Written evidence submitted by Groupe Renault (EVP0041)

<u>*Accelerating the shift to zero emission vehicles*</u>

We're incredibly supportive of the 10-point plan and the 2030 target as set out by the Government. The health impacts EVs provide alongside contributions to net carbon reduction are substantial. As Europe's best-selling EV manufacturer, we have appreciated being part of the OZEZ consultations to date as well as those to come. However, we believe a number of significant challenges to mass EV adoption still remain.

The three main objections to purchasing an EV are **cost, choice and charging** – each of these individually covered below.

Cost:

- Renault has been working hard to create price parity between our EVs and their petrol equivalents, which we achieved with our 100 per cent electric ZOE in 2020.

- Like many OEMs Renault sources its batteries from outside the EU. As a result, post-Brexit, they are now subject to the WTO tariff of 10 per cent on the whole of the vehicle. This hinders the opportunity for many OEMs to achieve price parity between their EVs and ICE vehicles and is counter-productive to the wider efforts towards electrification. We strongly recommend that import tariffs are dropped for EVs and EV-related products.

- The existing grants are valued and essential to continuing the growth of EVs. We would encourage these to remain, and to provide long-term commitment and visibility of the grants for the next five years.

- There are a number of additional actions we could make to reduce the cost of owning an EV:

  - Removing VAT on renewable energy – reducing the cost of charging encourages more users to switch to clean energy.

  - Removing VAT on insurance products for EVs

  - Committing to zero VED on EVs for the next five years

  - Provide interest-free funding to purchase EVs – funds distributed to finance providers to manage directly, with customers paying zero per cent interest on EV finance products such as a Personal Contract Purchase

Choice:

- With approximately 40 new EVs launching in the UK over the next 12 months, consumers will have a great range of choice across all segments and price points. However, to ensure long-term supply and a competitive market, we need to address CAFÉ targets and import tariffs.

- **CAFÉ** – with OEMs now needing to achieve the CAFÉ targets for the UK in isolation, an unsustainable market is developing. Desperate to avoid the potentially business-ending fines, some OEMs are selling their EVs at zero or negative profit to ensure volume. Several OEMs – including British manufacturers – are at genuine risk of not being able to supply the UK because the impact of CAFÉ fines is too large. We would recommend that the CAFÉ fines are reduced, or the requirements eased until 2025 to allow OEMs to develop their EV offerings and continue to supply the UK.

- **Import Tariffs** – As mentioned previously, placing import taxation on EVs and EV-related products is counter-productive to the wider investments and efforts to electrify the nation's fleet. We strongly recommend that these are removed with immediate effect.

Charging:

- The main customer objection to buying an EV is lack of charging, and hence range anxiety. We are fully aligned with the SMMT's forecast on the need for several million publicly accessible charging points by 2030.

- In 2020 the number of plug-in vehicles on the road increased by 42 per cent, however the growth in public chargers only grew by 18 per cent – there are simply not enough to keep up with demand. In hundreds of towns and villages, there is not a single public charger with the cost of installation making many areas unfeasible to invest in. With 40 per cent of UK drivers not having access to a wallbox at home, we need to drastically improve the public network to help these drivers make the switch. We also face social inequality with those not able to charge at home having to pay up to eight times the cost to charge using public rapid chargers – plus their lost time doing so. On average only 71 per cent of public charging units are operational on a given day, and 75 per cent of them are 7kW or slower.

- To address this challenge, we would suggest:

    - A review of public charging pricing and price caps to be instated.
    - Continued investment into public rapid charging networks on main routes.
    - Continued investment, but also support, for local councils to install residential on-street charging (very few councils have applied to use existing funds).
    - New standards and legislation to ensure a high level of vehicle charge-point reliability and to only use 100 per cent renewably sourced energy.
    - A minimum charging point provision at all public car parks. We suggest that 10% of spaces have charging access by the end of 2022, including both council and privately owned car parks.
    - All new builds to have charging installed at the point of build including flats and offices.
    - Investment towards community charging and car sharing networks.
    - Provision for 'car club' parking spaces that support car sharing networking.
    - Provision of interest-free funding for installation of charging hardware for businesses and councils.

Road pricing

We’d strongly recommend keeping the current system of road taxation in place for the next three years.

- With the average mileage of drivers likely to be reduced in 2021 and 2022 compared to 2019, by charging on a ‘per-mile’ basis, we may generate less total tax revenue than keeping the flat fee. There is a risk that to maintain the same levels of contribution, the price per mile may be high. Essential workers and those unable to work from home will have to pay a disproportionately high amount of tax.

- Increasing road tax on ICE vehicles risks the damaging the public support for EVs. For the millions of drivers who can’t afford to purchase any new car, regardless of powertrain, they will be forced into higher motoring costs, reducing their means to eventually switch into an EV.

- The logistics and processes involved in managing a pay as you drive scheme will be hugely challenging and expensive. While the majority of the automotive industry is in survival mode, implementing change is not recommended.

- We do appreciate that associating a cost per mile would likely reduce total mileage driven, however we’d suggest pausing any changes for three years while the EV uptake grows, infrastructure improves and consumers have more choice to switch into an EV.

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