

Environmentally Friendly Vehicles Conference

National Motorcycle Museum

10th November 2005



Graham Smith

Chairman, Low Carbon Vehicle Partnership
Managing Director, Toyota (GB)



Low Carbon Vehicle Partnership

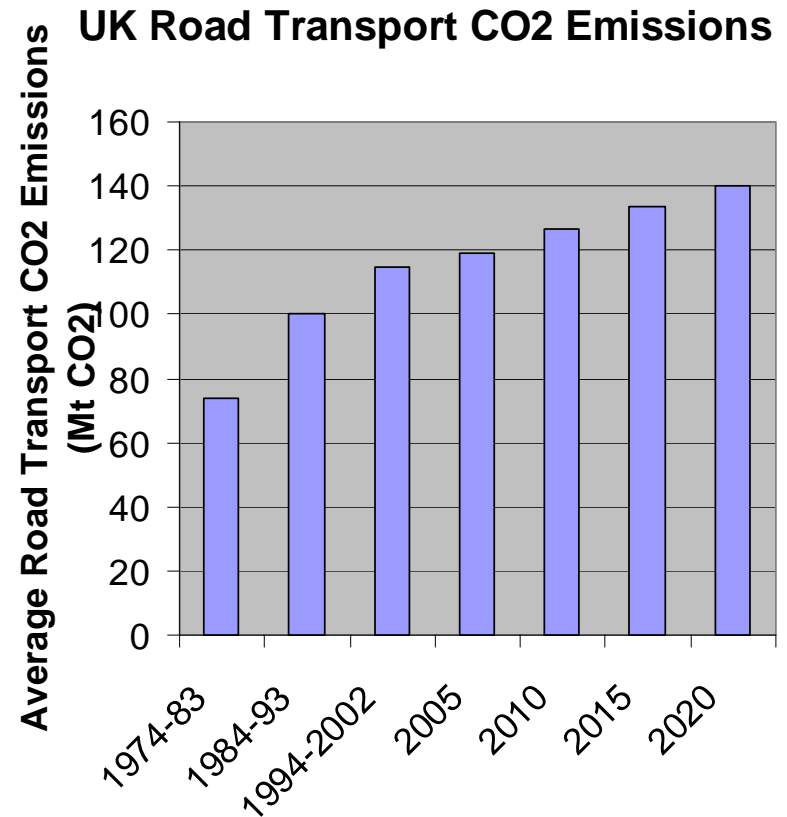
Accelerating the shift to low carbon vehicles and fuels in the UK

Stimulating opportunities for UK businesses



Scope

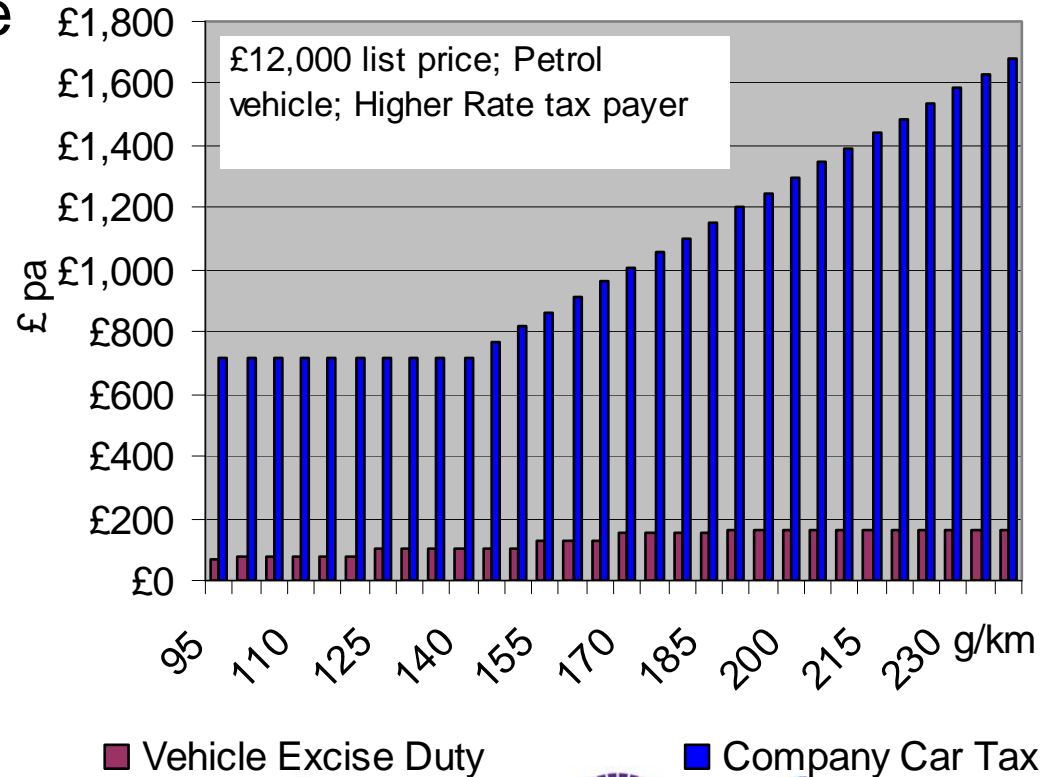
- The role of partnership
- Policies and progress
 - Vehicle Excise Duty
 - Company Car Tax
 - Powering Future Vehicles Strategy
 - Congestion Charging
- Changing consumer attitudes
 - Car labelling
 - The role of the industry
 - Improving vehicle utility



UK vehicle taxes are linked to CO₂

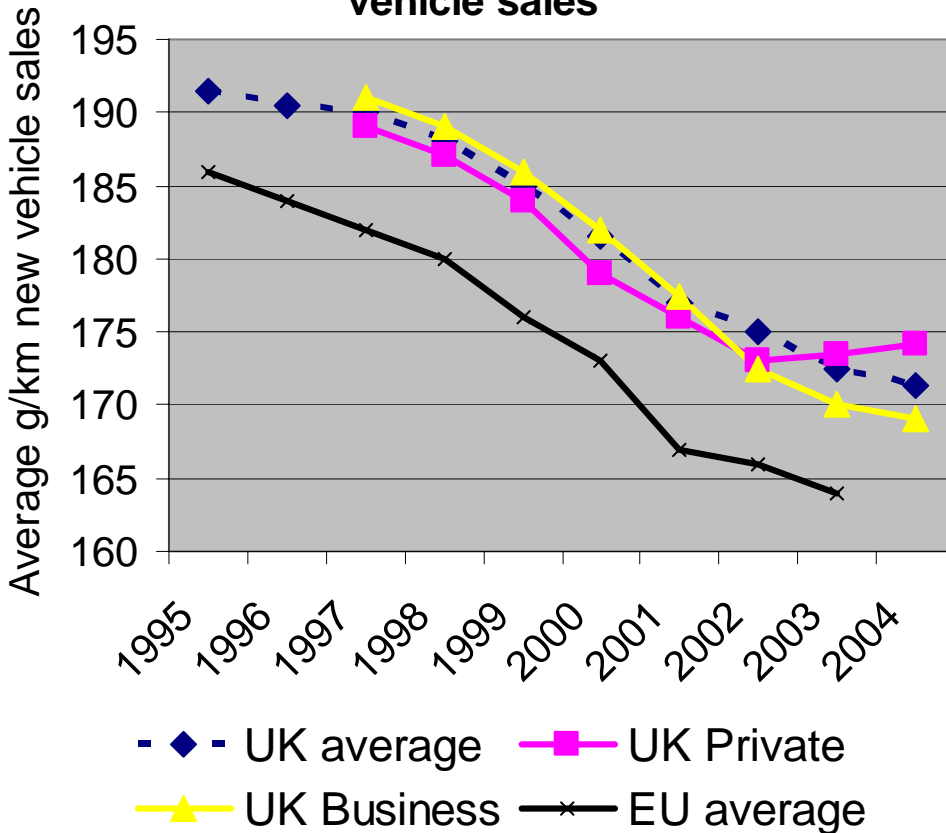
- Company Car Tax strongly linked to tail-pipe CO₂
- Vehicle Excise Duty graduated in CO₂ bands
- Fuel Duty reduced for alternative fuels
- Purchase Grants for low carbon vehicles awaiting EU approval

Annual UK Vehicle Taxes



New cars are more efficient

Fleet average emissions for new vehicle sales



- New car CO₂ improved by 11% in 10 years
 - Fleet and business car efficiency is continuing to improve
 - Private consumers have started to purchase less efficient vehicles
 - UK target for 10% low carbon vehicles by 2012 unlikely to be met

Environmental concerns are a low priority for most private car buyers

Car-buyer reported concerns

Top priorities

Price
Fuel consumption
Size/Practicality
Reliability
Comfort
Safety
Running costs
Style/Appearance

Some influence

Performance
Image
Brand
Insurance
Engine size
Equipment levels

Low priorities

Depreciation
Experience
Sales Package
Dealership
Environment
Vehicle Emissions
Road tax
Alternative fuel

- mpg is reported as a key decision-making factor – but little evidence
- Poor understanding and high tolerance of running costs
- Little knowledge of emissions and new technology
- Public concern about climate change – but few understand the causes and less take personal responsibility

Consumer information improved

Fuel Economy		Ford Fiesta 1.4 TDCI ZETEC
CO₂ emission figure (g/km) 		B 117 g/km
Fuel cost (estimated) for 12,000 miles <small>A fuel cost figure indicates to the consumer a guide fuel price for comparison purposes. This figure is calculated by using the combined drive cycle (low in centre and motorway) and average fuel price. Re-calculated annually, the current cost per litre is as follows – petrol 75p, diesel 75p and LPG 30p (VCA May 2004).</small>		£662
VED for 12 months <small>Vehicle excise duty (VED) or road tax varies according to the CO₂ emissions and fuel type of the vehicle.</small>		£85
Environmental Information <small>A guide on fuel economy and CO₂ emissions which contains data for all new passenger car models is available at any point of sale free of charge. In addition to the fuel efficiency of a car, driving behaviour as well as other non-technical factors play a role in determining a car's fuel consumption and CO₂ emissions. CO₂ is the main greenhouse gas responsible for global warming.</small>		
Make/Model Ford Fiesta 1.4 TDCI ZETEC Fuel type Diesel	Engine capacity (cc): 1399 Transmission type: 5 speed manual	
Fuel Consumption:		
Drive cycle	Litres/100km	Mpg
Urban	5.4	52.3
Extra-urban	3.8	74.3
Combined	4.4	64.2
Carbon dioxide emissions (g/km): 117g/km <small>Important note: Some specifications of this make/model may have lower CO₂ emissions than this. Check with your dealer.</small>		

- Voluntary car industry initiative
 - brokered by LowCVP
- Combination of simple and statutory information:
 - Label shows CO₂ emissions, estimated fuel costs and test cycle data
- Bands linked to UK Vehicle Excise Duty
- Labels presently in 75% of showrooms

Some vehicle manufacturers and fuel companies are actively promoting low carbon options

It's time to turn up the heat on **global climate change.**

In 1997 we became the first major energy company to publicly acknowledge the need to take steps against climate change. Since 2001, the **reduction in emissions** from our energy efficiency projects has now reached over 4 million tonnes – equivalent to the annual emissions of a city the size of Bristol. Over the next 4 years, we plan to implement new projects to reduce emissions by another 4 million tonnes.



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Switch on to lower carbon emissions.

Cleaner power stations are vital to meet demand for energy and help meet Kyoto targets. BP is leading plans with its partners to develop a power station in Scotland to run on hydrogen. This would produce electricity with 90% lower carbon emissions for 250,000 homes.



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Congestion Charge discounts stimulated the market for cleaner vehicles

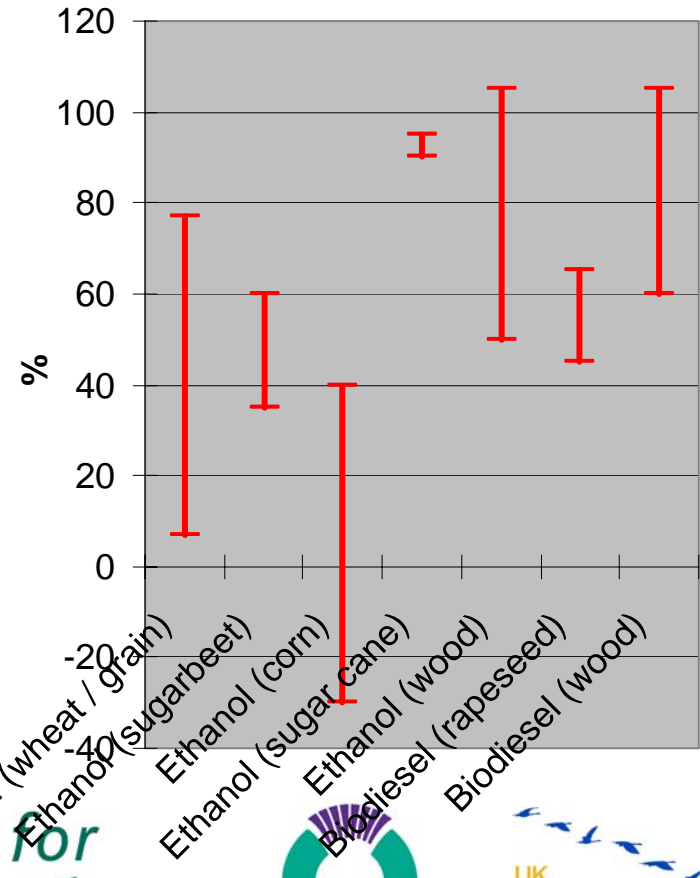
- London Congestion Charge achieved a 20% CO₂ emissions reduction
- Registrations of alternative fuel vehicles with C-Charge discounts in London doubled - hybrids & LPG
- Proposed national road pricing may also influence CO₂
 - +5% to -8%



Renewable Transport Fuels

- Government proposal for a Renewable Transport Fuels Obligation
- Incentives needed to encourage supply of fuels with larger greenhouse gas saving
- Voluntary assurance scheme being developed to address wider environmental and social criteria

% WTW GHG emissions compared to petrol or diesel



Cenex - Centre of Excellence for Low Carbon and Fuel Cell Technologies



- Established April 2005, by 10 leading companies
- £6.5M Government funding matched by industry
- Show-case UK expertise and encourage inward investment
- Knowledge Transfer Network
- Leverage public procurement to create new markets



Holywell Campus,
University of Loughborough



Summary

- Partnership between all levels of Government, Industry and Civil Society is needed to effectively tackle road transport greenhouse gas emissions and:
 - Identify and deliver effective policies and incentives
 - Educate and inform consumers
 - Create markets for new technology through public procurement