

Working together to accelerate change

Lower carbon, bigger opportunity

FLA Motor Finance Convention

Thursday 21 November 2019

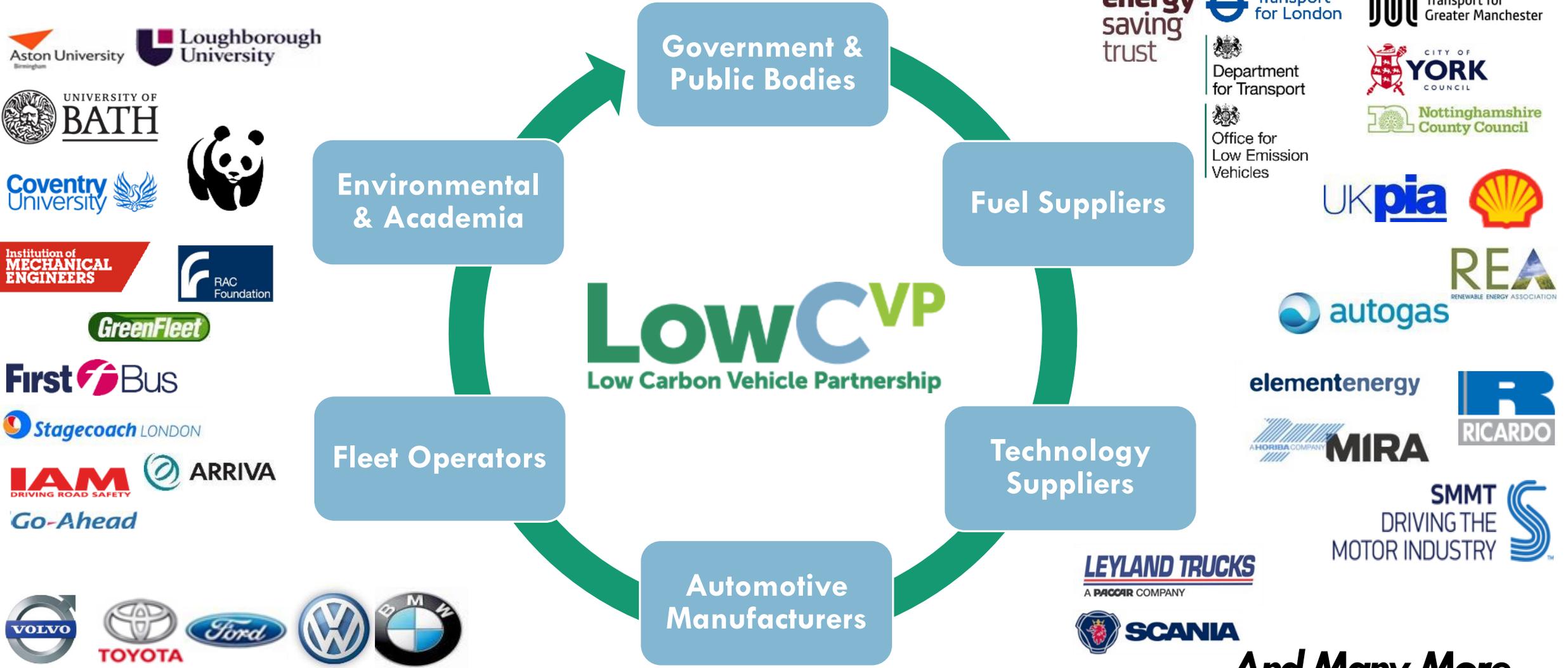


Neil Wallis

Head of Communications

LowCVP: A unique public-private membership organisation

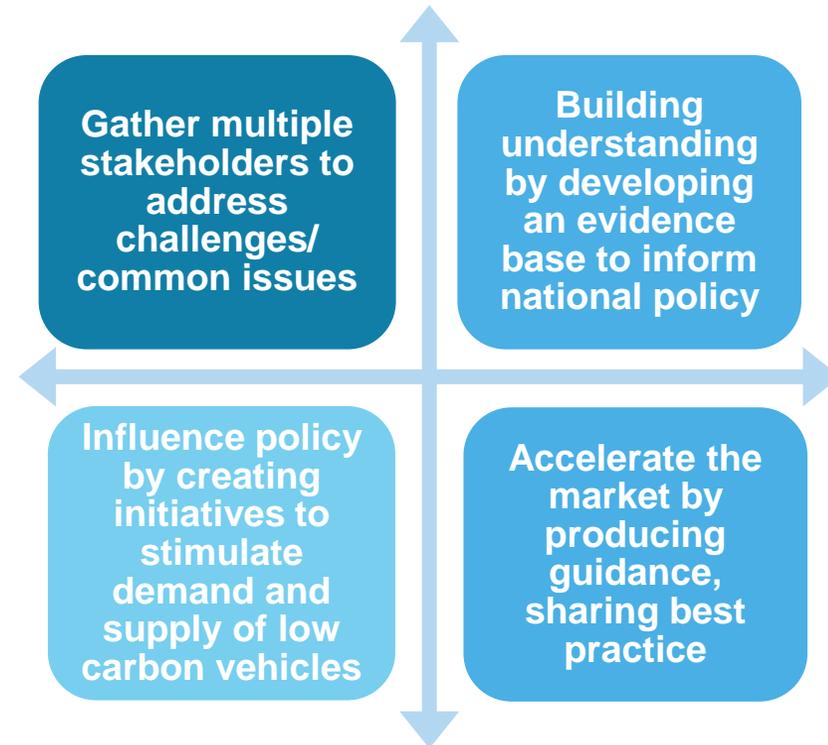
Accelerating the shift to cleaner, low carbon vehicles in the UK



And Many More...

What is LowCVP?

Working closely with Government and leading stakeholders to accelerate the take up of low carbon, low emission vehicles and fuels



Environment policy: Growing pressure for change

Pressure growing fast in 2019...

- School strikes
- Extinction Rebellion
- IPCC & science reports
+ media response



Climate change

Climate crisis: 11,000 scientists warn of 'untold suffering'

Statement sets out 'vital signs' as indicators of magnitude of the climate emergency

- Most countries' climate plans 'totally inadequate' - experts

Damian Carrington
Environment editor
@dpcarrington
Tue 5 Nov 2019 15:00 GMT

33,822

▲ A man uses a garden hose to try to save his home from wildfire in Granada Hills, California, on 11 October 2019. Photograph: Michael Owen Baker/AP

The world's people face "untold suffering due to the climate crisis" unless there are major transformations to global society, according to a stark warning from more than 11,000 scientists.

The UK political response...

- UK Parliament 'climate emergency' declaration
- Net zero target adopted
- Transport Decarbonisation Plan expected 2020
- CoP26, Glasgow, Nov 2020

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News story English

UK becomes first major economy to pass net zero emissions law

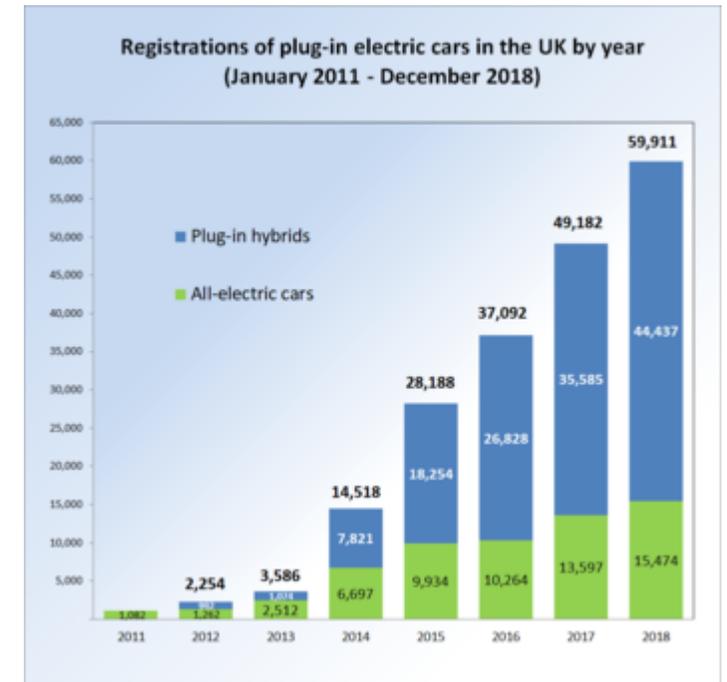
New target will require the UK to bring all greenhouse gas emissions to net zero by 2050.

Published 27 June 2019
From: [Department for Business, Energy & Industrial Strategy](#) and [The Rt Hon Chris Skidmore](#)



Transport Decarbonisation Plan: What will it mean?

- Net zero decarbonisation of road transport by 2050
 - Accelerated introduction of electric cars
 - More rapid phase-out of traditional ICE (2040 to 2035 or earlier?)
 - Intensification of focus on long-haul trucks, coaches and ‘hard to electrify’ applications. (Enhanced batteries? Hydrogen fuel cells?)
 - Enhanced logistics & vehicle use efficiency
 - Modal shift; fewer private vehicles; more shared journeys
 - A ‘fair’ transition? Impacts on low income households



Air quality is also driving change

- Introduction of London ULEZ (April 2019)
- Clean Air Zones:
 - Leeds
 - Birmingham
 - Bristol
 - Newcastle
 - Manchester
 - Coventry

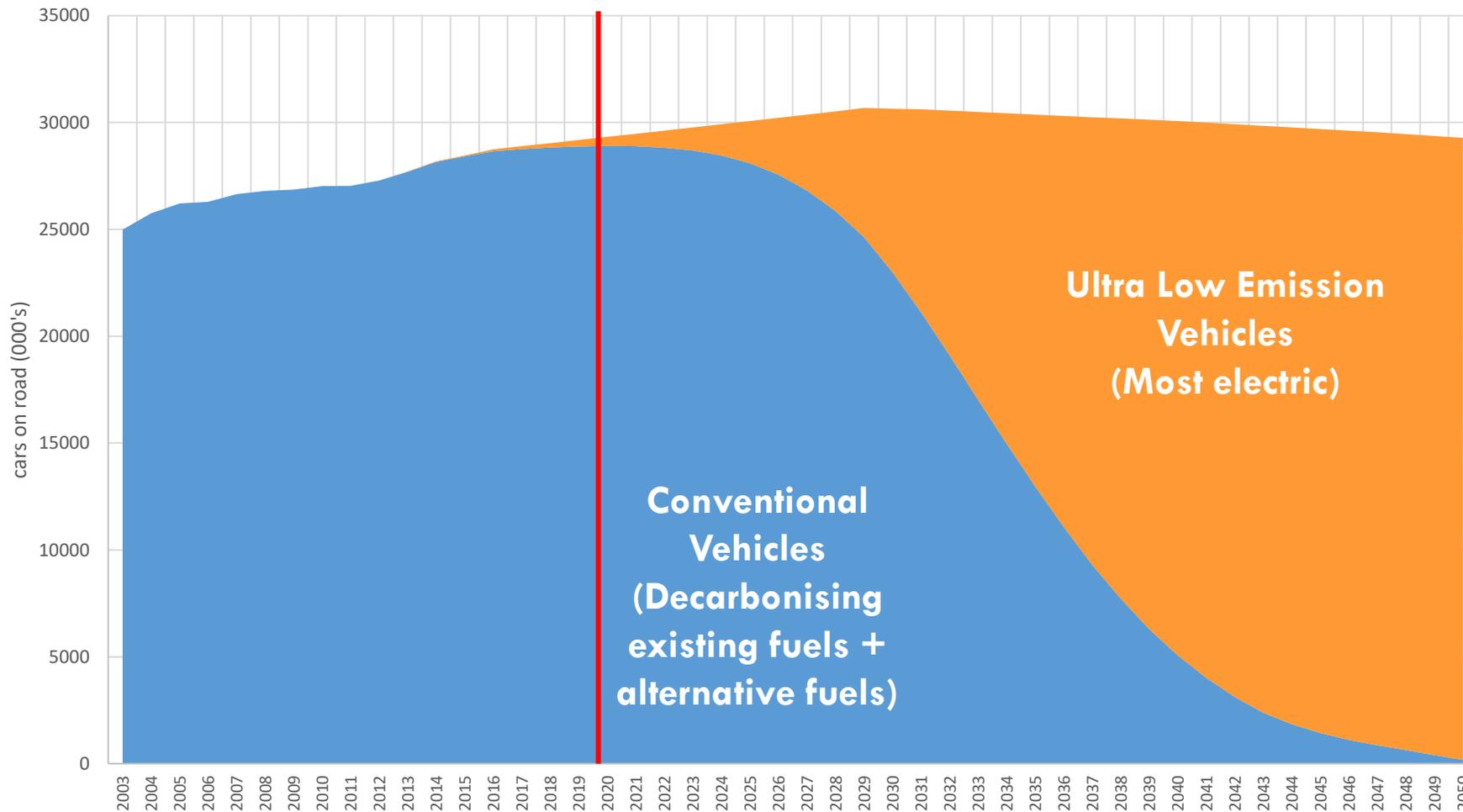
CAZ plans due: Portsmouth, Leicester, Broxbourne, Bradford, Stoke-on-Trent, Liverpool, Bolsover and Newcastle-under-Lyme



The transition is beginning...

ULEV and conventional vehicle parc transition – indicative trend (LowCVP)

ULEV and Conventional vehicle parc transition



<3% of the new car market is plug-ins ...but likely to accelerate

Over 90% of new cars acquired via financing

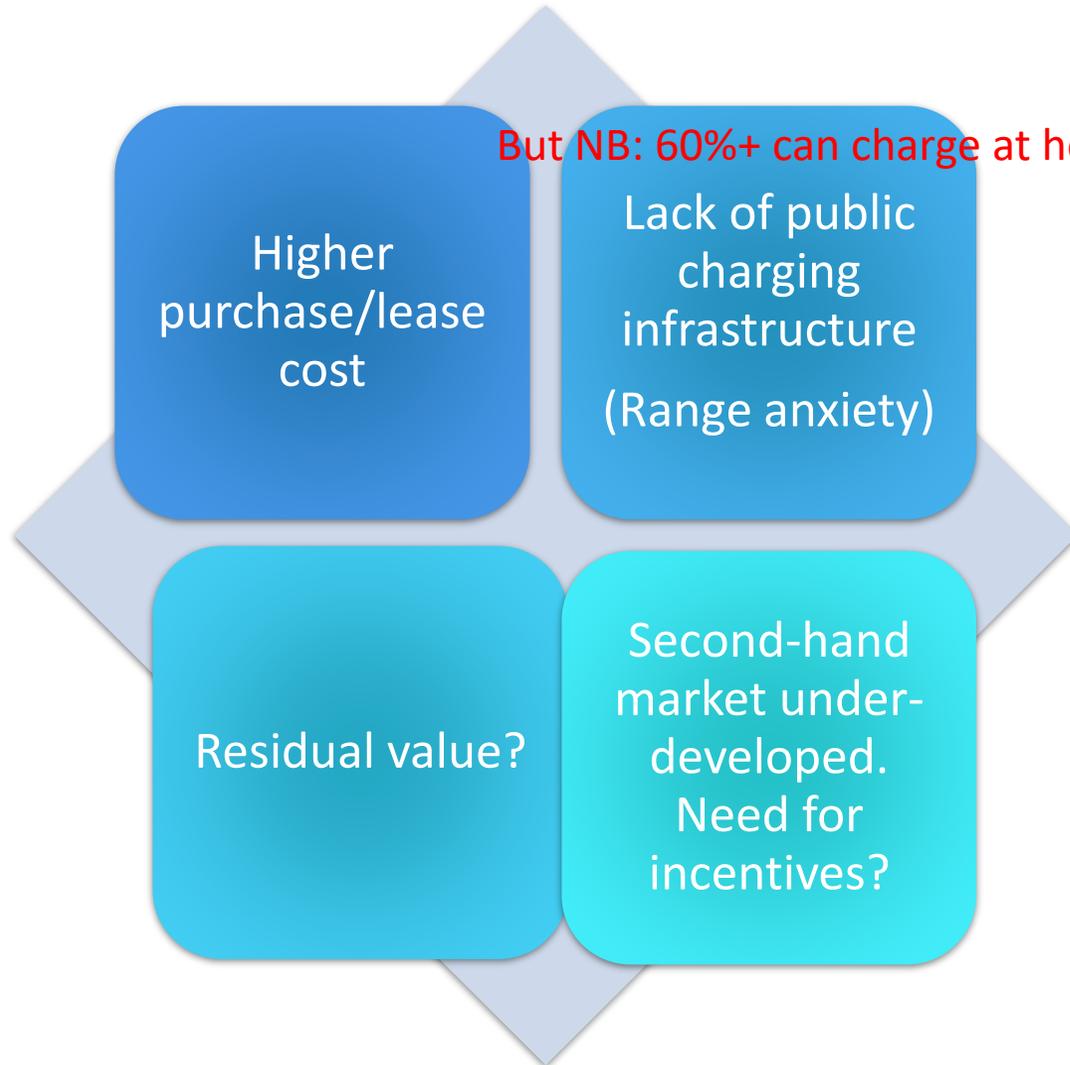
Financed vehicles renewed much more quickly

Large proportion of the vehicles on the road are former lease

Barriers to electric vehicle uptake

UK EV public infrastructure network is fragmented – lack of interoperability is a key issue.

Private buyers need help with domestic charge eqpt.



Private car buyers may fail to see the whole life cost benefits of electric cars – main focus on purchase/lease cost.

As well as lower fuel costs, there are a range of govt & other financial incentives for EVs but are customers aware?

Electric vehicles – current incentives

Purchase Cost

- Plug-in Car Grant for BEVs

Running Cost

- No fuel duty on electricity or hydrogen
- Lower (fuel) electricity cost
- Zero road tax first year
- London Congestion Charge & ULEZ exemption
- Future CAZ and access benefits likely
- Some LAs offer free parking and charging
- **Company Car Tax (big savings from Apr 2020)**

Regulation

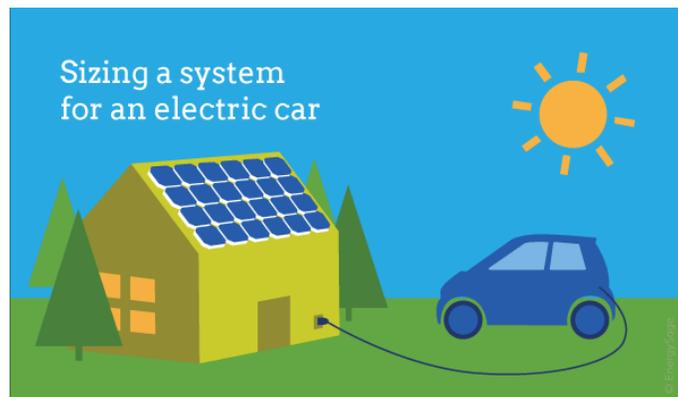
- **EU Cars and CO₂ regulation (95g/km by 2020/1)**



Energy & mobility sectors are merging

A revolution in road transport is coming, creating opportunities and threats for incumbent businesses...

- Home charging to become the norm; car buyers will be looking for suppliers to deliver the vehicle + chargepoint (+ energy?)
- All new home chargers to be 'smart' – cost savings for energy system to be passed on to consumers
- Householders may increasingly look at their EV as a part of a domestic energy solution, linked with rooftop PV, ground or air-source heat pumps etc



Picture: Energy Sage (US)



Picture: Chargepoint.com

Electric Vehicle Energy Taskforce's stakeholders

LowC^{VP}
Low Carbon Vehicle Partnership | Connect
Collaborate
Influence

tech^{UK} **octopus** electric vehicles **Landis+Gyr+** **WESTERN POWER DISTRIBUTION** **SMART ENERGY GB** **automotive council UK** **VOLKSWAGEN** GROUP UNITED KINGDOM LTD

BT **Scottish & Southern Electricity Networks** **end** **energynetworks association** **Royal Mail** **Ford** **SMMT** DRIVING THE MOTOR INDUSTRY

AA **THALES** e-Security **EVERSHEDS SUTHERLAND** **Office for Low Emission Vehicles** **REAA** RENEWABLE ENERGY ASSOCIATION **UKEVSE** UK ELECTRIC VEHICLE SUPPLY EQUIPMENT ASSOCIATION **-chargepoint+** **nationalgrid**

Gemserv **energy** **HSBC** **bsi.** **British Gas** **SCOTTISHPOWER**

ELEXON **CORNWALL INSIGHT** **CATAPULT** **CGI** **ABB** **NÜVE**

BMW **NISSAN** **GREATER LONDON AUTHORITY** **VATTENFALL** **AVIVA INVESTORS** **WARWICK** THE UNIVERSITY OF WARWICK **beam**

Which? **Imperial College London** **TESLA** **pod POINT** Charging your Electric Car **DELTA** Energy & Environment **SIEMENS** **WAITROSE & PARTNERS**

Innovate UK **citizens advice** **Shell** **Department for Business, Energy & Industrial Strategy** **Energy UK** **ofgem** **UNIVERSITY OF LEEDS**

Newcastle City Council

New EV tariffs offer zero (or near zero) fuel cost

SSE Energy launches new 'free electricity' tariff for EV drivers

22.10.2019

NEWS, PASSENGER CARS

THOMAS BARRETT

SSE Energy Services has launched a new tariff for electric vehicle (EV) owners, giving them up to 2,000 kWh of free electricity a year when they charge their car overnight at home.

They say people who sign up to the 1 Year Fix and Drive tariff will be able to benefit from 8,000 miles free a year.

Also, when a customer takes out the tariff, all electricity will be matched with 100% renewable electricity. The tariff will be available to both new and existing customers, and will be available with no exit fee.

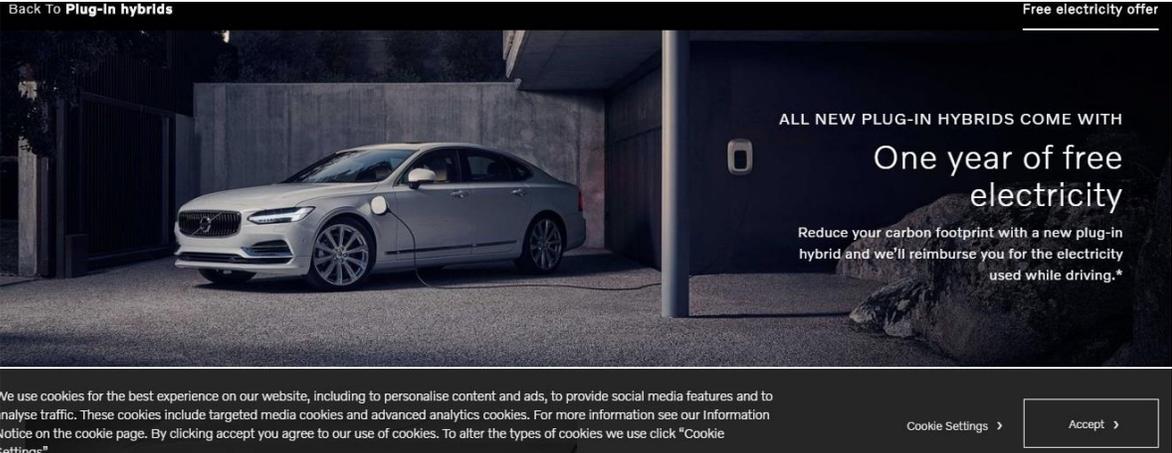
SSE is the UK's third-largest energy supplier, providing energy to 5.7 million



Octopus Go: the tariff for EV drivers

Octopus EV is part of Octopus Energy, and we've worked with them to design the first electricity tariff built with EV drivers in mind.

For four hours every night, Octopus Go offers electricity at a super-cheap rate of just 5p/kWh, so you can charge your electric vehicle for a fraction of the price you would at any other time (in fact, it's 25% cheaper than typical Economy 7 rates). Since most of us aren't on the road between 12.30am and 4.30am, it's a convenient and cheap way of making sure that you start the day with a full car battery, every single day.



Free electricity offer

ALL NEW PLUG-IN HYBRIDS COME WITH

One year of free electricity

Reduce your carbon footprint with a new plug-in hybrid and we'll reimburse you for the electricity used while driving.*

Back To Plug-In hybrids

Cookie Settings > Accept >

Off-peak EV tariffs offer free – or very cheap – motoring energy costs

Attitudes to motoring may be changing...

News

Flight shaming sees record number choose train over plane to get from London to Glasgow, Virgin announces



The proportion of people travelling between London and Glasgow by rail rather than air has reached a record level. [OSIM RUI VISA, RS](#)



Have grand plans for retirement? Four ideas for your tax-free cash

One of the best things about having saved into a defi... [Read more](#)



11 NOVEMBER 2019 - 12:01AM

Record numbers of people are taking trains over planes to get from London to Scotland as a "flight shaming" movement urges travellers to cut their carbon footprint.

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Open consultation

Introduction of green number plates for ultra low emission vehicles

Published 22 October 2019

From: [Office for Low Emission Vehicles](#)

Summary

Proposals for introducing green number plates for ultra low emission vehicles (ULEVs).

This consultation closes at 11:45pm on 14 January 2020

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Bristol clean air diesel ban plan approved

5 November 2019

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Bristol needs to reduce air pollution to meet legal limits

Bristol is set to become the UK's first city to ban diesel cars from entering parts of the city centre in a bid to cut air pollution.

LowCVP car buyer research

Examining the importance of fuel and ownership costs during the car buying process

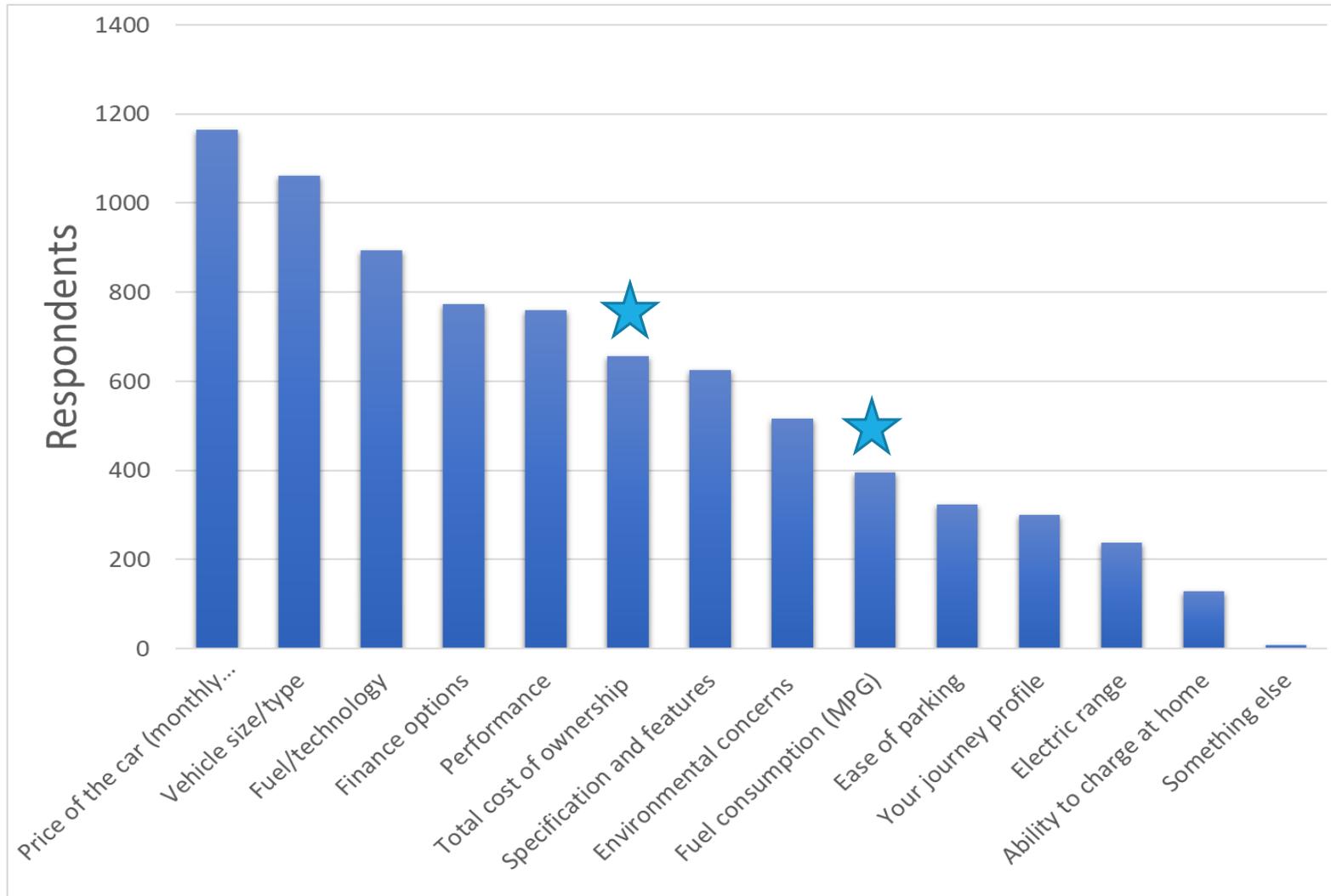
Study objectives

- To identify what financial information consumers find most important
- To identify consumer preference for presentation of financial information, in particular fuel and other ownership costs
- To investigate what incentives consumers would favour with regards to purchasing an electric car

Part 1: Car buyer survey 2000 consumers Part 2: Focus group of 10 consumers

Questions prepared by LowCVP with input from FLA. Input and support from: Energy Saving Trust, PSA Groupe and EV fleet consultancy CleanCar.

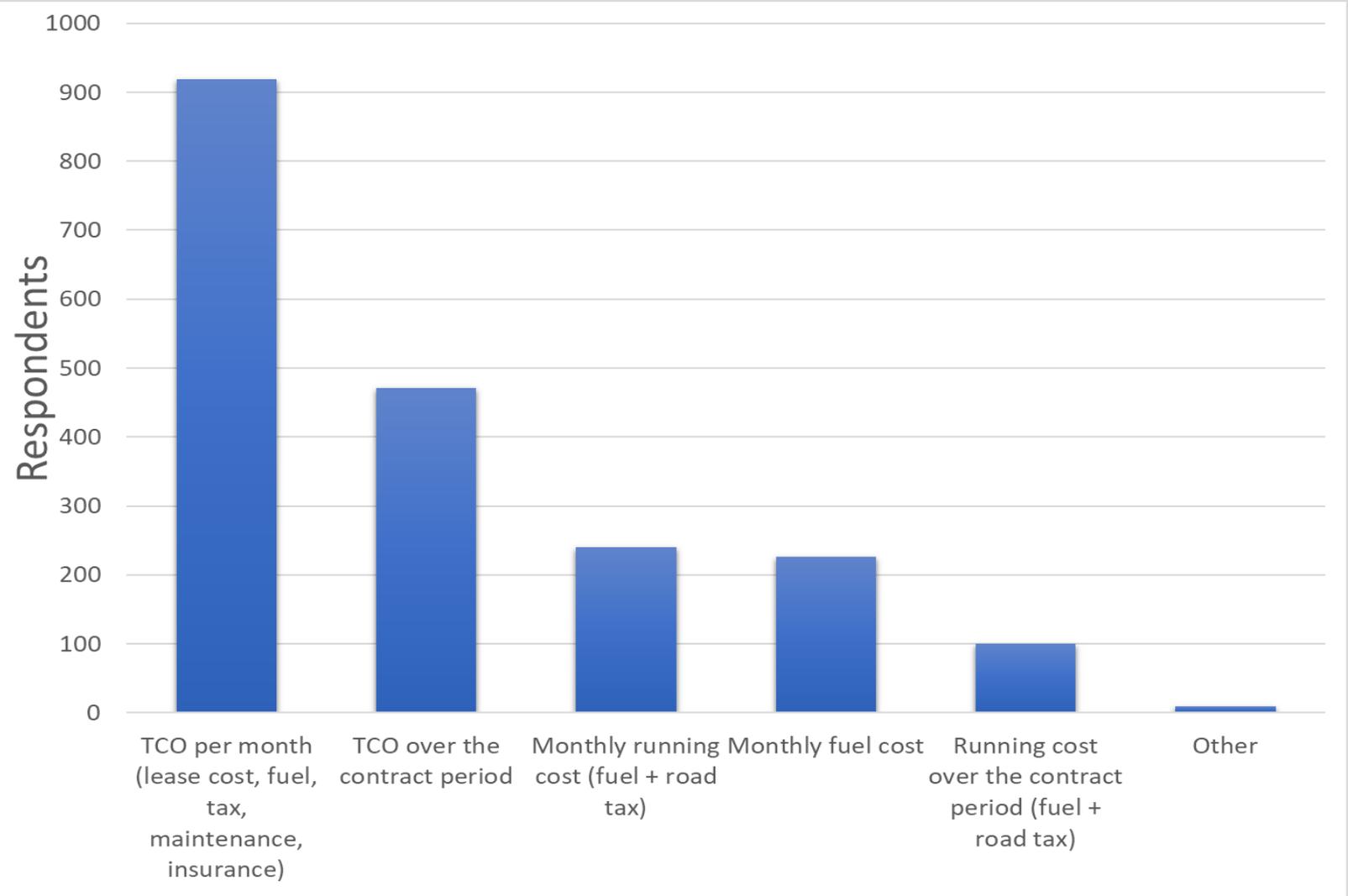
What did, or will you, think about when researching your next car?



Price considered the most important factor

Presenting fuel & wider ownership costs can help demonstrate affordability especially with regards to lending.

If car retailers provided additional cost information which of the following would you find most useful to your decision making ?



TCO/month is perceived as the most useful metric to present in consumer information.

Consumers could benefit from having more detailed motoring cost information to aid decision making.

Lease costs higher but costs inc fuel are lower...

	QUOTE COMPARISON ONE		QUOTE COMPARISON TWO	
	VW e-Golf 5dr Hatchback	VW Golf 1.5 TSI EVO 130 Match 5dr Hatchback	VW e-Golf 5dr Hatchback	VW Golf S 1.6 Tdi 115PS 5 speed 5dr Hatchback
Monthly personal lease price (inc VAT)	£299.94	£249.54	£407.82	£385.28
Initial rental	£899.82	£748.62	£1,223.46	£1,155.85
Contract length (months)	36	36	36	36
Annual mileage	10,000	10,000	10,000	10,000
Annual energy cost for 12k miles, VCA	£399.00		£399.00	
Annual energy cost - 10k miles, VCA	£332.49		£332.49	
Monthly energy cost - 10k miles, VCA	£27.71		£27.71	
WLTP combined MPG (min-max)		47.9 - 50.4		54.3 - 56.5
WLTP combined MPG Average		49.1		55.4
Annual fuel costs - 10k miles. Petrol @ 126.8 ltr / 576.43 gallon. Diesel @ 131.52 ltr / 597.89 gallon		£1,173.99		£1,079.22
Monthly fuel costs - 10k miles		£97.83		£89.94
TOTAL MONTHLY COSTS (lease and energy)	£327.65	£347.37	£435.53	£475.22
	-£19.73		-£39.69	

New fuel economy label will highlight fuel costs

Fuel economy, emissions and running costs Plug-in hybrid
Toyota Prius 1969cc, Petrol Hybrid 8A-AWD

Running costs

Estimated monthly fuel cost **£XXX** Estimated monthly electricity cost **£XXX** Total monthly energy cost **£XXX**

VED (road tax) for 12 months

Year 1 **£XXX** Year 2 onwards **£XXX**

Year 1 rate is linked to CO₂ emissions – the lower your vehicle's emissions the less you have to pay. Cars with a list price over £40,000 when new pay an extra £200 per year from years 2 to 6, which is included here.

Estimated monthly costs are based on an average of 8,000 miles per year and assume the vehicle is regularly plugged in and operating using both electricity and fuel. Calculation uses the WLTP weighted combined fuel and electricity consumption figures and fuel costs of petrol £1.25/litre, diesel £1.30/litre, electricity 15.5p/kWh (at April 2020).

Emissions CO₂ is the main greenhouse gas responsible for climate change

52g/km (weighted)

Emission standards

ULEV Ultra Low Emission Vehicle ULEV **6** 6d-Temp (Euro6 cars meet minimum standards for clean air zones)

Air Quality Emission Zone Compliance

Clean Air Zones (England and Wales) **CAZ** Low Emission Zones (Scotland) **LEZ** Ultra Low Emission Zone (London) **ULEZ**

Vehicle meets current 2020 minimum emission standards for private cars – stricter future restrictions may apply. Local authorities may also impose more stringent emissions limits and controls in certain areas which this vehicle may not meet.

Electric range

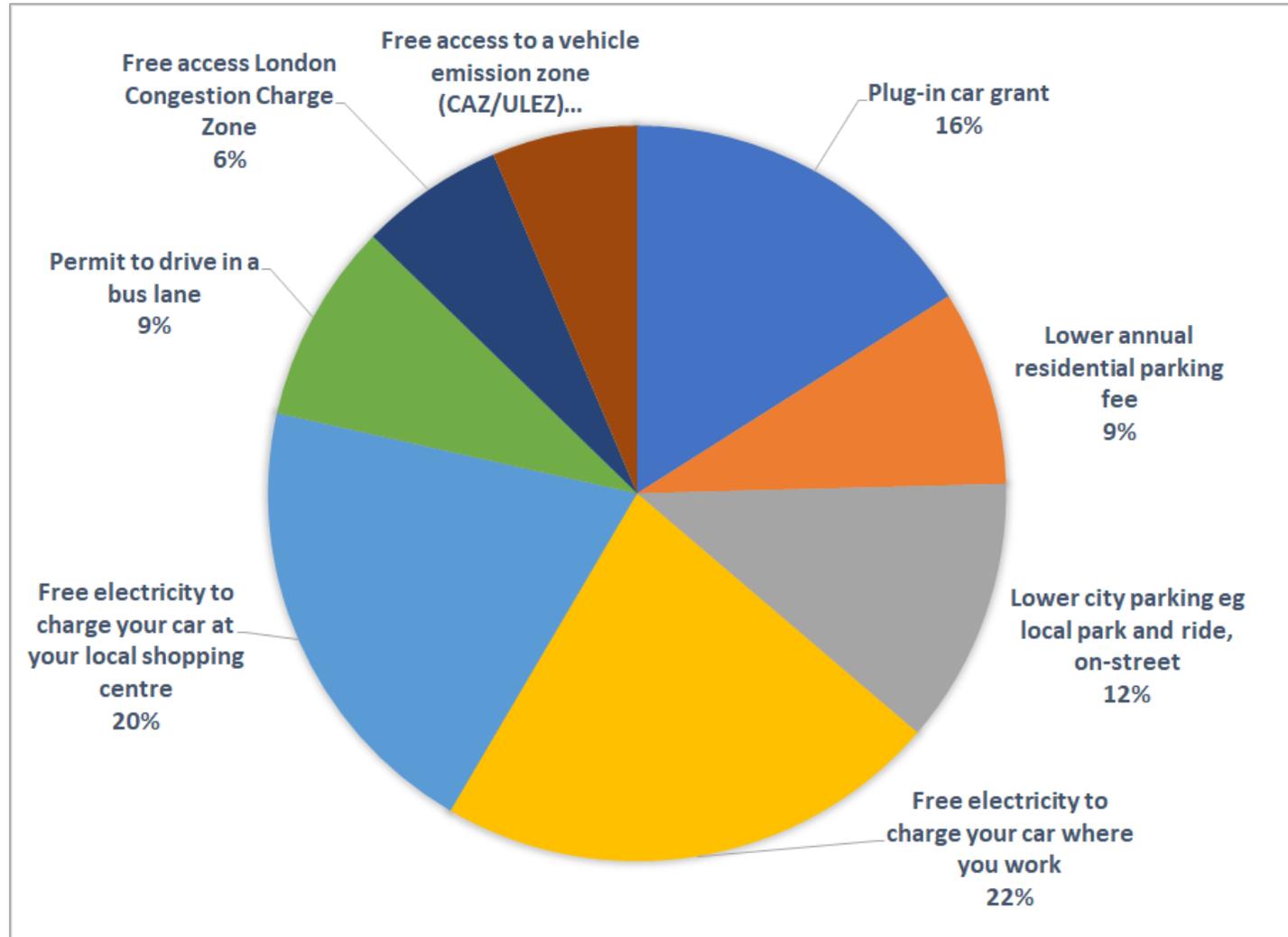
XX miles (equivalent)

Fuel economy

Environmental Information: 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 climate change.

Make/Model:	Toyota Prius	Engine Capacity (cc):	1969cc
Fuel Type:	Petrol Hybrid	Transmission:	8A-AWD
Fuel Consumption:			
Drive cycle:	Litres/100km g/km		
Low (city)			
Medium (town)			
High (rural)			
Extra High (motorway)			
Combined (weighted average)			
Electricity consumption (weighted):	XX miles/kWh		
Carbon dioxide emissions (weighted) (g/km):			

Which of the following incentives could encourage you to consider purchasing an electric car?



Local incentives and regulations could be a significant factor in the vehicle purchase/lease decision...

CAZ- Clean Air Zone
ULEZ – Ultra Low Emission Zone

Summary – get ready for the EV transition...



- ❑ Pressure on policy makers for strong, urgent action
- ❑ Climate Change (Net Zero) and Air Quality key drivers
- ❑ Plan for transport decarbonisation is coming soon
- ❑ Electricity & mobility sectors merging = opp's & threats
- ❑ Fuel & other ownership costs need more prominence
- ❑ Local factors a growing factor in vehicle choice



The finance & leasing sector can play a key role in the transition!

LowCVP members can...



Access relevant resources, publications and reports

Low Emission Bus Guide, Transport Energy Task Force, Good Practice Guides, Transport and Infrastructure Roadmaps, E10 Deployment Recommendations...



Build and develop your professional network within the low carbon/emission community

Innovation, Buses, Passenger Cars, Fuels and Commercial Vehicles working groups.



Participate in high profile members-only events and conferences

Parliamentary Reception, Annual Conference, Low Carbon Champions Awards.



Keep up-to-date with the latest industry news and government announcements

Monthly newsletter, press releases, industry insights, Twitter, YouTube and LinkedIn.

