

Written evidence submitted by the British Vehicle Rental and Leasing Association (BVRLA) (RDF0008)

The British Vehicle Rental and Leasing Association (BVRLA) represents one of the UK's largest groups of vehicle owners. Our membership is responsible for a combined fleet of four million cars, vans and trucks – one-in-ten of all vehicles on UK roads (including one-in-five trucks). They spend more than £30 billion upgrading their fleets each year and are responsible for buying around 50% of new vehicles sold annually in the UK, including 83% of vehicles manufactured in the UK for sale in the UK. The vehicle rental and leasing industry supports over 465,000 jobs, adds £7.6 billion in tax revenues and contributes £49 billion to the UK economy each year.

BVRLA Road to Zero Report Card

- Released in September this year, the 2021 BVRLA [Road to Zero Report Card](#) provides a traffic-light assessment of the decarbonisation trajectories of the UK's car, van and truck fleets, measuring their progress against the vital criteria of battery electric vehicle Supply, Demand and Infrastructure.
- The report's biggest concerns are saved for the HGV market. With the Government recently issuing a 2040 phase-out deadline the sector receives a blanket 'Red – parked' rating. There is precious little momentum in this fleet segment, with no phase-out delivery plan, no technology roadmap, no mainstream vehicles and no charging infrastructure.
- The report calls for massive long-term grants and incentives to support the HGV market to deliver decarbonisation.

Challenges and barriers to road freight decarbonisation

1. Ongoing uncertainty

Clear direction on technological preference is needed to help secure investment into the necessary infrastructure to support the roll-out. Without certainty that refueling/charging is available there may be an unwillingness to trial and definitively invest in zero emission HGVs.

2. Cost and functionality

ICE vs ZEV - Currently a zero-emission HGV is significantly more expensive than an internal combustion engine (ICE) comparator and much less functional. For example, at present a leasing company will need to charge its customer more than double the monthly rental for a zero emission 18 tonne HGV than an ICE equivalent, even with Plug-in Grant support. Additionally the range of the zero-emission vehicle (ZEV) is less than a quarter of the ICE option. This issue becomes even worse as weights and use case complexity increase. BVRLA members estimate that many applications will be at least five times more expensive for a company to run as ZEV.

Making the business case work- It continues to be unclear whether vehicle manufacturers will be able to reduce costs to a level that makes total cost of ownership (TCO) work for our members and their customers. As seen with the van market it can be exceptionally difficult to make a business case stack up for early adopters who not only need to invest in the vehicle but also the supporting infrastructure. It cost one member's customer over £1 million to install just six charge points. If firms and customers must continue to carry these costs, the mass uptake of zero emission HGVs within the ambitious phase out target will not be possible.

Refuelling/charging costs - Additionally Refuelling with hydrogen or charging with electricity on a public network could also be cost prohibitive, especially if the investment needed to roll out the infrastructure is not heavily subsidised by Government or infrastructure providers.

3. Supply

Adequate supply and choice of vehicles that meet needs in terms of cost, usage, payload and range, is desperately needed by operators. Lessons must learnt from the van market where a limited range of vehicle options has led to poor take-up of some zero-emission vans. It is essential the same mistakes are not repeated, and that manufacturers do not once again provide vehicles which can only be used for a fraction of the applications that the ICE comparator can be.

Recommendation: A standardised measure which allows operators to assess and easily compare vehicle performance, fuel requirements, fuel and asset costs, must also be adopted so operators can make the right investment decisions.

4. Availability and reliability of infrastructure

Issues with the availability, accessibility and reliability of charge points for commercial vehicles have already arisen. For heavier vehicles where their operation is more regulated this could present issues with driver's hours due to the time taken to charge. This could be especially problematic if limited or poor quality infrastructure creates queues to charge or if charge points are out of service. Infrastructure issues such as these require a swifter resolution than needed for cars to provide confidence for operators to invest in zero-emission HGVs.

5. Infrastructure costs

Currently operators' ability to make the transition to zero-emission cars and vans is being hugely hampered by infrastructure costs. This problem is amplified when looking at the cost of infrastructure for HGVs, where costs are likely to be far higher due to larger batteries requiring higher power charging or creating new on-site refuelling infrastructure for hydrogen. It is expected that HGV depots will face grid

upgrade costs more often and at higher levels given their requirements. The recent Ofgem proposals will not reduce the financial burden of installing sole use assets, which are expected to bear the majority of these costs. The need to create new refuelling infrastructure for hydrogen could also see costs quickly mount unless existing infrastructure can be adapted.

Recommendation: Explore the potential for potential for new commercial vehicle specific grants and funding, focusing on supporting private and public zero emission HGV infrastructure

Further engagement with the industry

It is critical that this phase out is achieved through collaboration. The BVRLA is keen to work with DfT on a delivery plan that would give much needed certainty to the sector. Such a plan would provide a mechanism to ensure vehicles are produced and infrastructure rolled-out in line with end user needs and that there is an ongoing process for review.

Recommendation: Government should set up a taskforce with a range of stakeholders, including end users, to work on developing recommendations for the delivery plan. This group should also have a role in identifying the challenges in reaching the phase out dates and in developing the solutions needed to overcome them.

About the BVRLA

The BVRLA represents over 970 companies engaged in vehicle rental, leasing and fleet management. Our membership is responsible for a combined fleet of four million cars, vans and trucks – one-in-ten of all vehicles on UK roads.

BVRLA members represent the demand-side of the automotive industry, buying around 50% of new vehicles, including over 80% of those manufactured and sold in the UK. In doing so, they support almost 500,000 jobs, add £7.6bn in tax revenues and contribute £49bn to the UK economy each year.

Together with our members, the association works with policymakers, public sector agencies, regulators, and other key stakeholders to ensure that road transport delivers environmental, social and economic benefits to everyone. BVRLA members are leading the charge to decarbonise road transport and are set to register 400,000 new battery electric cars and vans per year by 2025.

BVRLA membership provides customers with the reassurance that the company they are dealing with adheres to the highest standards of professionalism and fairness.

The association achieves this by reinforcing industry standards and regulatory compliance via its mandatory Codes of Conduct, inspection regime, government-approved Alternative Dispute Resolution service and an extensive range of learning and development programmes.

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