decreases the efficiency. For example, in our tests the summer test is done at 24° to 28°, whereas our last winter test was done at 8° to 10°. That is why you see the drop-off.

**Q6** **Greg Smith:** In terms of the cars on the market at the moment, are there particularly egregious examples of overstated range from certain brands, or is it pretty universal?

**Steve Huntingford:** The important thing to get across is that, unfortunately, the brands are not overstating the range. They are publishing the figures that they are legally obliged to publish. The problem is with the official test itself. Although the cars are falling short of the ranges because of that, the average car buyer in the UK drives less than 200 miles a week, so it is not going to be a problem for them. Even if you are travelling a bit further than that, it is not such a problem. It is more about the disappointment when you buy a car and you expect something, but you are not getting what you expect. What we think you should see is more realistic testing, with a winter figure. You want a worst-case scenario as well as a best-case scenario so that you know that even in the worst conditions, even in winter, you are going to get where you need to go.

**Q7** **Greg Smith:** Do you think enough is done by the manufacturers and the dealerships to explain the differential between cold weather driving and hot weather driving in EVs? Let's be honest, from time immemorial we all know that the miles per gallon published next to petrol and diesel cars are not what you actually get. However, there is not quite the same differential when you are driving your petrol car at the height of winter or the peaks of summer, which was last week; it is over and done and we must look forward to more cold weather now. Do you think enough is done to explain the differential to consumers?

**Steve Huntingford:** First, you are absolutely right. The difference is much starker with electric cars. You are looking at about a 6% difference in weather conditions with petrol cars, versus an 18% difference with electric cars. That is obviously a much more significant difference.

I think it depends. Some manufacturers are better at it than others. Some manufacturers choose to publish additional figures, alongside the figures they have to publish, on what they think is more realistic. At dealer level, unfortunately, it comes down to individual dealers. You cannot say that this brand is good and this brand is bad. It is a case of the dealer in question.

**Q8** **Greg Smith:** Marc, do you have anything to add on any of those points?



**Marc Palmer:** There was a point that Steve made earlier in the answer which is important to understand. Most car journeys are really short. Most people might drive their car for 20 minutes in any given day. Very few people are doing a continuous journey of 200 to 300 miles. If they do, of course this becomes something that they will need to contend with.

The point of whether or not the car will do 200, 250 or 300 miles skips the major issue that people need to understand, which is the convenience of being able to drive your car for the short trips that you would normally do and to charge your car more conveniently and much more cheaply than for petrol and diesel. Its running costs are cheaper. Those are the sorts of things that people need to understand, rather than, "Will the car do 200 to 250?" What we are failing to do is to tell the broader story that in most cases electric cars should save you money, they are far more convenient to use and, of course, better for the climate. Those things all need to be packaged in a much more consistent way. What we find is that the public are hanging on to a thing that affects very few of them, but is one of their principal objections.

Q9

**Greg Smith:** Just to unpack that for a few more moments, range anxiety is clearly a big thing in consumers' minds. I will be honest that it is one of the big reasons why I wouldn't touch one with a bargepole. It is not the only factor playing on people's minds. From your perspective, and your readers' perspective, what are the top five reasons why people are not choosing EVs over internal combustion engine vehicles?

**Marc Palmer:** There are probably three to give you. They are interchangeable. The first is the question around the up-front cost of the cars: "Can I afford to buy that car?" Many people raise that as an objection. Various circumstances, of course, will play into that. The second thing is around range and infrastructure. "Will it drive as far as I need it to drive, and am I able to charge it conveniently when I need to?" When we come to buying a used electric car, people bring in a different and new objection, which is whether or not they can trust the battery: "Is the battery going to be reliable?" Those are the three things, in all the surveys that we have conducted over the years, that stick out the most. They change in order, but they are always the top three.

**Steve Huntingford:** It is to do with the cost too. With company cars, where people are heavily incentivised, even with all the negative media coverage and even with the concerns, they say, "Actually, this car is going to make sense for me financially," so they do it anyway. With private buyers there just isn't that incentive at the moment, unfortunately, so people are less keen to make the leap.

What we find, though, is that when we survey people who actually own electric cars, more than 90% say, "I'm going to buy another electric car next time." Once they have made the leap, they find that they can live with them in the majority of cases. It is more about persuading people to make the leap in the first place.



**Q10** **Greg Smith:** That is interesting. This is the last question from me. Marc, you mentioned in one of your answers that it was better for the climate. That may well be true while the wheels are turning on the car, and the owner, or the driver, is physically getting from A to B. Is it true in the whole lifecycle of the vehicle when you start getting into raw earth mining, battery production and being much more carbon intensive, both in the production of the vehicle and in scrapping the vehicle earlier than its equivalent internal combustion engine car would need to be scrapped? Is that actually the case? Is that something that plays on consumers' minds in terms of whether they wish to "go green" or not?

**Marc Palmer:** The science will tell us. Studies will tell us. We do not have 20 years' worth of data to prove that, when cars get to a certain age, this will be what happens, this is how recycling works and so on, but certainly from the bulk of the data and the scale of the samples that we have, the studies show that electric cars are cleaner from cradle to grave. Stephen will be able to talk to the science better than I can. Certainly, the studies that I have read tell us that the perception—there is the odd media story around mining and whether that is right or is being conducted sustainably—is landing harder than the overall story, which is that these cars are cleaner.

**Steve Huntingford:** The other thing to bear in mind is that while you have to do quite a few miles before you get to the crossover point at the moment, if we have a greener energy supply, so that the energy being used to create these cars and charge them is greener, that will come down.

**Q11** **Chair:** I would like to ask a supplementary on the point you made about the testing conditions. You said that 23° is the legal environment. First, to clarify, is that a global standard?

**Steve Huntingford:** It is the WLTP test, which is a worldwide standard. Not every country signs up to it. Some countries do their own tests. For example, in the US they have their own test. Yes, that is a worldwide standard which is used in many countries in the world. Unfortunately, because of that, it is not very realistic for our climate.

**Q12** **Chair:** Is there not then a case for, yes, having that as the optimal temperature, but then requiring a second test condition at 10° or whatever?

**Steve Huntingford:** I would say exactly that. You want a summer test and what you can do in the best conditions, but you also want a winter test to show what you can do when you are effectively at your minimum range.

**Q13** **Chair:** If we were to arrive at that point, is there an international agreement between different countries? How would we get to that revised standard?



**Steve Huntingford:** It would certainly be easier if it could be reached at an international level because obviously there is then more incentive for manufacturers to make sure the cars are tested to that level.

Q14 **Paul Howell:** I want to talk about the actual uptake of sales in the first instance. Just to give you a steer, one of my colleagues is going to come to the used car market separately. I am only talking about new car sales.

Earlier, you mentioned there was oversupply at the moment and lower take-up. There are various dynamics that can affect that. It can be because supply is stronger than it should be, or sales are slower than they should be. Can you unpack that a little bit and give us a sense of whether the rate at which things are happening is where the Government would expect the rate to be growing, and what is happening is a factor of the industry over-exaggerating, or whether it is coming from the sales side? Can you unpack where you think the dynamics are coming from?

**Marc Palmer:** The market is split into two core parts—the private retail sector and the fleet sector. The fleet sector is making progress; 75% of electric car registrations go into the fleet sector. What we have seen is that, as Steve said, those who have access to salary sacrifice schemes are taking advantage of those savings and removing the cost barriers. They are moving into the fleet sector.

The private sector is being left behind, as I mentioned earlier. The key point is that fewer than one in 10 of private sales in total are electric. That is a big problem because it compounds another issue in the market, which is that private interest in new cars is generally slower than we would like to see it. The manufacturers, and the whole supply chain, having planned for 2024—the first year of the ZEV mandate—and ramping up supply through last year to deliver the volume to achieve their ZEV mandate targets, are seeing, first, a downturn in private interest regardless and, secondly, a wobble in faith in electric cars from private buyers. Some of them, of course, are moving into the fleet sector.

There are two things. The supply is coming anyway, and the manufacturers are doing a number of different things to try to stimulate demand in the private sector. Discounts have increased. In some cases they have trebled on certain cars in the past 12 months. The manufacturers are heavily incentivising that market, but they need to see more interest. Those two things are really not helping.

What it means is that the manufacturers will then need to push more of that supply into the fleet sector and into much more expensive types of channels, what we call short-cycle channels, which are things like rental cars and demonstrator cars that will come on to the used market much more quickly. New cars registered that are only in the market as new for a few months will then start to come into the used market, thereby stacking up supply there. There is a dynamic that is making the market feel very fragile.





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**Steve Huntingford:** The average discount for electric cars has gone up by more than 200% in the last year. That shows you how the increase has gone up. They have gone from the least discounted cars to the most discounted cars.

Q15 **Paul Howell:** Contrary to my colleague, I actually drive an electric car. In terms of the points that you are making about the stimulation of demand and range anxiety, whenever I talk to any of my friends they ask, "How do you get on with your car? How do you manage? You only get 200 miles range." I say, "How often do I drive 200 miles? When I do, I am going to stop for a break and therefore I can get it." It is the perception. That is the other question. What could be done to move perception closer to reality in those demand barriers? The other factor I would like you to give your opinion on is where you think the Government should be working. Whether it is to do with VAT, excise duty or whatever, what levers do you think are appropriate or necessary to stimulate the demand curve?

**Steve Huntingford:** As you said, you have an electric car and now you've done it, you realise that you don't have those issues. It is getting people to make the leap. The way to do that is through financial help, whether it is, for example, having a VAT cut on electric cars or making the charging cheaper. That is the other thing. If you charge at home, particularly overnight on a low rate, charging is very cheap. If you use the public network, particularly to fast charge, it is more expensive than filling a petrol car. That is a big problem.

It is not a big problem for the majority of people who can charge at home, but that is about 70% of the population of the UK. If we are going to get to 100%, we have to break that gap to get to the last 30% and find ways for them to make it cheaper to run an electric car. They are never going to get to charge at home, so how do we get around that? I would say that at the moment public charging, particularly on a fast charge, is too expensive. Even some slower chargers are crazy money. With some of the lamp post charges in London, you pay almost as much through a trickle charge overnight as you would getting the car charged up rapidly at a motorway service station.

Q16 **Paul Howell:** Do you have anything to add, Marc?

**Marc Palmer:** Cost is clearly the No. 1 barrier. There are established and mature car markets that have made this transition with bigger geographies than the UK and with people travelling further distances than they do in the UK. They have made it work through financial incentives.

Norway has removed the cost barrier. Once you remove the cost barrier, everything takes care of itself. We can see that in the salary sacrifice part of our market, and we have seen it in other markets with high penetration of electric cars like the Netherlands and Norway. That would be the No. 1 thing to tackle. There are many different ways you can incentivise. Some of them are more difficult than others, such as VAT





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cuts. Certainly, stimulus would be beneficial. The manufacturers are doing their bit on discounting. I think there is more that can be done by the Government.

The second thing, as we mentioned and as Steve just alluded to, is to have a communications strategy that starts to bring together all of the good reasons why you should consider an electric car switch. If you are just talking about the product, the range or running costs, those sorts of things are all quite disparate. If they are pulled together, consumers would see a better picture of why making the switch is beneficial. There needs to be more thought and probably more leadership from Government and the Department for Transport on leading a broader communication strategy from Government and across the industry.

**Q17 Paul Howell:** In terms of people understanding the running costs of their vehicle, those of us who have grown up with petrol cars always knew that it was 30 miles to the gallon, 50 miles to the gallon, or whatever, and you noticed the difference. There isn't a similar thing in the electric market, is there? You don't feel, "Oh, I'm getting so much per" anything.

**Steve Huntingford:** Miles per kWh is the closest we have. You are right that people do not understand that at the moment, but we are finding that they have an interest in it. There was a peak in electric car interest in June 2022. That was when it looked like a lot of people were ready to make the leap. More than half of the most popular reviews on our site were electric cars. If you look at it now, there is one in the top 10. That shows how it has dropped off. If you are going to do that, you need basically to get interest in it. That is the problem. People have lost that interest now and they are not even looking.

**Marc Palmer:** On Auto Trader we saw exactly the same thing at the same time. The summer of 2022 correlated very closely to an increase in fuel prices. When people were having to pay £80, £90 or £100 at the pump, they started to look at alternatives, which were electric cars. Fuel prices have now stabilised, coming down to 140p or 150p, and that interest has dropped off. It shows you how sensitive people are to what they pay here and over there.

Interestingly, when you fill your car, you know roughly how far you will be able to drive. You fill it up, you spend some money, and you drive 400 miles. If you charge your car and it costs you £3, £5, £6 or whatever, and you can drive half that distance, that is a sum that people can very quickly and easily get used to. The running cost is an important thing to talk about.

**Steve Huntingford:** People are starting to come round to it. Prior to June 2022, we never got asked any questions about efficiency. It was all about range. That was the only question people were worried about. They did not worry about efficiency at all. I think that was basically because it was before electricity prices started to go up significantly. People thought, "Well, it's a no-brainer, and it's going to be cheaper." At that



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point they started taking an interest. There is an education piece to do in terms of what a mile per kWh is, but there is interest now in the side of things that is, "What is this and how does it work?"

**Q18 Paul Howell:** I know that we are talking about the macro position in overall demand, but from a manufacturer's point of view, if your car is going to give more efficiency than the other one, those are your market differentiators in what you can sell. Unless people understand them, there is no value to producing them.

I have one final point. We have touched on a number of things from the Government incentive point of view, whether it is dropping the 10% VAT and equalising things there, or excise duty or equalising the home and remote charging situation. It is not about cost—that is for the Government to work out—but in the actual impact that it would have on the market from a demand point of view. If you had to prioritise them, which would you prioritise?

**Marc Palmer:** Which financial incentives?

**Paul Howell:** Yes.

**Marc Palmer:** You would always prioritise something really simple. That would be No. 1 for the consumer.

**Q19 Paul Howell:** Which one do you think people would say, "Oh, that makes a difference to me"?

**Marc Palmer:** I would go with a straight and easy-to-understand grant on cars of a certain value and possibly over a certain age. The last thing I would like to talk about on this question, if I can, is that I think what we need to do is make sure that there is equality in electrification. At the moment many people are locked out of being able even to consider the switch. If we were to apply grants, they ought to be directed to middle and lower-income households rather than more expensive vehicles. You would then be looking to apply whatever moneys were available in the form of a grant—something nice and simple—on vehicles that were below a certain price or over a certain age, or a combination of the two.

**Q20 Paul Howell:** In essence, it is an incentive to get them to change in the first place so that they will then appreciate it enough and they are in the market. It gets past the worry sector.

**Steve Huntingford:** It is the headline thing that brings the price down. That is the crucial thing that makes people think, "Oh, actually, this is cheaper. This isn't much more expensive than buying a petrol car. I can make that jump." That is crucial. Where you are going to have the price cap in terms of electric cars cannot be too low. Bear in mind that because electric car prices are higher, you are going to wipe out a large part of the market if you set it at 30 or 40 grand, which are considered to be expensive cars. Actually, that is not expensive for a car, full stop, these days the way car prices have gone up, let alone an electric car. While that is the first thing we do, we also need to think longer term about how we



help the 30% of people who cannot charge at home. How do we make it cost-efficient for them as well?

- Q21 **Fabian Hamilton:** It is great to see you both, gentlemen. They are two of my favourite publications. My daughter bought an e-Golf last year. She works in London, and we live in Leeds. She comes to see us from time to time. The biggest problem she encounters is charging. The point you made, Steve, about the cost comparison is why she went electric—that and the fact that she didn't have to pay the congestion charge and it was a lot cheaper to run the car. However, the difficulty comes with charging outside the flat in London, where she is using the lamp post system trickle charge. We obviously cannot have our own home charger. In Leeds, we are in a terraced house, and we cannot have a trickle charger, or any sort of charger, there.

Coming from London to Leeds, some 200 miles, the problem was finding that the network was not working properly. It is fine in London, but when you get to Leicester the chargers are not working at Leicester Forest East. If you go off the motorway and into the city, half the ones on the map, the grid on the app, are not working, or there are queues so long that she has to wait. In the end, it took another five hours to do a three-hour trip to Leeds.

Would you agree that that is one of the problems with the second-hand, or even the new, market? People need to know that there are reliable charging points where they need them and when they need them, and that there aren't vast queues, especially for the slower chargers, that take maybe two or three hours. I have an electric motorbike and it takes four hours to charge it up.

**Steve Huntingford:** Yes, absolutely. The network is patchy. There are some parts of the country where it is very good and other parts where it is far less good. There is a 99% goal for reliability, but that is like me saying that I want to compete in the Olympics. What am I going to do about it to make that happen? You can set the goal, but how do we make sure that the chargers are reliable? You are right; there is a lot of unreliability in the system at the moment, particularly with some of the older parts of the network that have not been updated.

- Q22 **Fabian Hamilton:** Is that affecting the second-hand market?

**Steve Huntingford:** It affects the market, full stop, absolutely. Those are some of the horror stories that we see. The massive queues that you see tend to be around certain times—Christmas, for example. That is not the norm, but it is not unusual to get to a charger and maybe have to wait for someone else to finish before you can access it.

We did a test recently where we were looking at the most efficient way to go a long distance. For example, electric cars charge much quicker up to 50%, but most people charge up to 80% or 100%. Actually, is it better to charge up to 50%, move on and charge more regularly? Unfortunately, we could not complete the test because the 50% car came to a charging



network where there were four chargers out of action and the other two were occupied. Before you knew it, it had fallen behind. That is absolutely a problem.

**Q23 Fabian Hamilton:** Marc, we have already touched on this. Do you think that the second-hand EV market is growing at the pace necessary to keep the transition to EVs on track?

**Marc Palmer:** It certainly has been over the last year, yes, for sure. There was a spike in registrations in 2019, 2020 and 2021. Those cars are returning to market. For the last six months of last year, electric cars were the fastest selling fuel type in the market. We saw demand very much exceed supply. More supply has been returning to the market, and that will continue to be the case for the next few years. At the moment those two things are kind of in balance. Speed of sale has slowed down slightly, but the used electric car market last year hit a bit of a turning point.

There was oversupply for the first few months of the year. Prices fell and, consequently, demand increased and we saw things really pick up. There was a much more positive environment. Those two things are now in balance. Our concern is that a lot more supply, because of things like the ZEV mandate, is going to come into the market over the next two or three years. We need to see demand there to absorb that sort of supply. At the moment, in the used market, things are okay, but there is a lot of supply coming back that we need retail buyers and used car buyers to take.

**Q24 Fabian Hamilton:** We have touched on this. How accurate are the public's perceptions about the lifespan of batteries and their repair costs? I recently had to have the battery on my electric motorbike changed because it was faulty, but it is guaranteed for 10 years. If anything goes wrong in 10 years, they will just swap it; £8,000 if I have to pay for it but free if I don't. How accurate are the public's perceptions of that? I know we have already touched on it a little bit. What can we do about the realities of long-term viability and the reliability of second-hand electric vehicles?

**Marc Palmer:** The principal barrier outside range and cost for the used market is around batteries and reliability. All the evidence we see shows that is not a valid concern. As you mentioned, there are longer warranties on batteries anyway. Most cars are fine; they are covered by longer warranties. Even for those that get older, in the same way as for petrol and diesel cars, there are extended warranties available for older cars in the market. It is kind of the same and there is no risk.

There is not enough evidence that has been made public that shows that cars driven for a number of years or for hundreds and thousands of miles are much more reliable, but there is that evidence, definitely. There are now studies showing that in cars used as taxis, for example, doing 200,000 to 300,000 miles, the batteries are still performing at between



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75% and 85% of their original capacity and performance. You can drive an electric car for 10-plus years, for hundreds of thousands of miles with very little impact on the battery.

Of course, we don't have a lot of evidence because there are not that many 10-year-old electric cars. Certainly those that are in the market are very much over-performing versus that negative perception. That will start to manifest itself in people's minds, I am sure about that; that will be fine. There will be more and more good news around older cars that are driving further and are much more reliable than people might have thought.

The second thing is standardisation of testing for batteries and comes back almost to the point we made on range. There is no current recognised standard for testing battery state of health, as it is called. Does it perform? Does it still do the range? Does it do all the things you would expect it to do? There is a directive in place in the EU, which is under consideration, I understand, by the DFT. It would be great if we could just adopt the same standard and give everybody confidence in the batteries, with certificates to prove to buyers that the cars will do what they are expected to do.

**Q25 Fabian Hamilton:** How near are we to getting that standard?

**Marc Palmer:** It is a few years away.

**Q26 Fabian Hamilton:** Steve, my colleague Paul Howell made a very good point about the miles per gallon. You mentioned the miles per kilowatt. How quickly can we adopt that idea?

**Steve Huntingford:** It is out there; it exists. Your car will tell you. It's on the machine. It is more a case of educating people to what the equivalent is in terms of an MPG figure, for example.

**Q27 Fabian Hamilton:** A bit like the metric version of miles per gallon.

**Steve Huntingford:** Exactly.

**Q28 Fabian Hamilton:** Finally, are there challenges around the availability and cost of repairs of EVs? We know about the rare earth minerals necessary to produce the batteries. Greg touched on that earlier. How far into the future is it? Nobody has a crystal ball, but do you envisage that in 10 years' time we will still have the availability of the materials necessary to make the batteries, or will battery technology have moved on by then? Any thoughts, Steve?

**Steve Huntingford:** We are already seeing some manufacturers starting to remove those minerals, for example, from the batteries. Tesla and BYD are starting to do that with their batteries already. There should be enough supply because manufacturers are well aware that there is a limited life to them. They are working for alternatives.

**Q29 Fabian Hamilton:** Crystal ball, Marc? Any thoughts about future



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batteries?

**Marc Palmer:** No, I could not give you a well-enough informed answer.

**Fabian Hamilton:** Thank you.

Q30 **Grahame Morris:** Good morning, gentlemen. I have a couple of questions about battery safety and reliability. You have already touched on some of the issues in response to earlier answers. I want to ask you about the reports in the media, some of them quite sensational, about the safety of electric vehicles, particularly the high risk of fire. Steve, you mentioned the reports about the airport car park and so on. Is it a correct perception that EVs are less safe than traditional petrol and diesel vehicles?

**Steve Huntingford:** No.

Q31 **Grahame Morris:** I am asking you for your expert opinions for the record.

**Steve Huntingford:** No, they have to go through the same crash testing as petrol and diesel cars. They perform, they get five-star ratings regularly. There is no evidence at all that they are less safe. Likewise, reliability. At *What Car?* we do our own reliability survey every year. They are not coming out as more reliable than petrol and diesel cars, but they are not coming out as less either. It is much more related to the manufacturer and how well that manufacturer builds cars, rather than the specific form of propulsion.

**Marc Palmer:** Agreed.

Q32 **Grahame Morris:** Excellent. That was straightforward. Can I ask about the accuracy of some of the information in the public domain relating to reliability? I am not talking about the charging network that my colleague raised, but perhaps it is the point that Mr Howell raised earlier about public perceptions. Are these misconceptions significantly affecting the uptake of electric vehicles?

**Steve Huntingford:** I am not sure reliability is one of the bigger concerns. Safety, I agree, is seen as something. Cost is seen as something. I am not sure that reliability is such an issue. Coming back to the battery life we talked about, when electric cars first went on sale, it was estimated that batteries would have a life of about eight years. That was why, in the warranty on most electric cars, the battery is eight years. What we are seeing is that they are lasting far longer than that. Much of that is the way people use the cars.

When electric cars were first brought to the market, people assumed they would be fast charged continuously. Obviously, that is not so good for the battery, but actually that is not the way people are using them. We have put used cars in our range test to see how they do. Looking at the life of a battery, we tested a six-year-old Renault Zoe and it still had more than 90% of its battery capacity left.





Q33 **Grahame Morris:** Perhaps it is the issue about the charging network's reliability and availability rather than the reliability of the vehicles.

**Steve Huntingford:** I think that is a bigger concern.

Q34 **Grahame Morris:** There are people who are better informed than me. I don't even have a traditional, old-fashioned diesel or petrol car. I am more of a public transport man. What can manufacturers or the Government do to reassure the public about reliability and safety issues, in your expert opinions? That is manufacturers and Government.

**Steve Huntingford:** From a safety perspective, there is independent European testing. There is the Euro NCAP safety standard, and those cars are tested and proving their worth. You can put those figures out. The manufacturers can publish those figures, and explain those figures. Euro NCAP is reasonably well-known now. To get a five-star safety rating from that means something. With reliability, for me the bigger issue in convincing the public is reliability of the charging network.

**Grahame Morris:** Thank you very much.

**Marc Palmer:** The manufacturers and the charging operators can come together in a much more consistent way to tell the story. Reliability and people's perception of reliability are whether or not the car will do the thing they need it to do. There isn't a breakdown in the way there might be in a petrol or diesel car. You are sitting by the side of a motorway, potentially, because you have run out of charge. That is the thing that holds people back; they are worried about that. They do not really worry that the engine might blow up in their petrol car but they are worried that their car is going to run out of charge. That is why perceptions of reliability are under some pressure. People are not sure about reliability.

What that really means is that when someone is researching an electric car online, on a manufacturer's website, they need to know about charging. When they are looking at charging, they need to know about the safety of the battery. Those things are never really told in the same way. They need to come together so that people can be assured the car is good and it will do the things you need it to do, and there is charging all over the place.

**Grahame Morris:** Thank you very much. That is very helpful.

Q35 **Jack Brereton:** I want to ask, first, a bit more about the stability of the market. We have seen quite a decline in values. I believe there was a 38% decline in values in 2023 of cars that are three to five years old. Is this a significant concern? What is the impact of that decline in values, Marc?

**Marc Palmer:** There are two things: one good, one less good, of course. A decline in the price of cars means that more consumers can afford them. If the price drops by 38%, or whatever it might be, on an individual model basis, that opens up those cars to more people so there





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is more choice. That was driven largely by the fact that all used car prices were very inflated after undersupply, so prices were going to come down on a market level, which they have. Electric cars have come down a bit quicker because there was oversupply. One good thing is that it means more people can afford them.

The concerning thing is that then the future value forecast for electric cars comes under a bit of pressure. That is really important because 90% of new cars in the UK are registered on finance, whether they be fleet or retail. That finance is usually based, indeed almost always based, on a future value prediction for that car. If today's prices begin to fall and people start to think that future prices may fall further, it means that there is more to finance in a new car purchase. If the used car market is under some pressure and prices are falling, future values also fall. That will mean finance payments today start to increase, making new cars less affordable.

There is good news: used cars become more affordable. But we need to make sure they stay stable, otherwise new cars could become more expensive.

**Q36 Jack Brereton:** Steve, internationally we have obviously seen Tesla quite dramatically reduce their prices. Are the changes that have been made internationally having a negative impact on the stability of the UK EV market?

**Steve Huntingford:** No doubt about it. Tesla are making their cars incredibly competitively priced but by making that cut, absolutely, they really hurt their own resale values. I know they also made themselves very unpopular with lots of other manufacturers because, in the end, they are left with a choice. Do they follow and ruin their resale values and all that sort of thing?

With resale values, as Marc says, it is about buying on finance. It is not so much if you have already taken out your finance agreement. Obviously then you have a guaranteed future value and the pressure there is on the manufacturer; but if you are coming into it, suddenly you are going to find out that you will be paying more per month because, effectively, the way the finance deals work is that you pay for predicted depreciation—what the car is likely to be worth. You are paying for the bit of the car that is going to lose value, so if the car will be worth less, inevitably you will pay more.

**Q37 Jack Brereton:** Both of you might want to come in on this, if you have any thoughts. Is there anything the Government could do to try to stabilise the market when it comes to things like values and price?

**Steve Huntingford:** At the moment, the problem is the shift, the drop in interest. We see fleet cars going up, with the market still increasing, but private sales going down. You want a steadily growing market, rather than those fluctuations. We had a big increase in interest. Now, we are



getting a drop in interest. Inevitably, that means you end up with peaks and troughs in supply versus demand, whether it is in the new market or the used market. If people are buying fewer new cars, inevitably there will be fewer used ones as well when that time comes.

**Marc Palmer:** About half of the used car market is priced under £15,000. That is where broadly most things happen. That is where the market sits, but only 15% of used electric cars are in that price bracket. The more electric cars we can bring in to more affordable budget areas, the better. If there were to be an incentive, we would ask for something to help affordability of used electric cars.

There are a number of ways to do that. We talked about them earlier on. It can be something very simple like a grant. In other countries—Scotland, for example—they have made interest-free loans; there have been social access loans in France. There are different mechanisms that can be used to make used electric cars more affordable. We would like to see that, just to stimulate demand and bolster the whole market.

Q38 **Chair:** Thank you. I have a supplementary on the international piece. We have seen in the last 24 hours the US Administration impose tariffs on Chinese EVs. I think it goes wider than that; I don't think it is exclusively on EVs but I don't want to get into a wider debate about free trade or global geopolitics. Will the UK market and that in wider Europe require some form of tariff protection to sustain the sector?

**Steve Huntingford:** Some of the car manufacturers that have spoken about that are not in favour of it. They say they want competition; it drives innovation. They are not asking for that. I would suggest that a lot of it will come down to what your priority is. Do you want to protect local industry? Obviously then you might feel the need to do that. Inevitably, if you do something like that, which keeps the price high, because Chinese cars are often very well priced, you will reduce the interest in electric cars. Where is that priority?

**Marc Palmer:** I agree. It would run counter to what we are trying to achieve. In theory, the Chinese will come in with more affordable electric cars, and it will place pressure on the manufacturers to meet that. We should see prices come down for consumers, which is good news. The reason you might do it is if you wanted to protect your own domestic production. We do not really have that. I can understand why the Americans have done it because of production not just of cars but of batteries. We are not in the same area, so I would not advocate that here. What we want to see is more choice for consumers at more affordable levels. I don't think that would really help.

**Chair:** To conclude this panel, Gavin has a couple of quick questions.

Q39 **Gavin Newlands:** I want to address a couple of points. I will start with range. Like Paul, I own an EV. It is our only car; 65,000 miles, just over three years and the only thing we have had to do in that time is purchase



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a set of wiper blades and a set of tyres and pay for one MOT. It has been a reliable car.

If I turn on the car, the range at the moment is less than it was when we bought the car, about 10% less after 65,000 miles. I need to be careful how I word this, given that we are on public record and my wife may read this at some point, but I can usually out-perform the range that is displayed on the car because I have adapted my driving style.

**Chair:** You are on very dangerous territory, Mr Newlands.

**Gavin Newlands:** Indeed. I adapt my driving style to an electric vehicle compared to a regular combustion vehicle, when I occasionally have to hire one of those. Is there any way of getting over to the public that the range also depends how you drive the car? Obviously, if you are using regenerative braking more, perhaps others who use my car might increase the range. Is that something we can get across to the public so they might do that as well?

**Steve Huntingford:** That is partly on us around people reading about these cars—for us to educate them about things like regenerative braking. Yes, you are right. If you do not run an electric car, it is probably something you do not know and do not understand. In terms of the read-outs you see on the car, obviously the car will adjust its read-out, depending on how it is being driven. If you drive any car hard, you get less fuel economy. From that point of view, depending on how you drive the car, you will see a different read-out; you will see a different efficiency.

Yes, it is things like regen braking. There is an obligation on car manufacturers, and on dealers when they are explaining the cars to people; that is important, too. Regen braking is something that is completely alien to you if you have only driven a petrol car.

Q40 **Gavin Newlands:** I'm not going to try to explain it again to my wife, and I apologise for years of back-seat driving.

I want to come on to value. Marc, you mentioned interest-free loans in Scotland. I purchased my car using an interest-free loan. The guaranteed future values at that point, in early 2021, were a bit unpredictable, so I decided to use that incentive. Obviously, oversupply in the second-hand market exists at the moment. Despite that interest-free loan and it being a pre-registered car, so the discount at the start was extremely large—it was, quite frankly, a good deal—my car is currently in negative equity because of the slump in second-hand value.

For those folk who invested early, what do we do? Obviously, if I want to change my car at the moment, there is potentially an extra £2,000 or £2,500 I have to find before I even purchase my new car. How do we try to address that? I am not asking for myself. I am asking for the thousands of others who will be in the same position.



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**Marc Palmer:** There will be instances of that. There are individual drivers who are facing that situation and there are leasing companies with bigger fleets in that situation because of the volatility in the market and because it is finding its way; the used electric market is finding its way. Negative equity is not a new thing and it is not specific to electric cars.

Q41 **Gavin Newlands:** I had it in a previous combustion car. It might be more widespread at the moment because of that specific issue.

**Marc Palmer:** There would have been and there has always been that issue; manufacturers have helped with that; the retailers have helped with that. It is in everybody's interest to try to help you into your next car, your new car, whether it is new or used or whatever else.

As I said before, incentives to make used cars more affordable would help with that, wherever the incentive money goes. We just need to reduce the cost. It is important not just for people to switch in, but potentially for people who need to change. If there was a broader application of moneys both to help people in and then to switch to their next car, that would be helpful. What we find is that manufacturer discounts are increasing and increasing, as I mentioned earlier. In the context of ZEV, between those two sorts of things, we will see negative equity equations drop.

Q42 **Gavin Newlands:** A quick last question from me. For folk who have electric vehicles and who are perhaps looking to trade in, there is the point you guys were making about the significant decrease in second-hand value. I was looking at a report this morning about a SEAT Mii that had decreased by 46% in a year, and it said that 55% of independent traders are thinking twice about buying in or accepting trade-ins of EVs. Is that a significant issue that you guys have picked up on?

**Marc Palmer:** There is a big difference between the franchised sector and the independents. Independents, frankly, do not get product training, so they feel ill-equipped, rightly, to answer consumer questions. As you mentioned, they are not sure about taking the cars in in part exchange and telling them how quickly they will sell. What we try to tell them, as Auto Trader, is that they must use the data. As I mentioned earlier, electric cars have shown that when they are priced right, they sell quickly and will make good profits for any type of retailer.

Our advice to retailers, and we have a big education programme for both franchised and independent retailers, is to say to them, "This is an emerging part of the market. You must do more analysis and more thinking than you would have done previously. Don't rely so much on gut instinct. It's not really the same as it used to be." Certainly, there are loads of cases where successful retailers are selling electric cars quickly and profitably. It is not that electric cars cannot be sold profitably, or that they are a risk on your forecourt. You just need to do a bit more maths.



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**Steve Huntingford:** We are in a slightly odd position with mixed messages. We have the ZEV mandate, saying car makers have to sell a certain proportion of electric cars. Inevitably, that means they have to make sure a certain proportion of their production is that. Then we are not incentivising the demand by saying, "Well, we'll help you with how people buy their electric car."

It was the same problem when we had the message about pushing back the date when we would introduce all cars having to be electric. I am not saying that was wrong, obviously, if the market was not ready for it and the infrastructure was not ready for it, but you need to say at the same time, "Okay, we're going to do that but here's how we're going to close the gap to make sure we are ready by 2035." That feels like the bit that is missing at the moment. It inevitably means that if you help demand, which is where you end up damaging the used market as well, you end up with people in negative equity. It is all linked.

**Gavin Newlands:** I think we know why the infrastructure might not be ready, but that is a slightly different matter.

**Chair:** Thank you. That brings this panel to a conclusion. Thank you both again for your time and evidence this morning. It has been very helpful to our deliberations. I propose a very short adjournment of the session to allow the panel to change.