

Transport Committee

Oral evidence: Supercharging the EV transition, HC 1593

Wednesday 25 March 2026

Ordered by the House of Commons to be published on 25 March 2026.

[Watch the meeting](#)

Members present: Ruth Cadbury (Chair); Steff Aquarone; Dr Scott Arthur; Mrs Elsie Blundell; Jacob Collier; Olly Glover; Alex Mayer; Rebecca Smith.

Environmental Audit Committee member present: John Whitby.

Questions 105 - 147

Witnesses

[II](#): David Boot, UK Public Affairs and Policy Director, Road Haulage Association; Jamie Sands, Head of Solutions, Welch Group; and Anna Krajinska, UK Director, Transport and Environment UK.

Written evidence from witnesses:

- [Road Haulage Association](#)
- [Transport and Environment UK](#)
- [Welch Group](#)

Examination of witnesses

Witnesses: David Boot, Jamie Sands and Anna Krajinska.

Q105 **Chair:** We are focusing on larger vehicles with our second panel today. I have to leave this session at 11.15 am for another engagement, and I will be handing over to Rebecca Smith at that point. Could our panel introduce themselves, starting with Jamie?

Jamie Sands: I am head of solutions for the Welch Group, a family-owned and operated transport provider from the east of England. We operate around 70 vehicles, employ around 150 people, and we have been around for 92 years. We have been operating electric HGVs for around three years now, and during this year we should have around 10% of our fleet electrified.

Anna Krajinska: I am the UK director of Transport and Environment. We are Europe's largest think-tank working on decarbonising the transport sector. We have an office based here in the UK, and we have worked on UK policy for 30 years. Our large areas of focus are, of course, the road transport sector, on both light-duty and heavy-duty.

David Boot: I am director of public affairs and policy at the Road Haulage Association. We represent those running HGVs, vans and coaches. We have around 8,500 members, and around 85% of our members are SMEs, which is representative of the wider sector.

Q106 **Chair:** Welcome. Do you think that the adoption of EVs in the van market is on track to meet the ZEV mandate targets and the phase-out date?

Anna Krajinska: The UK Government recently published the latest stats on compliance with the ZEV mandate, and we have seen that van makers and auto manufacturers have complied with the requirements of that ZEV mandate.

As the previous panel referred to, the headline target is not necessarily what the automotive manufacturers need to deliver because of flexibilities within the regulation, and there is now a mechanism to transfer credits across from cars to vans, for example. That trajectory is somewhat slower than for the car market, as well. We see that the plug-in grant has been instrumental in supporting purchasing within that sector, but there are measures that could be taken to further accelerate and support that transition, especially at local level.

Jamie Sands: It is worth mentioning at this point how very different vans are from HGVs. I am not an authority on vans, so I do not have a good view on that.

David Boot: We have around 103,000 electric vans in the UK, and we know the UK market is around 5 million. If you look at where the Climate Change Committee says we should be at this point, we estimate that it should be around 143,000, so you can see a 40,000 discrepancy between



where we are at the moment and where we need to be to get to net zero across the sector.

Q107 **Chair:** I am now going to move on to HGVs. Would a ZEV mandate for HGVs help accelerate the transition?

Jamie Sands: It is a tool that has worked in other areas, and we have seen evidence of that. I do not think it can be the only lever; it needs to be coupled with a lot of other levers to really work. The OEMs are doing an incredible job bringing vehicles to the market, and they are available for most use cases. There need to be some kind of demand-side mandate levers to push that in the right direction. It is entirely a commercial decision in our industry, so the focus needs to be on making the commercials work for these vehicles.

Chair: Okay, and the bigger the vehicle, the more that matters.

Anna Krajinska: The ZEV mandate is absolutely instrumental to kicking off the heavy-duty EV market in the UK, and there are several reasons for that. At the moment, it is not technology or demand that is necessarily holding back this early stage of adoption; it is really about supply and cost. We have seen that we do not get supply without regulation, whether that is in the car market in the UK, the EU or aviation. It is really regulation that creates the market, and we need that ZEV mandate to drive supply of electric trucks to the UK market. Truck makers are going to prioritise the EU market before the UK because there is regulation in the EU. We risk being in a situation where we end up being a diesel dumping ground for old technology instead of getting that new technology on to the market. Regulation is needed to give investment certainty across the sector. As Jamie said, it is not the only measure. We cannot do everything with one regulation, but it is the foundation of everything else we do.

We also need scale to drive down costs. That is absolutely fundamental. Without economies of scale, we are not going to get cost, and we need a clear pathway to get to the 2035 and 2040 phase-out dates, not just for the automotive industry but for operators, so they know the rate of transition; for grid operators, so they know the grid capacity and grid connection requirements of the sector, not just in public charging but depots; and, of course for charge point operators to know the pace of charger roll-out that is really needed.

David Boot: From the RHA perspective, we do not see a ZEV mandate as being something that would necessarily solve many of the problems that we see. There are lots of issues that I am sure we will come on to around why many businesses are not adopting electric HGVs.

In other sectors, for example if you look at the SMMT data in the car market, it is suggesting that the electric market for cars is around 23%. Government projections were that by this time we would have 26% of the market being electric cars. This was before a mandate was part of the



solution. The question marks are around whether this is actually working in other sectors. Rather than waiting to do the assessment of the mandate we would like to see the Government bringing forward its assessment to this year, to understand more clearly how it is working at the moment and whether it is the right tool.

Q108 Steff Aquarone: This may well be useful to answer now as we go into some of the more detailed questions, but what are the differences in need between light and heavy goods vehicles?

Jamie Sands: The difference in power requirements is astonishing. The battery in a heavy goods vehicle is at least 10 times the size of that in even the largest of vans. It makes it an infrastructure and energy problem more than a vehicle problem.

The vehicles are fantastic; we use them every day in a commercial setting. All the challenges and barriers are around getting power into the depot at a price that makes sense. We talk a lot about total cost of ownership. The ticket price of a truck is not the big blocker. Operators are savvy and understand that the cost is over the lifetime that they are operating that vehicle. The good thing is that with energy we can control fuel for the first time in 100 years. The resilience of electric engines and the lower repair and maintenance cost of these vehicles mean that we can run them for longer and amortise that capital cost over a greater period of time.

Anna Krajinska: I do not have anything significant to add, but I would like to stress the point on total cost of ownership. This is a fundamentally different market. Once the economics make sense, driven by economies of scale, the transition will accelerate very quickly because the margins for operators—I am sure Jamie can speak to that more than I can—are very thin.

Jamie Sands: If you are making any money at all.

Q109 Steff Aquarone: But that is slightly different from what Jamie said. The total cost of ownership is competitive, but you cannot roll it out because of access to charging infrastructure, or have I misunderstood that?

Jamie Sands: It is not access; it is the cost of accessing. Everybody is going to want an upgraded grid connection, and that is an expense. In some cases that can be very expensive.

Q110 Steff Aquarone: Are you recognising that in calculating the total cost of ownership?

Jamie Sands: Yes.

Steff Aquarone: Understood.

Anna Krajinska: The significant issue here is the grid connection times, and there is no prioritisation in terms of grid connections. For example, we are hearing that some freight operators are selling their pre-approved



grid connections to AI data centres at the moment because they are able to pay a much higher price than fleet operators. There is clearly a policy failure in this area.

Q111 Steff Aquarone: David, what is the difference between HGVs and LGVs?

David Boot: I would say there is a huge difference in use cases. Some of our members will mainly have van fleets, for others it will be mainly HGVs. The haulage sector is incredibly diverse, so some of our members have short journeys depot to depot, for some it will be long-haul and for some it will be abnormal loads.

If you are one of those members in the heavy haulage sector particularly, the electric technology does not provide what you need at the moment. If you are doing short journeys, electric can certainly work for you. The difference between vans and HGVs is around what you need as a company and what your use cases are. Then you will make the decisions about how you invest in your fleet.

Q112 Steff Aquarone: But even within the HGV sector, the use cases are wildly different when it comes to the charging requirements.

David Boot: Yes. Jamie touched on it earlier: you need an incredible amount of power for HGVs. If you think about abnormal loads, if you are a company that transports wind turbines or agricultural equipment, for example, the amount of power you need is phenomenal. You need to make a decision as a business about how you do that. At the moment, electric power does not deliver for you, so diesel is certainly the default.

Q113 Steff Aquarone: Correct me if I am wrong, but even notwithstanding those abnormal loads, if you have a fleet that is basically going depot to depot there is inherently a charging opportunity at both ends of the journey. If you are not doing that type of journey, it is only the home depot that has the charging facility.

David Boot: Exactly. I am sure we will come on to public charging points in a moment, but exactly that. If you have a predictable journey and you have the certainty that you are able to charge at both ends, that opens up opportunities.

Anna Krajinska: Just picking up on the depot point, we did a study with ERM a few years ago and around 60% of the UK HGV fleet could be electrified just through depot charging.

Q114 Jacob Collier: We have heard that the Government have major gaps in their plan to decarbonise HGVs. In your view, do you think the Government have a practical plan to decarbonise the HGV sector?

David Boot: We know that the Government put forward plans to spend £1.4 billion at the spending review. That was across different sectors: HGVs, vans and cars. This morning we have seen that the Government are bringing forward plans for how to spend some of that, which is really positive.



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We have not yet seen a coherent plan from Government on how they will decarbonise, particularly in the HGV sector. We would like that clear strategy from Government, but also the road map for how that looks, what the milestones are and what the public charging infrastructure looks like over those years, to give the industry certainty.

Q115 Jacob Collier: Do you think electrification of HGVs is practical? I have heard from DHL, which operates in my constituency, that because of its business operation it would be very difficult for it to electrify its fleet. Is that something you are hearing from your members?

David Boot: Yes. Going back to what I said earlier, a lot depends on what you do as a business. If you have predictable, short journeys, there are more opportunities. There are issues with grid connectivity; we have heard from some of our members that there is not the local grid connectivity to install charging points, so we know there is a huge amount that needs to be invested in infrastructure. If the whole HGV fleet was electrified tomorrow, it would take around 10% of the UK's power. If you think about that from an infrastructure point of view or from a local perspective, a lot needs to happen before we can get to that stage.

Jamie Sands: It is worth noting that it is an energy distribution problem, not a generation problem: we have loads of energy, it is just not in the right places. I would push back and say that I firmly believe we can electrify the vast majority of HGVs. There will always be edge cases, but the vast majority will be able to run on electric. The technology is improving at a pace that no one was expecting. The differences in range and power of these vehicles, even over the last three to four years, has been incredible.

Chair: That is a wider issue across all sorts of growth sectors, and our colleagues on the Energy Security and Net Zero Committee either are or should be looking at that, and I am sure they are.

Q116 Alex Mayer: Do you detect that there is any plan from Government for the coach sector?

Jamie Sands: It was mentioned in the consultation. I am not from the coach world, but my understanding is that it is very similar to the truck world, more so than the bus world.

Anna Krajinska: Yes, and it should be noted that they are included within the heavy-duty decarbonisation regulation within the European Union, and we should take a similar approach within the UK. There is no reason why that sector cannot electrify at a very similar pace, but again we need that ZEV mandate and overall plan from the Government.

We have two very big operators—National Express and Megabus—and there is potential for them to go fast on electrification, for example, and then to support the SMEs to electrify after them. We are really seeing that as a potential solution for the heavy goods sector as well. Having demand-side mandates on the very big operators that are responsible for



the majority of freight shipments in order to give that demand signal to the market to electrify, not just on the supply side, has real potential.

David Boot: One of the frustrations we quite often see is that the Department for Transport conflates buses and coaches, whereas a lot of the issues that coach companies face are more akin to the challenges we see that HGVs have in the haulage sector. We estimate there are around 100 electric coaches in a fleet of 27,500, so there is a long way to go.

We would like the Government to think about coaches in respect of HGVs, rather than buses. There is a huge opportunity for bus electrification for those short journeys, but not necessarily in the coach sector where you have longer journeys and the public charging infrastructure is more of an issue.

Q117 **Alex Mayer:** You are presumably pleased that the zero-emission HGV and coach infrastructure strategy puts HGVs and coaches together. Is there anything specific you would like to see in that strategy?

Jamie Sands: One of the big problems we are seeing is that there is a co-ordination issue between all the different Departments involved in this transition. One of our main asks is a taskforce body that can sit across those different Departments—DFT, OZEV and Ofgem—that need to work together to make this work.

Anna Krajinska: We agree with that. We would really like to see in the UK what the EU has through the alternative fuels infrastructure regulation, giving clear targets for where deployment has to be. This would really set out for the UK where public charging is needed across the country based on where freight demand is, where we have logistical hubs, and where our key transport corridors are. There should be a strong focus on depot charging, giving the opportunity to decarbonise the sector now and accelerate that transition, and crucially, proactive grid planning and investment.

We really need the Government, and particularly DESNZ, to prioritise grid connections for the heavy-duty sector so that it is in line with the transition that we need to make, and to fundamentally reform the grid connection process to make sure that connections for depots and public charging are not taking 10 years and costing tens of millions of pounds, because that is just not deliverable for the sector.

As part of the grants that have just been announced today—£1 billion for the purchase of vehicles and for depot charger roll-out—it is crucial that it includes support for grid connections, not just the charging infrastructure in the depot. That is what Germany is doing as part of its funding for charger roll-out; it is incredibly successful, and that is where a lot of the connection costs are.

David Boot: I completely agree with the need for an overarching body: bringing different Government Departments and the industry together



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because there are so many knotty issues we need to work through. We would like to see a co-ordinating body to do that.

Chair: The added benefit of getting coaches electrified is the cut in pollution that it would deliver in the towns and city centres where they are turning around, waiting for passengers and so on.

Q118 **Olly Glover:** Do you feel that the current levels and scope of the plug-in van and plug-in truck grants are sufficient to drive further uptake of electric vehicles?

Jamie Sands: We have not seen the detail yet. I believe it is coming out in about an hour, so it might be one to come back to.

Q119 **Olly Glover:** Are you referring to the £1 billion announcement?

Jamie Sands: Yes. It is really important to understand the difference between energy infrastructure and chargers. Energy infrastructure is a lot more than putting a charger in a depot. The battery energy storage, renewable energy, control systems and grid connections are the huge one. In the previous set of grants, the money was specifically for buying a charger; it almost turned it into a shopping list.

In the medium term, I might almost be as bold as to say that discounting the trucks is not particularly valuable. When you give a subsidy for a vehicle, you are buying a single vehicle. If you can put that money into infrastructure at a depot, you are enabling all the future vehicle purchases by that operator. But it does make sense to get more vehicles on the road in the short term.

Anna Krajinska: The big question is around where that money is going to go, especially on the purchase grants. There are large freight operators that do not need that support; they have the balance sheets to be able to purchase these vehicles at a higher cost. It is really the SMEs that are going to struggle the most, and this is where we should be focusing that funding, in the same way that we should be focusing the funding for the plug-in grant on cars towards those on low incomes who struggle most to deliver these vehicles. We have seen the likes of Amazon put 100 electric trucks on the road; it does not need the same level of support as a small or medium-sized operator running 10 trucks.

David Boot: We welcome the Government announcement of the £1 billion today. We would like to understand what that means for SMEs in particular. If you look at the plug-in grant, some of the issues we had were particularly around scale. The Government announced an additional £18 million at the beginning of this year. In practice, that would bring around 150 electric HGVs into the system. In a market of 495,000 HGVs, that is quite a small number. So the scale of today's announcement is certainly positive, and we look to see how that relates to SMEs and the support they can be given.

Q120 **Rebecca Smith:** Just building on what you have all said about the



importance of grid connection versus subsidising the vehicles, that makes a huge amount of sense. But one of the things we have heard in other sectors is the cost of getting a grid connection in the first place. Do you think that £1 billion is enough to enable everybody to get that access, particularly given the point Anna made about SMEs? Are you hoping to see some sort of rule within the grant to ensure it is directed at SMEs rather than enabling those big companies that, as Anna said, do not necessarily need the subsidies? How hopeful are you?

Anna Krajinska: Our preference would be for it to be directed at SMEs, but we have not seen that kind of differentiation in Government EV policy when it comes to subsidies so far, so we are going to have to wait and see. Crucially, we have only £1 billion on the table, and it is not going to be enough to connect everyone.

There are smart solutions that we can start looking at. For example, we have a very concentrated logistics industry with specific logistics hubs, especially in the midlands. Is there a smart way to think about grid connections by bundling operators together to get a grid connection, rather than every single depot and operator going separately? That might reduce cost and congestion in the grid connection process and ultimately allow the accelerated roll-out of charging infrastructure in depots, potentially with shared access. Maybe within that grant there is a way to look at incentivising depot operators to provide shared access to charging infrastructure, so that not everyone needs a charger straightaway.

Jamie Sands: I agree with everything Anna said. Building on that, the grid connections are not necessarily just a commercial issue. It is very regional; in some places it is very easy to get a grid connection, and quite palatable. If you are on a Slough industrial estate, you will have a really bad time.

The things that are getting in the way are regulatory. The way Ofgem mainly works is not set up for how our industry approaches this. Ofgem is very used to having a factory or a data centre come to it. It gives them a grid connection, and that is the end of their relationship, whereas we are looking at 10, 15 or 20-year projects where we are ramping up the connection over a number of years. It is a very different prospect and does not fit into the way Ofgem works. We can also be a lot smarter about how we are directing where the work needs to happen. At the moment, the process is almost, "Put your hands up if you need a grid connection," and then tackling these depots one at a time instead of looking at the whole system and understanding where the energy needs to go.

- Q121 **Rebecca Smith:** Particularly on the SME point, David, I have visited one of your members. They might have only two or three trucks and, because of the costs they are facing, they share a unit with somebody else. It is not necessarily their unit; they just park their vehicles there. Realistically, how do you think this is going to impact SMEs, and do you think it goes far enough?



David Boot: It will be interesting to see the exact detail of today's announcement and how it is targeted. There is still a reality for some SMEs in particular parts of the haulage industry that, even with this support, it is not the right time, the technology is not there and the use case does not stack up. That reality is still there.

If the Government want to get quick wins, there are parts of the industry that are easier to target than others. I mentioned earlier about those short predictable journeys and lighter loads, and this is where we can see development into the EV market. There are challenges with some parts of the sector, so rather than necessarily that split between SMEs and large companies, it is perhaps more by sector. When businesses think about what they need from their vehicles, they will take into account the power, the mileage and all the other issues that you need to think about. It is less that split and more about what you need as an operator.

Q122 **Chair:** On the point Jamie made about national grid delivery, using Slough as an example, it is quite shocking that NESO was only created last year, and up until then the market decided. You mentioned that Slough—Thames Valley and west London—is not going to get a significant new grid connection for another 10 years or something.

Jamie Sands: Yes, 10 or 15 years is fairly standard in those places.

Chair: Yes, 10 or 15 years, so we have a national problem that, as I say, does not just affect this sector.

Q123 **Rebecca Smith:** Has the zero emission HGV and infrastructure demonstrator programme helped to develop the infrastructure needed for HGV transition? I assume that will mean more to you than it does to me.

Jamie Sands: Yes, we are one of the founders of the e-Freight 2030 programme. We have done incredible work during that programme in showing the value of independent operators in that world. We are one of the few SME fleets in the programme. We had one of the first trucks on the road and some of the first charging infrastructure on the ground; in fact, we had chargers on the ground before we started the programme, so we had already started on that journey.

It has done incredible work as a demonstrator, and we are only just seeing the start of it. A lot of the infrastructure has not yet gone in the ground, and a lot of the trucks are not yet on the road. They released a charging map last week at the summit, and the difference in the places where you can charge just in the last few years is absolutely incredible. So yes, it has done brilliantly.

Anna Krajinska: I sit on the board of the ZEHID programme, and I agree that it has done incredible work. We expect to have 50 publicly accessible charging sites for HGVs by 2027. At the moment, we have just over 1,000 electric HGVs on the road, so that is phenomenal access for the state of the market already, which should give operators the confidence to roll out EVs on those key transport corridors.



The value of the programme goes beyond infrastructure, because it is capturing and will be publishing real-world data on how these vehicles operate, and how they compare with diesel vehicles. For the first time, we will have direct comparison data on how EVs perform. That will show that HGVs are really viable for a whole range of duty cycles and should give confidence to operators outside of the ZEHID programme to start really considering that transition. It is providing a lot of learning opportunities on how vehicles need to be charged, what the real-world operational constraints are, what the real-world electric ranges are, how to optimise those routes and utilisation, and how electrification can improve overall efficiency of operations. So it is a great value-add.

David Boot: The number of public charging points that ZEHID will bring on to the grid this year is really positive. We are coming from a very low base, with four sites across the UK having high-power charging facilities for HGVs. If you look at what we need, estimates are that we need around 8,200 charging facilities at potentially 3,000 sites across the UK by 2030. We are coming from a very low base, but ZEHID is certainly bringing on board a number of charging points that will help give certainty.

The next step that we need from Government is to make sure there is a clear map of where they are and a clear timeframe for when other charging facilities are coming in. If you are an operator, you need certainty and you need to know what is happening in the next couple of years to be able to plan and get the most from your business.

Q124 **Rebecca Smith:** Where these sites go in, are they able to be dual-use? The previous panel was more about cars, and obviously one of the challenges is the lack of infrastructure for cars. Is it possible to have these sites jointly located? Whether that is for people travelling to work—obviously that makes sense if it is your staff—would you be able to have both cars and HGVs at the same location?

Jamie Sands: Yes, it is useful to have segmentation, for health and safety reasons more than anything. A lot of the hubs that are being built now are for commercial vehicles—trucks and vans—but they are very clearly separated, as the needs and the spacings are different.

I would like to make a good point on charging infrastructure. David mentioned the four publicly available high-speed chargers. The way that we currently buy fuel as an industry is quite different from what a lot of people expect. I do not have fuel cards, and I never go to a motorway service station to fill up my trucks. I will go into one of our network partners, a similar haulier to us that has been around for 100 years; we have always bought fuel from each other, and we bunker it on site. I have charged my HGVs at partner sites, bus depots, local authority depots, and I have charged them at car parks that just happen to have a bay at the end that just about fits. I have my own map that I have built that includes all those sites, and there are actually 124 possible locations



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to charge an HGV today. That is where the bulk of the charging is going to happen, not necessarily in these big super hubs.

Q125 **Rebecca Smith:** Do you have the same issue that car drivers have where, if they are at a public charging space, it is a lot more expensive and you pay a premium, or is the HGV world slightly more equitable?

Jamie Sands: It is more equitable. The public hubs that have been built are around half the price that you will pay in the car: 39.9p from Milence. We have been members of the Transport Association for 70 years and in my world, when we sell diesel to each other we sell it at 2p above cost, so a nominal administration fee. If we can push down the price of electricity in those depots, it helps the entire network, not just that depot.

Anna Krajinska: There is a great opportunity here in sharing infrastructure. First Bus is now the largest provider of HGV charging in the UK because its buses charge overnight, which means its depots are completely empty during the day. It has now opened those up to HGV operators, but also to the general public to charge their cars. There is a real efficiency saving and, of course, the more you can use those depots, the lower you can drive those costs.

Chair: If it is possible to lower the unit charge cost in one part of the transport sector, it makes me wonder why the public are having to pay so much. I do not mean the VAT, but the other aspects of the unit charge. We will look at that after this.

Q126 **Dr Arthur:** I am enjoying your enthusiasm and optimism, Jamie. I hope they are not listening, but it is a bit of a counter to the previous panel, so thank you for perking us up. When you are talking about purchasing your electric vehicles, how much of a consideration is second-hand value? We heard in the previous session that it is a big issue for people buying cars: they are concerned about the second-hand value. But you did not mention that at all in your summary. You said that you look at whole-life costs, that you held on to your vehicles for a long time, and so on.

Jamie Sands: Yes, it is not directly part of our world. We might be a supplier of second-hand vehicles to owner-operators with very small fleets.

Q127 **Dr Arthur:** You still want value out of them, though, do you not? You want to know what they are worth when you sell them on.

Jamie Sands: Traditional diesel HGVs are worth very little once they leave our premises. We keep vehicles for quite a long time, we run our own repair and maintenance so we can look after them, and we might keep them for eight or 10 years. After that point, they are maybe at 2% or 3% of their original value: almost nothing.

With electric HGVs, all the value is in the battery. So when you talk about second-hand and residual values, you are actually talking about a battery



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and not necessarily the husk of a truck, which is an entirely different proposition.

We do not really know what that looks like for the second-hand market yet, as I doubt there have been any second-hand electric HGVs sold; we are too soon on that journey. But there is a lot of work being done, especially at the University of Cambridge, which is doing a big project on what that might look like.

Q128 Dr Arthur: You were talking about whole-life cost earlier. There is a lot of uncertainty there: you know that eventually the vehicle is going to be worth 2% of its value or become too inefficient for you to maintain, but you do not yet know where that is, as far as these vehicles are concerned.

Jamie Sands: No, it is quite anecdotal. There have been a lot of signals, especially from the bus industry, which has been running these vehicles for over 10 years at this point. As you heard in the first session, there is an understanding that the batteries are actually handling it a lot better than anyone presumed. At the same time, the technology is improving with new chemistries and new ways of managing these batteries. The direction of travel is quite clear.

Q129 Dr Arthur: I was going to ask if there is a need for some kind of residual value guarantee in order to support the second-hand market, but you seem to be saying possibly not. I do not want to put words in your mouth.

Jamie Sands: I am not an expert in those matters. The Green Finance Institute has done a lot of work on it, and I am sure Anna will have something to say about things like that.

David Boot: We would support that. There is a fear, particularly among our members, about the value of an electric HGV. The second-hand market in haulage is very active. I was talking to a member a couple of weeks ago—

Q130 Dr Arthur: Jamie is unusual, then, in that he hangs on to his vehicles until almost their dying breath?

David Boot: It depends. I was speaking to a member a couple of weeks ago who had just bought a new diesel HGV. He is going to sell it on in five years, and he knows roughly what the value will be; it is part of his business plan. We would like to see a bit more certainty in the electric HGV market.

As Jamie mentioned, the Green Finance Institute has done a bit of work on the residual value guarantee scheme, and there is actually quite a lot of value for money in what it has put forward. It estimates that a £10 million scheme could unlock £228 million of investment and bring on board more than 2,000 electric HGVs. We think there is merit in that.



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It would be good to understand the impact of today's announcement, but we are still interested in this scheme to provide that certainty, so that if you are a haulier you can buy an asset and you know roughly what your timeframe is for the next five or 10 years.

Q131 Dr Arthur: Certainty is an interesting word there, is it not? If the vehicle is worth more than the guarantee, maybe that could go back to the Government?

David Boot: Quite possibly.

Dr Arthur: I am being slightly flippant.

Anna Krajinska: The residual value guarantee is not primarily about supporting the second-hand value of the vehicle; it is about giving certainty. That is very important for the lease cost for SME operators. But if there is a scheme, it should be targeted. Not everyone needs a residual value guarantee, such as Amazon, for example, and big freight operators that run thousands of trucks. Really target it at those that are going to struggle the most in the transition.

Q132 Dr Arthur: The other thing we spoke about in the previous session was the eVED—I always find it difficult to say—charge. We know, of course, that HGVs do the bulk of damage to our roads, and because of that you guys are always happy to pay lots of fuel duty to the Government; that is why the roads are in such fantastic condition. Do you think we need an eVED for trucks or HGVs?

Anna Krajinska: In the current state of the market, where we have just over 1,000 electric trucks, now is not the time to introduce charging for electric trucks. As an example of a potential way to introduce charging for the sector as a whole, the European Union has a very successful Eurovignette scheme that charges for motorway access for HGVs, but also allows member states to provide discounts or zero-cost operation for electric vehicles. That is one way to incentivise operators to switch to going electric faster and give that demand signal to the market, without just pumping money into the sector. Once we are further along the transition, we can really start thinking about this, but that is not until the 2030s.

Q133 Dr Arthur: The problem the Government face is that they will end up having a hole in their finances. They probably welcome all that fuel duty coming in from the broader sector, but that is going to be lost, is it not?

Anna Krajinska: We have 540,000 trucks on the road in the UK, and at the moment we have 1,000 electric HGVs. Even if we get a ZEV mandate in place in 2027 or 2028, for example, the share of those trucks is going to be pretty small as a share of the fleet. Let us get the market going and then let us think about the steps that need to be taken later.

Q134 Dr Arthur: Jamie or David, are you more enthusiastic about paying the environmental charge than Anna is?



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David Boot: I completely agree. The timing is not right now, and there are also issues around admin if you are managing a large fleet. The reality is that we need a broader conversation about road pricing, what it means and how we can all fund the roads because that investment is needed. It is recognised by the haulage industry in particular, but we need that wider conversation, and actually it is not the right time now to introduce it for the HGV market.

Jamie Sands: It is important not to disrupt the comparative costs between electric HGVs and their diesel equivalents. The electric trucks are not causing more damage to the road, so as long as it is fair across all vehicles, it feels like it makes sense.

Q135 **Dr Arthur:** Does it feel like it makes sense to introduce some kind of charge?

Jamie Sands: It is inevitable that there will be some kind of charge, as you are going to have to replace the lost fuel duty at some point. My colleagues are right that now is not the right time, as it would send the wrong signals. But the opportunity is that it is the comparative cost of electric HGVs that are the opportunity.

Q136 **Dr Arthur:** What about the point you were making earlier, Anna, about the big operators? You mentioned Amazon. Do you think there is space to introduce some kind of charge for those bigger operators, and perhaps use that to cross-subsidise smaller SMEs?

Anna Krajinska: The question is, what would we be aiming to achieve with such a charge? At this early stage of the market, we really need those big operators to accelerate their uptake of electric vehicles to really stimulate the market, get volume and drive down those costs. If we are going to be putting in additional charges, potentially skewing that TCO in the wrong direction, we are really risking stalling the current decrease.

Electric trucks are still around two to three times more expensive to purchase. Let us wait for those costs to go down, the TCO to improve further, and then we can think about introducing road charging. We support road charging, it is important, but we need to make sure it is at the right stage of the transition. We do not yet have even a regulation to decarbonise the sector, so it is not the right time to do so.

[Rebecca Smith took the Chair]

Dr Arthur: That is very clear. Oh, the Chair has changed.

Chair: It has changed; it just lost 10 years in age.

Q137 **Jacob Collier:** On some of the barriers to adoption, 75% of coach operators and 70% of HGV operators say they have no plans to introduce EVs into their fleet. Why do you think this is, and what are the barriers that the Government need to overcome to help people with that transition?



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David Boot: We surveyed our members, and it reflects the barriers they face. Yes, cost is an issue. As was just touched on a moment ago, an electric HGV is two to three times more expensive than a diesel one. Going back to the heavy haulage industry, some members report that they do not get the mileage they expected before they bought the HGV, so that is certainly an issue as well. Not having charging infrastructure in a depot or the public charging infrastructure is an issue. There are a number of barriers that mean that the HGV, van and coach companies are not thinking about the transition just yet.

Margins within the haulage industry are very small, as was touched on earlier, with 2% profit margins. If you think about what is happening in the world at the moment and the impact on diesel prices, there are very immediate risks to businesses. Investing in new technology at this moment in time is, for some companies, a big risk. Those companies are looking at the market and thinking about what it means for them maybe a few years in the future, but at the moment there are immediate concerns that they need to face as a business.

Q138 **Jacob Collier:** As you said previously, operators will be making decisions for five or 10 years' time. Do you think that factors into it as well? It is okay for the Government to have these schemes, but if they do not come at the right time for business planning, they will not opt in?

David Boot: Yes, and it is still about use cases. If you as a business can benefit from having an electric HGV because it works for you, you will look at that. What we need to think about is the challenge of investing in something that is more expensive but is less able to do what you need it to do compared with a diesel HGV. That is quite a large ask to make, particularly of small businesses that will be looking at their bottom line and thinking about those immediate business challenges. They need reliable kit and, for a lot of organisations at the moment, diesel is where it's at.

Q139 **Alex Mayer:** Looking specifically at coaches again, they sometimes have very different roles throughout their lifespan, perhaps starting with more premium work and then, right at the end, being a school bus or maybe a rail-replacement bus. To what extent do you think we have policies in place that take into account the fact that it changes what a coach does and, therefore, if it were an electric coach, we would probably need different types of infrastructure and charging?

David Boot: You are right. There are certain challenges depending on the markets that you serve as a coach operator. A home-to-school journey is predictable, so there are opportunities to plan around that as an operator and to make sure that you have the right charging opportunities. We know from some members that do international travel that you also need to factor that in. If you are a coach operator that does tours in France or Germany, you need to think about what that looks like from a planning perspective. It depends on a lot of those journeys. For coach operators, they will need to look at what their key market is and



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whether investments work for the different roles that their coaches perform.

Jamie Sands: The same thing happens with trucks during the course of their life. In the early days, they tend to be out on the road doing long distances. As they age, they tend to stay closer to home and do more regional work. Very often, one ends up being the shunter in the yard and never leaves the depot. It actually tracks quite nicely with the degradation of the battery as it goes from 100% to 70%.

There are a lot more opportunities out there than operators think there are. Moving away from your original question and touching on the previous point, we have a massive misunderstanding and education problem in the industry. People see their hardest use case and think, "Oh, it's not for me because we cannot do that," rather than seeing the low-hanging fruit and understanding the direction of travel.

Q140 **Alex Mayer:** Is education something you think the Government should do?

Jamie Sands: I do not know whether it is the Government's place, but they should enable that education.

Q141 **Alex Mayer:** Are there any other practical things that the Government could be doing?

Jamie Sands: A really strong signal would be accelerating the adoption of archetypes of operators. A lot of this industry is very much looking at what your peers are doing and learning from them. If we could accelerate certain types of operations in the industry and point to them as, "This is what it looks like at scale," which is when it really starts to make sense, that would do a huge amount for encouraging their peer group to follow because it would become entirely commercial. A lot of the other issues are operational, and we are really good at solving operational problems—that is what we do. If it makes sense commercially, a lot of the other things become easier.

Q142 **Mrs Blundell:** Going back to cost again, it has been relayed to us from you today, in written evidence and by businesses in my constituency that SME road freight operators work within very fine profit margins, as you were saying. As David, in particular, will know from his organisation's written evidence: "With battery-electric HGVs costing approximately twice that of diesel equivalents, and the majority of UK hauliers operating as micro-businesses on less than 2% profit margins, additional financial measures are essential." I just wondered if anybody wanted to point to any further specific measures or interventions that would help SMEs transition to EVs. Do you think that those should be Government or sector-led?

David Boot: We have heard from a number of members about Government schemes and the support that is offered. A member mentioned that, while £120,000 off a new HGV is a huge amount of



money, the HGVs they were looking at cost £300,000 compared with £150,000 for a diesel equivalent. So there is still that gap, but it also goes back to that fundamental: are you buying something that does not perform the roles you need it to? It is about those use cases and what you need as a business from your assets. The Government support is positive, and we look forward to interrogating today's announcement to understand it a bit more clearly, but there are fundamental questions outside it that businesses need to consider.

Anna Krajinska: There are a number of solutions beyond just providing, for example, plug-in grants or residual value support, as we have previously talked about. The GFI has done a lot of work on this, and there are ways of potentially looking at utilisation-linked finance. The amount that you pay depends on asset usage, which helps to overcome some barriers of these electric vehicles in some niche use cases because the majority of operations can already be transitioned to electric.

In fact, every major truck manufacturer produces multiple trucks with a range of over 430 km, which is the maximum distance you can drive between breaks. Where there are niche cases that you cannot get the same sort of utilisation rate as you can with diesel, potentially utilisation-linked financing might be the way to go. There is potential to have leasing and asset finance models that are specifically tailored to electric trucks.

We are seeing this already in the car market, for example. Leasing is increasingly moving away from two to three-year leases to four to five-year leases to account for that greater depreciation in the car market at the moment, to lower the lease payments for consumers and make them as competitive as possible. There is no reason why we cannot look at similar solutions in the heavy-duty sector, too.

Q143 **Mrs Blundell:** Jamie, I am sure you will be looking at today's Government announcement with interest after this session. Did you have anything to add on either Government or sector-led solutions or interventions that might help?

Jamie Sands: Yes. There is a clear lever that needs to be pulled at some point, which is the idea of road trade being an energy-intensive industry that sits along with other industries that are critical to the national goals and enable everything else. Nothing moves without logistics. I know there are other operators where haulage is not their main revenue stream, but they run trucks and are classed as energy-intensive industries with concrete, milling and places like that. The commercial case for their vehicles is extremely compelling. That would be a very easy thing to put in place to classify us, and it would unlock a huge amount.

Q144 **Chair:** As we come to a close, we have touched on some of this already so this question may feel familiar, but it is worth having it as a standalone question. How do the charging infrastructure needs of commercial vehicles differ from those of cars? We have touched a little on



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depot charging; do you think that should be the focus, or is there another option, particularly around SMEs, to make sure they have access to the charging infrastructure they need? Is there a difference between commercial and cars? In terms of where the funding should be going, is it all to depots or is there going to need to be a variation in what is offered to fit the breadth of the market?

Jamie Sands: The industry is extremely fragmented, with lots of different use cases, more than a lot of people understand. The use cases and the ways of unlocking them will differ on a case-by-case basis. Some routes and operations will be able to use car infrastructure and operate in that way. Every depot would benefit from charging. I do not think that is possible on the current timelines. If we are going to keep to the dates that we have committed to—with 2035, 2040 and the sale dates—something a bit smarter around shared infrastructure is going to have to be in place. There are 70,000 operating centres in the UK. That is a lot of plugs to put in. They definitely do not all need them; they will all want them, though.

Anna Krajinska: There is a real opportunity to learn from the light-duty vehicle sector as well. Generally, when we look at how Government have supported that sector, they have provided support to put in chargers at virtually every location. There are going to be locations that will be commercially feasible very quickly, on very highly trafficked routes for the HGV sector. Is that where Government need to be putting their money? Probably not.

Perhaps the focus, at least on the public charging side, should be to put money at those locations that are going to be the least commercially viable for the longest amount of time. That way, we can ensure that the chargers go in the spaces that are needed. Operators are going to need certainty that they can charge when they go there, but the business case is difficult early on. Again, depot charging is going to be absolutely essential alongside that.

David Boot: On the public charging point, what we do not want to see is existing HGV parking spaces being used for charging, I know this Committee has looked into it very recently, and we know there is a lack of 11,000 HGV parking spaces across the country. What we need to see is investment in public charging infrastructure alongside investment in good-quality facilities; it is not an either/or. My plea would be for Government to make sure that we have investment in facilities and the charging points that are needed as well.

Q145 **Chair:** That is a really interesting synergy with the car market: often we are putting EV charging points in parking spaces that are needed by the community, so that is probably something they can both learn from each other. Jamie, you referred to your map, and Anna referred to the map of all the hubs, where the depot charging and so on is being done, and you have mentioned what FirstGroup is doing.



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Are there blank spots or cold spots across the country at the moment that need special support to make sure that the infrastructure and charging for HGVs and trucks are equally spread across the country? I am an MP in the south-west, but I do not know how well served the south-west is. Are there some spots that you would say to the Government, "Actually, it's great that you are giving this money, but there needs to be a real regional roll-out as well," or are you satisfied that the Government have that covered?

Jamie Sands: You have identified them perfectly: the south-west, the rural north and Wales. There is some really interesting stuff happening in Scotland, but it is very much the north of England. All the activity at the moment seems to be located around the golden triangle and north London, but actually that is where the trucks are. If we can stimulate the demand for the trucks, the charging will come.

We work really closely with the big public charging hub developers: Aegis Energy, Fleete Group and Milence. Actually, there is a huge amount of capital there ready to be deployed. What they need is utilisation. They are not moving as fast as they would like. They are ready to build hubs; they just need to know exactly where they can build them so that they get the utilisation they need.

Chair: It is quite a communication piece, is it not? Otherwise, it is a real chicken and egg situation.

Jamie Sands: Yes.

David Boot: What we really need is a clear map from Government to show the charging points as they are at the moment, but also the plan for what it will look like so that we know where that investment is happening to give the industry certainty on what the public infrastructure will look like in the next couple of years.

Anna Krajinska: That certainty is not going to come without regulation. If we do not have regulation that sets annual targets for the uptake of electric vehicles, we are not going to know how fast those vehicles are going to come on to the market. That is absolutely crucial, and it is what has really stimulated the charging market for light-duty vehicles in the UK. We need that same stimulation for HGVs.

Chair: Very briefly, Alex. I am conscious that if we lose any more people, we are probably not going to be quorate before PMQs.

Q146 **Alex Mayer:** It is a very quick one that has just occurred to me while you have been talking. You have been talking a lot about sharing facilities at depots. Is that happening organically, or should Government grants perhaps be incentivising it so that you only get your grant if you agree to share those facilities?

Jamie Sands: Both. A requirement for the zero emission HGV and infrastructure demonstrator was that the infrastructure put in place was



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shared with other consortium members. I personally believe that it did not go far enough and that they should have been clearer about sharing it with as many people as practical. It is not always practical; there are sites where there are issues preventing that. It is happening organically, but we should be pushing it as well; it is one of the keys to unlocking this.

Chair: I am going to draw the session to a close, because I am conscious that Members look like they want to head to PMQs. Thank you very much for your evidence and the time you spent preparing to talk to us today. The evidence we have heard this morning from both our panels has been really helpful. If there is anything you did not get a chance to cover, feel free to write to us. We will reflect on the evidence we have heard today as we continue our work on this inquiry. That concludes today's meeting.