

Written evidence submitted by the National Franchised Dealers Association (NFDA) (CGE0073)

About NFDA

1. NFDA is a federated association of the Retail Motor Industry Federation (RMI) and represents the interests of franchised vehicle dealers in the UK. The NFDA represents 85% of the UK's 4800 franchised car sales outlets, constituting around 40 manufacturer franchises. UK automotive retail generates £150 billion in car sales annually, with an overall annual turnover of around £201 billion. Automotive retail employs over 555,000 people in the UK.
2. NFDA welcomes the opportunity to respond to the Science and Technology Committee's inquiry into meeting clean growth emissions reduction targets.
3. In consideration of this inquiry's terms of reference, this submission is primarily interested in the deployment of low emission technology, rather than its research and development.

Executive Summary

4. The research and development of low emissions technology must be supplemented by appropriate support for the deployment of that technology as it enters the market.
5. Government can accelerate its progress to meeting emissions targets by supporting the deployment of newer, cleaner vehicles and by lifting barriers to electric vehicle market entry by simplifying the public charge point network.

The role of Internal Combustion Engine vehicles in emission reduction

6. NFDA, along with the whole automotive sector, is committed to the ambitions of the Road to Zero strategy and is working hard to increase the proportion of cleaner vehicles on Britain's roads.
7. Our members provide sales and aftercare service for internal combustion engine (ICE) vehicles, hybrid vehicles (HEV), plug-in hybrid vehicles (PHEV) and battery electric vehicles (BEVs). All of these vehicle types have a role to play in helping the UK Government to meet emissions reductions targets.
8. The introduction of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) and the Real Driving Emissions Test (RDE) will not only ensure that new ICE cars report more accurate emission figures during testing but will also mean that real emissions will continue to decrease in line with the significant reduction that has already taken place. Between 2000-2017, CO₂ from newly registered cars declined by 33%.¹
9. Our view is that fleet renewal is the most effective way to continue meeting emissions reduction targets in the short term as new vehicles are the cleanest, with around 20% lower CO₂ emissions than the average car in use².
10. Following from WLTP and RDE, the role of Euro 6d and Euro 6d-TEMP diesel vehicles are particularly significant for reducing CO₂ emissions, as diesel vehicles emit on average 15-20% less CO₂ than petrol equivalents, with some of the newest diesels emitting almost no NOx.³

Incentivising fleet renewal

¹ SMMT, New Car Co₂ Report 2018, Page 7

² SMMT, New Car Co₂ Report 2018, Page 2

³ SMMT, New Car Co₂ Report 2018, Page 2 and ADAC, *RDE exhaust gas measurements: diesel and gasoline cleaner than prescribed*, <https://www.adac.de/rund-ums-fahrzeug/abgas-diesel-fahrverbote/dieselkauf-abgasnorm/rde-messungen-cf-faktor/>

11. The Government's most effective tool for incentivising fleet renewal is its tax powers.
12. Our view is that HM Treasury's (HMT) current Vehicle Excise Duty (VED) system does not incentivise fleet renewal, and instead favours the used car market. This is because first year VED payments for new car registrations are disproportionately large, whilst ongoing standard rate VED payments are much lower. This discourages consumers from registering new cars and promotes a free rider effect to the benefit of used car drivers.
13. This problem will be compounded when WTLP is introduced into the VED regime. The increase in reported CO₂ emissions will cause most cars to move up a band for first year payments.
14. HMT finished receiving responses to a consultation regarding this issue on 14 February 2019, to which NFDA responded. Our proposal was that VED payments should be more balanced throughout a car's lifetime, putting less emphasis on the first year and encouraging consumers to further consider their car's environmental impact over many years.

EV market

15. Whilst NFDA maintains that fleet renewal is an effective solution for reducing CO₂ emissions in the short term, we are positively engaging with the decarbonisation of road transport in the long term.
16. We acknowledge that there are many hurdles to negotiate before BEVs are widely considered to be an affordable alternative to ICE cars for the average consumer. Work is needed to bring market entry costs down, reduce confusion and provide an interoperable charging network.

Supporting EV Market Entry

17. The automotive retail sector is responding positively to the decarbonisation of private transport. The NFDA, in partnership with the Office for Low Emission Vehicles (OLEV) and the Energy Saving Trust, has developed a set of retail and aftersales standards as part of the 'Electric Vehicle Approved' (EVA) scheme, which is currently in an OLEV endorsed 30 site pilot. Consumers will be able to recognise approved electric vehicle retailers by an EVA kitemark.
18. The EVA scheme is an example of the measures that retailers can take to build consumer trust in low emission technologies – but without sustained financial support from the Government, retailers will be less willing to adopt and embrace these new technologies and the high associated cost of investment in the necessary human and physical capital.
19. In November 2018, funding for the Plug-in Car Grant (PICG) was slashed. Category 1 vehicles saw a reduction of £1,000, whilst category 2 and 3 vehicles saw their subsidies removed entirely.
20. By making it more expensive to purchase a BEV, the Government is prolonging the 'chicken and egg' situation that delays the uptake of low emissions vehicles and the expansion of the Public ChargePoint Network. (PCN)
21. When we asked our members to rate their satisfaction with the level of the PICG in July 2018, they returned an average score of 6.08 out of 10.
22. We strongly recommend that the subsidy for category 1 BEVs be maintained at the current level for as long as fiscally possible.

Charge point Payment Interoperability

23. Our Autumn 2018 Consumer Attitude Survey found that 52% of our member's customers see charging access as a barrier to buying an electric car.
24. There are fourteen major charge point networks in the UK.⁴ Only three of these networks (Instavolt, Engenie and Zero Carbon World) run an interoperable payment system. Charge points managed by these networks require only a contactless bank card or phone payment.
25. The other eleven networks, which includes some of the UK's biggest PCN block holders, require a range of subscription plans, smartphone apps and Radio-Frequency Identification (RFID) membership cards to pay for their charge points. Hybrid/BEV drivers will likely need a subscription to multiple operators to ensure that they can recharge their cars when travelling longer distances.
26. Market solutions to this problem are in their early stages in the United States. An agreement between four US charge point networks will see their members gain access to an interoperable network of around 12,500 chargers, with all customers sharing in this growing collaborative network. Signed in October 2018, the commitment will begin in June 2019.
27. However, there is little sign of a wide-ranging private sector interoperability agreement being implemented in the UK. The Netherland's 'Open Charge Point Protocol' provides a useful case study of a government led effort to achieve payment interoperability. Under the protocol, all public charging stations can be accessed with a single RFID card.⁵
28. Without contactless payment options requiring no prior authorisation or apps and transparent pricing, the PCN will continue to intimidate customers and create a growing headwind to electric vehicle adoption.
29. NFDA strongly urges the committee to consider the benefits of payment interoperability in the UK. Interoperability will open the CPN market and lower driver knowledge requirements for market entry, subsequently increasing the uptake of Hybrids/BEVs and the amount of zero emission miles driven.

⁴ Zap-Map, Public Charging Networks, Accessed 18/02/2019 https://www.racfoundation.org/wp-content/uploads/Development_of_the_UK_CP_N_Harold_Dermott_December_2018.pdf

⁵ International Council on Clean Transportation. 'Emerging best practices for electric vehicle charging infrastructure, Page 23. (2017)

Barriers to Substation Upgrades

30. As the hybrid/electric vehicle market grows, so too will the power demand on local power networks. We acknowledge the role that smart charging and other methods of reducing power demand at peak times can play in mitigating the pressure that the widespread uptake of Hybrids/BEVs will place on local power networks.
31. Where local power infrastructure requires reinforcement, it is good that costs are currently communalised, this should continue.
32. In cases where businesses require the grid upgrade to occur, we believe that this cost should not lie with these firms that are engaging positively with EV uptake and charge point installation.
33. Government needs to create a grid reinforcement fund which business can access to cover the necessary costs for required infrastructure reinforcement for the installation of appropriate charging infrastructure.
34. As changepoints become higher powered we expect this to become an even bigger barrier for business.

February 2019