



Department  
for Transport

# Consultation on a new CO<sub>2</sub> emissions regulatory framework for all newly sold road vehicles in the UK

## Introduction

Thank you for responding to our consultation on establishing a new CO<sub>2</sub> emissions regulatory framework for all newly sold road vehicles in the UK.

The closing date for this consultation in 23:45 on is 22<sup>nd</sup> September 2021. Please send your completed response form to [CO2RegulationGP@dft.gov.uk](mailto:CO2RegulationGP@dft.gov.uk).

Due to remote working, we strongly encourage responses by email. If you are unable to respond by email, we would invite you to please let us know by asking someone to email on your behalf.

If none of the above is possible, then we invite you to send written responses to:

CO2 Regulation Green Paper consultation  
Great Minister House  
33 Horseferry Road  
London  
SW1P 4DR

# About this consultation

## Background

Removing all tailpipe emissions from road vehicles is fundamental to decarbonising transport. In total, road vehicles are responsible for 91% of the UK's annual domestic transport CO<sub>2</sub> emissions. Cars and vans alone are responsible for 70% of that total.

In November 2020 the Prime Minister announced that we would be publishing a Green Paper on the future CO<sub>2</sub> regulatory framework that is to apply to new road cars, vans, and other road vehicles. This Green Paper puts forward two potential frameworks that we feel could be deployed in order to legislate for our already agreed petrol and diesel phase out dates, and to set a regulatory pathway that will lead to net zero emissions from road transport.

This Green Paper also seeks to define 'significant zero emission capability' establishing the technical requirements that vehicles will need to meet between 2030 and 2035.

## Consultation proposals

We are seeking views on two regulatory frameworks that could deliver on our petrol and diesel phase out commitments, while also supporting additional carbon reductions in the lead up to those dates -

- 'tightening' the existing efficiency-based regulations, requiring the new vehicle fleet to become more efficient; and
- Deploying a Zero Emission Vehicle Mandate (ZEV Mandate) as recommended by the Climate Change Committee, alongside a CO<sub>2</sub> regulation.

We are also seeking views on a number of regulatory aspects that will need to be considered when developing the future framework. This includes, but is not limited to –

- The vehicle models which should be in scope;
- Whether derogations/exemptions should apply in certain cases;
- The level of fines that should be issued for non-compliance.

Finally, we are also seeking views on the definition of 'significant zero emission capability' by asking questions on –

- Eligibility metrics
- Eligibility thresholds
- Other compliance considerations

## **Confidentiality and data protection**

The Department for Transport (DfT) is carrying out this Green Paper consultation to engage and gather views and evidence on a New Road Vehicle CO<sub>2</sub> Emissions Regulatory Framework for the United Kingdom. This consultation and the processing of personal data that it entails is necessary for the exercise of our functions as a government department. If your answers contain any information that allows you to be identified, DfT will, under data protection law, be the Controller for this information.

As part of this consultation we're asking for your name, email address and organisation. This is in case we need to ask you follow-up questions about any of your responses. You do not have to give us this personal information. If you do provide it, we will use it only for the purpose of asking follow-up questions. We will not use your name or other personal details that could identify you when we report the results of the consultation.

[DfT's privacy policy](#) has more information about your rights in relation to your personal data, how to complain and how to contact the Data Protection Officer.

Your information will be kept securely on a secure IT system within DfT and destroyed within 12 months after the consultation has been completed.

## Your details

### 1. Your and email address:

Name: **ClIr Doug McMurdo**

Email: **Chair@lapfforum.org**

### 2. Are you responding: \*

as an individual?

**on behalf of an  
organisation?**

## Organisation details

### 3. You are responding as:

a representative of a business or firm?

a representative for a trade body?

a representative of an academic or research organisation?

a representative of a local authority or other public body?

from a community group?

**another organisation?**

The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of 84 local authority pension funds and seven LGPS pools, with combined assets of over £300 billion.

# Consultation Questions

## **Significant Zero Emission Capability**

### **1. What metric, or combination of metrics should be used to set eligibility for cars and vans between 2030 and 2035?**

LAPFF considers that the simplest metric would be best. This would be to deploy the zero-emission vehicle (ZEV) mandate as early as possible. Otherwise, as indicated, there is a danger that investment that could have gone towards deploying ZEVs would instead be redirected toward incremental internal combustion engine (ICE) improvements.

Of the metrics indicated, the percentage of journey time spent in zero emission mode would seem the most appropriate. As noted, figures from the current method, based on the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) are not representative of real-world emissions, and this by a significant margin.

### **2. For your chosen metric, what threshold should new cars and vans be required to meet from 2030?**

Given that LAPFF has supported a 2025 date for the end of the sale of new petrol and diesel cars and vans, the appropriate threshold would be 100%<sup>1</sup>.

### **3. What other requirements could be introduced, if any, to maximise zero emission capability?**

LAPFF is committed to a just transition to a net zero economy so that achieving net zero carbon emissions does not come at the expense of certain groups or communities. The government could signal an expectation for continuity for grants currently provided for zero-emission vehicles such as the plug-in grant and zero rate car tax for the first year and for those vehicles costing under £40,000, a zero rate for supplementary years<sup>2</sup>.

To maximise zero emission capability, the government should ensure there is a focus on electric drive-train technology. Although low carbon fuels (LCFs) contribute a significant proportion of transport emissions savings under current carbon budgets, they still result in carbon emissions and offer limited air quality benefits.

Given the 's' curve of technology take up, already being demonstrated in the take-

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<sup>1</sup> [LAPFF-response-to-DfT-consultation.pdf \(lapfforum.org\)](https://www.lapfforum.org/lapff-response-to-DfT-consultation.pdf)

<sup>2</sup> [Zero & Ultra Low Emission Vehicles \(ULEV\) | Vehicle Certification Agency \(vehicle-certification-agency.gov.uk\)](https://www.vehicle-certification-agency.gov.uk/zero-ultra-low-emission-vehicles-ulev)

up of fleet electric cars in the UK<sup>3</sup>, maintaining a focus on LCFs locks this continued technology into the system. This is ultimately a mis-use of resources that would be best spent on developing genuine zero-carbon heavy goods and other vehicles.

As noted, LCF's include hydrogen. A respected industry commentator has noted that this technology for vehicles for 'regional trucks' lies on the 'uncompetitive' end of the scale compared to battery-powered vehicles<sup>4</sup> and that electrical solutions are cheaper and more efficient.

#### **4. What would the impact be on different sectors of industry and society in setting an SZEC requirements, using evidence where possible?**

Industry and corporates prefer regulatory certainty, so that essential strategic planning and proposed capital expenditure can be undertaken.

Most of the corporate members of the UK Electric fleets coalition, which includes five of the top six largest fleets operating in the UK, have committed to switch their fleets to fully electric by 2030<sup>5</sup>. Such businesses are fundamental to the transition to a zero-carbon transport system due to their dominance of the new vehicle market, with over half of new cars in the UK in 2020 being bought by businesses.

This demand profile, together with regulatory certainty, would provide vehicle manufacturers with the right framework to ensure full zero emission capability by the phase out date.

### **Possible Future Frameworks**

#### **5. Do you have any comments regarding Option 1, to replicate the current regulatory framework, albeit with strengthened targets, to meet our wider carbon reduction targets and phase out dates?**

Option 1 has clear disadvantages as has been set out, including that it would use targets based on WLTP which provides figures not representative of real-world emissions, which are typically higher than those measured in the test environment.

#### **6. Do you have any comments regarding Option 2, to introduce a**

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<sup>3</sup> <https://www.businesscar.co.uk/news/2021/jun-28-4-jul/fleet-ev-market-seeing-exponential-growth,-volkswagen-boss-reports>

<sup>4</sup> <https://www.rechargenews.com/energy-transition/liebreich-oil-sector-is-lobbying-for-inefficient-hydrogen-cars-because-it-wants-to-delay-electrification-/2-1-1033226>

<sup>5</sup> [Businesses call for Government leadership in electric transport roll out | Climate Group \(theclimategroup.org\)](https://www.theclimategroup.org/news/businesses-call-for-government-leadership-in-electric-transport-roll-out)

## **ZEV Mandate or sales target alongside a CO<sub>2</sub> regulation?**

Of the two options, LAPFF considers part of Option 2 has greater merit, which is to have a ZEV Mandate. This would allow the government to fully legislate for the phase out of all new petrol, diesel and hybrid cars and vans at the same time. LAPFF has supported a [2025](#) date for this.

### **7. Do you have any views on the Government's initial preference for the regulatory approach set out in Option 2?**

As indicated previously, businesses most of all want certainty, for planning, so that they can make the necessary investments to flourish under a ZEV mandate. This element of Option 2 would ensure that the deployment of new ZEVs could be guaranteed.

### **8. Are there alternative approaches that could deliver on the government's carbon budget and 2030/2035 commitments?**

### **9. Do you have any views on how either, or both, of the options could be implemented?**

### **10. Do you have any further comments or evidence which could inform the development of the new framework?**

## **Additional Issues for Consideration**

*Stringency of CO<sub>2</sub> Target*

**11. Do you have any further comments or evidence which could inform the development of the new framework?**

**12. Should the focus be on delivering the largest possible CO<sub>2</sub> savings, or the quickest possible switch to zero emission mobility?**

LAPFF does not consider the two are mutually exclusive. A firm date for mandating all vehicles to be zero-emission would also deliver the largest possible CO<sub>2</sub> savings.

**13. How do we ensure that the target allows for sufficient supply of low and zero emission vehicles; supports investment in the UK; and delivers our carbon reduction commitments?**

Implementing a regulatory framework to deliver the required carbon reductions will give business the certainty needed to make the required investments.

*Derogations and Exemptions*

**14. Should the new regulatory framework include exemptions or modified targets for certain specialist vehicles and/or niche and small volume manufacturers?**

LAPFF concurs that a very limited range of derogations could be considered to the phase out date but only if it can be evidenced that electric-train technology cannot be employed, i.e. that companies elsewhere have not been able to apply this zero-emission technology. Small volume manufacturers would not fall into this category, given the extended time that will already have been provided for them to transition their businesses.

*Credit Levels*

**15. Should credits be awarded to vehicles that meet the SZEC definition?**

Yes

No

Don't know

**Please explain your answer.**

- 16. If so, should this be a fixed number of credits, or should there be a sliding scale that recognises the difference in CO2 efficiency of various SZEC-compliant vehicles?**

*Credit Banking and Trading*

- 17. Should this be considered within the new framework?**

Yes

No

Don't know

**Please explain your answer.**

LAPFF acknowledges that credit banking and trading can have some effect on decarbonisation. However, this incremental approach can distract attention from the wider systemic change and legislative action required to achieve zero carbon transportation.

Small reductions may be achieved cheaply through investment in making the more carbon intensive hybrid technology incrementally more efficient where the larger required cuts would require scrapping the technology and using a different one i.e. to ensure that hybrid vehicles have the same phase-out date as other petrol and diesel vehicles.

- 18. If so, over what timeframe should they remain usable and should credits and debits be treated the same or differently?**

**19. Within the trading element of the new scheme, should there be limits on the number of certificates/grams of CO<sub>2</sub> that can be bought or sold?**

Yes

No

Don't know

**Please explain your answer.**

**20. Should such a market cover the whole of road transport or should there be some constraints imposed on trading across manufacturing sectors (e.g. cars and Heavy Duty Vehicles)?**

*Credit Banking and Trading*

**21. How, and at what level, should fines be set in the new UK regulatory framework and should this vary for different vehicle types?**

*Target setting process*

**In the future UK regulatory regime, we have the opportunity to determine how far ahead we set the targets, the lead in time for any change in targets and whether the option to amend targets at shorter notice is required. We would welcome views on each of these.**

*Real-World Emissions*

- 22. Would there be benefits in seeking to ensure any CO2 targets in the new UK regulatory framework take into account real-world emissions data alongside the lab-tested WLTP CO<sub>2</sub> emissions figures? If so, how might the two be linked?**

**Yes**

**No**

**Don't know**

**Please explain your answer.**

**Extending the Framework to all Road Vehicles**

*Heavy Duty Vehicles*

- 23. For vehicle sub-categories that are not yet covered by VECTO, could a ZEV Mandate/sales target be extended before VECTO is adapted?**

**YES**

**No**

**Don't know**

**Please explain your answer.**

Yes, in line with other categories, there should be a mandatory ZEV sales target for all new heavy-duty vehicles. As previously indicated, the use of hydrogen technology for 'regional trucks' lies on the 'uncompetitive' end of the scale compared to battery-powered vehicles<sup>6</sup> with electrical solutions being cheaper and more efficient. Thus the zero-emission mandate should have a focus on electric drive-train technology.

**24. Would there be any unintended consequences of establishing a ZEV Mandate for certain vehicle sub-categories before a CO<sub>2</sub>-based regulation?**

**25. Do you have any views on imposing a CO<sub>2</sub> regulation on vehicle types that are not yet covered by a CO<sub>2</sub> test procedure, or existing regulation, particularly in light of the planned future phase out consultation for new non-zero emission buses?**

**YES (have views)**

**No**

**Don't know**

**Please explain your answer.**

Imposing a CO<sub>2</sub> regulation would be regressive in light of likely strong support for the planned future phase out consultation for new non-zero emission buses.

*L-Category vehicles (Motorbikes, Mopeds, Quad Bikes etc)*

**26. Should the preferred regulatory approach be extended to all L-category vehicles or should the diversity of the sector (motorbikes, mopeds, motorised tricycles, quadbikes, motorised quadricycles etc) necessitate different approaches?**

**YES**

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<sup>6</sup> <https://www.rechargenews.com/energy-transition/liebreich-oil-sector-is-lobbying-for-inefficient-hydrogen-cars-because-it-wants-to-delay-electrification-/2-1-1033226>

**No**

**Don't know**

**Please explain your answer.**

The preferred regulatory approach should be extended to all L-category vehicles which would be to have a ZEV sales mandate for all L-category vehicles by 2025.

LAPFF recognises that there may be concerns from relevant manufacturing companies about the investment required to ratchet up capacity and the certainty of subsidies to pay for a smooth transition away from petrol and hybrid production. With a clear settled date alongside consistent long-term commitment to grants, the sector should be able to deliver the carbon emission free vehicles that the economy and country needs.

*Additional Issues for Consideration*

**As the regulations develop, all potential aspects listed in chapter 5 will need to be considered for each vehicle type. Therefore, we would welcome any additional views on the application of the variables mentioned from paragraph 5.50 onwards, in respect of new HDVs (including the adaptations that should be made for different HDV types) and L-category vehicles.**

**Final comments**

**Any other comments?**

- LAPFF welcomes the opportunity to respond to this consultation. This first section outlines our overall position, the following addresses some specific consultation questions.
- LAPFF has long recognised the imperative to address climate change as a systemic investment concern for our members. It poses material financial risks across all asset classes with the potential for significant loss of shareholder value.
- Responses to the COVID pandemic have been revelatory for the required transformation in capital markets to address the climate crisis. Company responses to the pandemic that previously may have taken months or years in planning and implementation were undertaken within days or weeks.
- LAPFF affirms the conclusions of the July 2021 Intergovernmental Panel on Climate Change (IPCC) [Sixth Assessment Report \(ipcc.ch\)](https://www.ipcc.ch) which confirms that reaching net zero emissions by 2050 only gives a 50% chance of staying within 1.5 degrees rise

in global average temperature. For an 83% chance of remaining within 1.5 degrees, the carbon budget will be used up by 2027 at the current emissions rate. The UK government's current climate change target is to reduce emissions by 78% by 2035 over 1990 levels. The Forum is thus cognisant of this short time frame in considering how the global challenge of the climate crisis must be addressed in all sectors.

- Our experience engaging with companies is that, without strong and timely regulation, achieving the UK's ambitions for reducing emissions will be slower and less effective as some companies tend only to meet minimum regulatory requirements. LAPFF therefore supports a clear legislative framework for carbon reductions, so that companies can make the necessary decisions and financial commitments.
- In this context, the Forum strongly supports only part of one of the two proposed metrics which is to deploy the zero-emission vehicle (ZEV) mandate. To maximise zero emission capability, the government should ensure there is a focus on electric drive-train technology for all road vehicles. For cars or vans, the Department for Business, Energy and Industrial Strategy<sup>7</sup> has already recognised that this the lowest cost route to zero emissions.
- LAPFF also considers that all L-category vehicles should have a ZEV sales mandate by 2025.

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<sup>7</sup> [Hydrogen analytical annex \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)