

**SPEAKING NOTE FOR MALCOLM WICKS AT LOW  
CARBON VEHICLE PARTNERSHIP (LowCVP) THIRD  
ANNUAL CONFERENCE ON THURSDAY 15 JUNE 2006**

1. The LowCVP has been recognized internationally as a best practice government and industry partnership. I would particularly like to thank Graham Smith for all his efforts over recent years – chairing the Partnership.

Energy Review

2. The Government's Energy Review has been looking at the UK's progress against the Energy White Paper goals and the options for further steps to achieve them. Including putting ourselves on a path to cut CO<sub>2</sub> emissions by some 60% by about 2050; maintaining the reliability of supplies; and promoting competitive markets.

3. Great strides have been made in improving the CO<sub>2</sub> emission performance of new road vehicles such as a 10% improvement in average new car fuel efficiency since 1997. However, as people become more prosperous they choose to travel more and in ways that emit more carbon. CO<sub>2</sub> emissions from transport increased from 24% in 1990 to 27% in 2003.
4. Need to find ways to reduce the overall CO<sub>2</sub> impact of transport while allowing freedom to travel. I look forward to the proposals that the Review will provide to help us towards this goal.
5. The Review has been considering a range of transport options - including future transport fuels as well as new transport technologies, particularly alternative low or zero carbon options such as hybrid cars, biofuels and hydrogen. The preferred options will be those that achieve our stated goals with the least interference with the public's freedom to travel.

6. We have been looking at the next stage of the Renewable Transport Fuel Obligation (RTFO). The detailed design of the obligation is expected to be the subject of formal consultation early next year, with a view to it being launched in April 2008 – subject to approval by the EU.
  
7. My Review team will report to the Prime Minister and the Secretary of State for Trade and Industry in early summer

#### DTI's role

8. There are increasing consumer demands and other pressures, such as regulations, to become more environmentally friendly. There is also increasing recognition of the key part that innovation plays in building and maintaining successful businesses.
  
9. DTI's mission is to create the conditions for business success and help the UK respond to the challenge of globalization. One of the UK's main strengths is its

science base. DTI is seeking to build on this – not least through the Technology Strategy.

10. DTI has put £370m into the Technology Programme to enable manufacturers to capitalize on emerging technologies.
11. DTI has also provided £6.5 million of funding for Cenex, the low carbon and fuel cell technology Centre of Excellence, matched by funding from industry – with the aim of developing a supply chain that can compete in global markets, as well as showcasing UK expertise.
12. Cenex is hosting the DTI's new Low Carbon and Fuel Cell Technology Knowledge Transfer Network (KTN). This was simultaneously launched in London and Japan last month, reflecting its global importance. The KTN will play an important part in ensuring that the UK builds on its research and technology strengths and is active in international collaborations and commercial partnerships.

13. Cenex is also pioneering work on Public Procurement, creating new business models to promote innovation and supplier development. It is doing this by brokering forward commitments to purchase environmentally friendly vehicles in significant volumes.

### Biofuels

14. Government supports the use of biofuels for transport by means of a 20 pence per litre fuel duty incentive. Since January 2005 sales of bioethanol in the UK have increased from zero to a monthly average of some 7 million litres. DTI is supporting research into second-generation biofuels. We have recently published the report from a technology mission to the United States and Canada on bioenergy.

### Hydrogen and fuel cells

15. Hydrogen has been described as the ultimate fuel of the future. Following on from the analysis of the benefits of the UK moving towards a hydrogen economy, in the "UK Hydrogen Energy Strategic

Framework" report, I announced funding of £15 million over four years for a UK hydrogen and fuel cell demonstration programme. The scheme is currently in preparation in consultation with industry, and we are obtaining EC State Aid approval.

16. The DTI's Technology Programme continues to support industrial collaborative research and development for fuel cell and hydrogen projects. It seeks to advance these technologies for both stationary power generation and transport applications, with a view to achieving the cost reductions and performance levels necessary for commercial deployment. This support currently amounts to £2-3 million per annum. More broadly, £20 million per annum has been earmarked for industry-led research into clean energy technologies.

## Cars 21

17. I briefly alluded to regulatory pressures to meet higher environmental standards. I welcome LowCVP's

interest in taking forward the Cars21 recommendations for an Integrated Approach.

DfT announcement on transport grant and advice programmes

18. Last week, the Department for Transport announced that it intends to refocus the £40million investment earmarked for environmental grants and advice over the next two years. The money will continue to be spent on green transport initiatives. For example, Government will introduce a new communications campaign on vehicle purchasing, eco-safe driving and workplace travel planning. The detail of this and other initiatives will be developed as part of the review of the Powering Future Vehicles Strategy this year.

19. LowCVP is already playing an important role in this review including providing advice to Government on the Powering Future Vehicles targets later this year. This provides an important opportunity for you to inform and influence Government strategy and I look forward to your report.

## Conclusion

20. Much work has been done but a long way to go.

Government wants to help you meet the challenges ahead – not just for the benefit of the UK industry and research base, but also for the wider good.

[966 words – excluding title]