

## **Future funding options for the Green Recovery and achieving a zero-emission bus fleet**

This paper sets out a range of options that could be introduced by government to support operators and local authorities purchase ultra-low emissions buses (ULEBs) and zero emission buses (ZEBs) along with supporting infrastructure.

These options are based on consultation with the LowCVP Bus Working Group which consists of operators, manufacturers, local authorities, infrastructure providers and many other stakeholders within the bus industry.

**In the immediate term, there is a need to support existing manufacturing jobs and supply chains through an emergency fund that encourages operators to place orders in 2020/21 e.g. an emergency ULEB scheme. This should be followed by a flexible capital grant fund system that supports leasing, outright purchase and retrofitting of ZEBs and supporting infrastructure to maximise choice for operators to accelerate the uptake of ZEBs e.g. a “Plug-in Bus Grant”.**

LowCVP has been engaging directly with the bus industry and is also considering a range of proposals from other organisations.

This paper is directed at the National Bus Strategy which will focus on bus services in England, although the mechanisms presented could be adopted by Transport Scotland, the Welsh and the Northern Irish governments.

For this report, LowCVP have assumed there is around £3bn allocated to supporting the National Bus Strategy, of which £1bn will go towards supporting the purchase of 4,000 zero emission buses (ZEBs) by end of 2025.

**Timescales are key in the considerations of government ambition to have 4,000 more ZEBs in operation by end of 2025. The bus industry pre-COVID was purchasing around 2,000 buses in 2019 annually, 5% of which were ZEB and all of those were purchased with support of the LEB and ULEB Schemes. 4,000 buses over 2020/21 – 2025/26 would represent 40%, or 2 out of every 5, of all new buses being ZEB. As ZEB projects require long lead times due to route planning and infrastructure deployment, clarity over future funding options is crucial if the government target is to be met.**

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## Summary

There are three key areas that need consideration in combination to accelerate the ZEB adoption:

- Vehicle procurement
- Refuelling/Charging infrastructure
- Vehicle operation

All three of these areas are more co-dependent and have longer lead times than existing diesel operations. As such, measures must work together, be simple and easy to access and be available for an extensive period of time to support the market shift to ZEB operation as quickly as possible.

The key messages LowCVP would like government to take into consideration for supporting the bus industry in the shift to a zero-emission bus fleet are:

1. **Update BSOG LCEB** to make ultra-low and zero emission buses more attractive than diesel. This can be achieved without changing existing BSOG support. This would also support a financing and leasing model.
2. An **“emergency COVID-19”** ULEB scheme which offered more than the existing 75% incremental cost difference could encourage orders for ULEBs and ZEBs to be placed in 2020/21 to support the green recovery. A dedicated infrastructure scheme could also be beneficial for allowing an incremental shift to ZEB fleets through future proofing depots/routes.
3. A **“Plug-in/Zero Emission Bus Grant”** would accelerate that purchase of ULEBs / ZEBs as it would allow for long term planning and remove uncertainty caused by lengthy competition applications, reviews and award.
4. A **“Plug-in/Zero Emission Infrastructure Grant”** would be required to support a PiBG/ZEB Grant and may require some oversight due to the widely varying nature of network upgrades costs and varying charging strategies.
5. **Retrofit of buses to ZEB** offers potential value for money and a solution to the question of what to do with existing diesel buses which will fall in value as CAZ and zero emission zones are introduced over the next decade. Appropriate scaled funding through a plug-in bus grant or an “EV Bus Retrofit Fund” could further support jobs in the UK and provide choice to operators.
6. **Financing and leasing of ZEBs offers great potential in accelerating market uptake.** Although there were mixed views on the LowCVP’s suggested mechanisms, we believe government can develop the appropriate tools through direct discussion with industry.
7. In addition to the vehicle procurement mechanisms discussed, the industry is open to explore all support mechanisms that will help stimulate passenger ridership in a post-COVID-19 landscape to restore operators’ ability to invest as quickly as possible.

## Introduction

LowCVP have worked with the DfT and Transport Scotland over the last decade to develop standards and funding mechanisms for low carbon and low emission buses. The latest Ultra-Low Emission Bus Scheme was designed to ensure that government funded the cleanest and lowest carbon models and supporting infrastructure available in the UK market.

With the new ambition of a net-zero transport system by 2050 and 4,000 ZEBs in England and Wales by end of 2025, the LowCVP membership have discussed a range of options that would help accelerate the purchase of ZEBs and increase zero emission mileage of the UK bus fleet.

The funding options presented to members were broken down into two sections:

### 1. Existing funding mechanisms & incentives

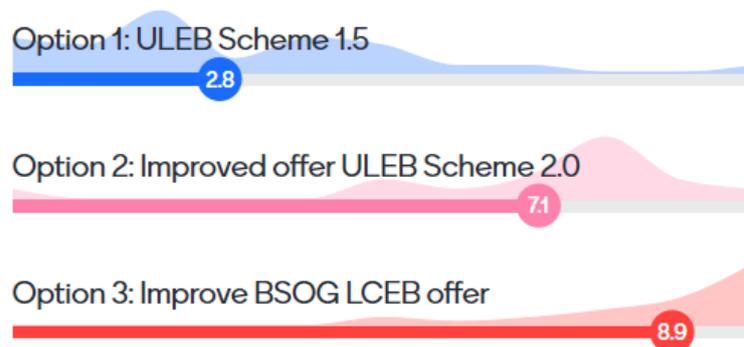
- 1.1. ULEB Scheme 1.5 – same funding conditions as previous ULEB Scheme
- 1.2. ULEB Scheme 2.0 – “Emergency ULEB Scheme” with improved funding offer
- 1.3. BSOG ZEB – increase funding for ZEBs through an enhanced BSOG LCEB incentive

### 2. Developing new funding mechanisms & incentives

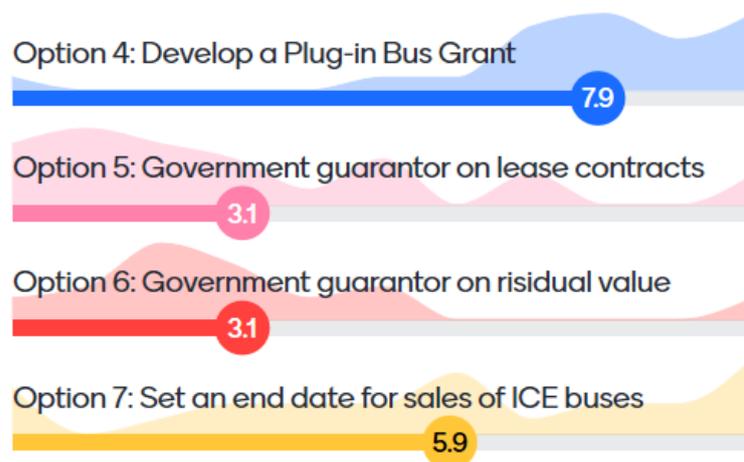
- 2.1. Develop a ZEB/Plug—in Bus Grant & Plug-in/ZEB infrastructure fund
- 2.2. Leasing: Government guarantees a percentage of residual value of leased vehicle
- 2.3. Leasing: Government guarantees a percentage of the value of a leasing contract
- 2.4. Setting an end date to the sale of ICE buses

The scored responses to these options can be seen in the two figures below, with the coloured area behind each response indicating the spread of votes.

### 1. Which existing mechanism would be the most effective at accelerating the adoption of zero emission buses? (1= least effective, 10 = most effective)



**2. What would the effectiveness of potential alternative funding models be in accelerating the adoption of zero emission buses? (1= least effective, 10 = most effective)**



Based on these responses and more in-depth survey responses, LowCVP have set out the key details for each proposal to help inform government policy going forward.

**1. Can we use the existing incentives to encourage the uptake of ULEBs/ZEBs?**

The previous ULEB 1.0 scheme allocated £48m to 342 ULEBs, averaging £135,500 per EV bus and supporting infrastructure and £218,000 for hydrogen fuel cell buses and infrastructure.

The bus working group welcomed the support from government to support the purchase of these vehicles, however several key disadvantages present themselves with the existing competition process:

- The bidding and award process is often long and undefined, often subject to delays. Combined with the fact that these announcements do not align with existing procurement cycles of operators results in great uncertainty for operators seeking to purchase new vehicles.
- The competition rounds are stop-start by nature, which is also barrier, as operators either wait for future funding rounds or chose to purchase diesel vehicles if the competition is viewed as too resource intensive or does not match operator ambition.
- The relatively small funding pots tend to only fund, 10 or 20 vehicles, one route and depot at a time. If the government wishes to significantly accelerate the market, then larger pots of funding will be needed. (i.e. hundreds of millions or billions) – Germany has €620m funding for ZEBs currently available.

With the impact of Covid-19 decimating public transport usage and farebox revenue, any policy that resembles the status quo is unlikely to stimulate the necessary demand to drive change (i.e. deliver against Government policy objectives, preserving UK bus and coach manufacture, etc.).

With the COVID-19 response focusing on the green recovery, LowCVP members believe now is a perfect time to develop alternative funding mechanisms. For balance, it is worth noting some of the advantages of the existing ULEB scheme which future funding mechanisms will need to match:

- Existing state aid approval.

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- Infrastructure funding, where costs can vary significantly, can be allocated in large sums on a case by case basis.
- Funding can be targeted at areas of poor air quality and older fleets.
- Funding can be allocated equitably across different regions, operators and local authorities.
- Allows for oversight to ensure the most impactful projects are funded and well designed.

As such, LowCVP have explored the following funding options to support the green recovery and accelerate the shift to a net-zero bus fleet.

#### 1.1 ULEB Scheme “1.5” – Running a second ULEB funding round

##### **Effectiveness = 2.8/10**

The LowCVP membership have expressed a clear belief that running another ULEB round at the same funding rate (75% incremental cost difference for vehicles) would not be an effective mechanism to accelerate the purchase of zero emission buses in the immediate future.

Although historically the 75% cost difference for ULEBs was appropriate, the current COVID-19 restrictions have forced operators to halt almost all orders for new vehicles. Some have even signalled that no new vehicles will be purchased until 2023 due to the fall in revenue.

There may be a small number of operators and local authorities who might take up the offer of another ULEB grant at existing levels where other funding pots are available (runners up of the previous round could be contacted to see how ready they would be to order based on their previous bid). However, the membership does not believe the industry would be able to place a significant number of orders in 2020/21 under current conditions.

The funding of 75% of the infrastructure cost is still however appropriate and a ULEB scheme that focused only on infrastructure may be beneficial to operators as it will allow them to future proof depots and routes. There are likely several operators across the country who have already assessed depots for ZEB infrastructure and removing this costly barrier to adoption may free up funds to purchase vehicles. This would not however guarantee support for bus manufacturing jobs in the immediate future.

There are also some calls that public funding of infrastructure should come with conditions around maximising asset for the public/other vehicles. This may be appropriate in some locations but cumbersome in others and would need further exploration to ensure fairness and effectiveness.

#### 1.2 ULEB Scheme 2.0 – “Emergency” ULEB Scheme

##### **Effectiveness = 7.1/10**

LowCVP explored the option of running an “emergency” ULEB scheme, primarily as a quick and simple way for operators to place orders in the short term and support bus manufacturing jobs.

The proposal would be a carbon copy of ULEB 1.0 but with a higher percentage of incremental cost difference funded e.g. 100% or 150% rather than 75%. Crucially this fund would be restricted in size and time to ensure orders to be placed as soon as possible in 2020/21 and would not adversely affect longer term funding.

The graph below indicates a possible funding scenario for an “Emergency ULEB fund”, which offers 150% incremental cost difference for vehicles in the first year, returning to 75% cost difference by 2023/24.

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This emergency funding could be:

- restricted to this financial year (2020/21)
- a dedicated infrastructure fund for future proofing
- be tapered across several years, returning to original levels of funding in 2/3 years.
- include ULEBs which can be rolled out rapidly to support the UK bus manufacturing industry and which can be used immediately to eliminate pollution hotspots

This proposal was viewed favourably by members, but the level of funding will be crucial if government wishes to see orders placed this year and secure jobs.

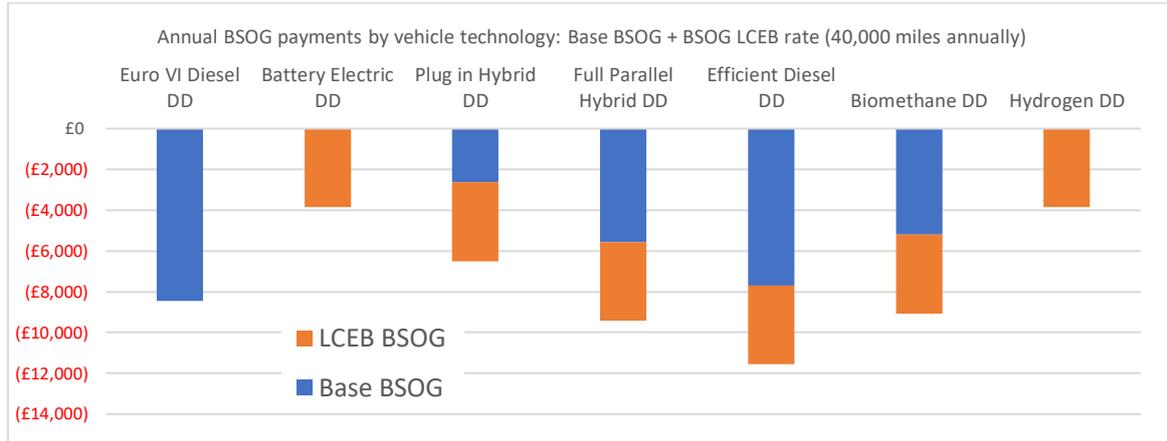
### 1.3 BSOG “ZEB” – increase funding for ZEBs through an enhanced BSOG LCEB incentive

**Effectiveness = 8.9/10**

Updating BSOG so that funding incentivises zero emission mileage and the most efficient vehicles is seen as extremely effective for encouraging the uptake of zero emission buses. This is because:

- a) BSOG LCEB could be enhanced without changing the base BSOG offer that supports many cross-subsidised and rural services.
- b) The existing BSOG supports perpetuates the business case for diesel.
- c) An enhanced BSOG LCEB would shift the funding model to ‘pence per kilometre; (£/km) rather than ‘pence per litre of diesel’ (£/litre) as zero emission buses claim nothing from base BSOG.
- d) A revised BSOG LCEB could be time or distance bound e.g. 5 years/100,000kms, to limit the total amount claimed per vehicle (as is the case in Scotland)
- e) Operators can borrow money based on the guaranteed income from an enhanced BSOG LCEB incentive.
- f) The BSOG claims process is familiar to operators and auditors.
- g) The BSOG incentive can be claimed by any operator of any size in any region of England.

The LowCVP membership is aware that government does not look favourable on BSOG support and there is a drive to remove the support in favour of alternatives e.g. direct capital grants. However, this should not prevent the government adjusting BSOG LCEB rates in the immediate term. Not updating existing BSOG LCEB means the continued financial support for diesel buses, as the graph below shows:



The graph indicates how double deck (DD) diesel buses receive a greater amount of funding through base BSOG support (blue - £0.35/litre) compared with DD zero emission technologies which receive the least amount of support through BSOG LCEB (orange - £0.06/km). Efficient diesels can claim both base BSOG and BSOG LCEB which results in almost 3 times the financial support compared with zero emission technologies.

LowCVP believe that simple changes can be made to BSOG LCEB that would not require extensive consultation, nor changes to existing base BSOG. This could be done by aligning BSOG LCEB with the Scottish BSOG LCV incentive or by introducing a new BSOG “ZEB” incentive, dedicated to funding only ZEBs.

Scottish BSOG LCV incentives					
BAND *	RATE	LEB CERTIFICATION	ULEB CERTIFICATION	Technologies	
<b>A</b>	Low Emission Bus	5 pence/km	15%-35% saving vs Euro V	15%-29% saving vs Euro VI	Efficient Diesels
	Ultra Low Emission Bus (ULEB)	10 pence /km	36%+ saving vs Euro V	30%+ saving vs Euro VI	Diesel-Hybrids, Biomethane
<b>B</b>	Zero Emission Capable ULEB	15 pence/km	36%+ saving vs Euro V & 2.5km zero emission range with geo fence capability	30%+ saving vs Euro VI & 2.5km zero emission range with geo fence capability	Diesel-Hybrids with 2.5km ZE range
<b>C</b>	Effectively Zero Emission Bus (EZEB)	30 pence/km	36%+ saving vs Euro V & 50km zero emission range	30%+ saving vs Euro VI & 50km zero emission range	Hydrogen, Battery Electric

Transport Scotland’s BSOG LCV incentive developed with support from LowCVP is presented in the table above. The incentive is tiered to reflect the greenhouse gas savings and zero emission capability of technologies. The higher the greenhouse gas saving and zero emission capability, the greater the incentive for operation.

“Effectively ZEBs” (termed “effectively” to reflect upstream emissions from power generation) receive 30p/km, compared with 10p/km for a ULEB. Crucially, BSOG LCV in Scotland is limited to 5 years and subject to review every 3 years so funding rates can be changed to reflect uptake.

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Aligning BSOG LCEB with TS BSOG LCV would be beneficial as it would harmonise incentives across the UK's two biggest markets and provide consistency for operators and OEMs. However, some members believe this approach supports steppingstone technologies and redirects funding away from ZEBs which is the long-term objective.

Alternatively, adding a new BSOG ZEB incentive dedicated to ZEBs would be simple to administer and would not be over cumbersome in terms of legislation. This could be announced alongside the shortlist for the All Electric Bus Town applications demonstrating support for ZEBs across the country. It should be highlighted that an enhanced BSOG should remain accessible to all operators. We believe that the base BSOG must remain in place over the short to medium term while smaller independent operators transition towards a low or zero emission fleet – this offers stability/ accessibility during transition phase.

Operators have expressed that BSOG reform should be treated separately to the £1bn of funding as direct capital grants can be utilised immediately compared with BSOG that is spread over several years.

LowCVP believe that Government should set out its plans for the period until 2025 in relation to both BSOG and capital grant funding in relation to the 4,000 ZEB target. Clarity and consistency over the 5-year period will enable the market to adjust its business models and focus on achieving a zero-emission fleet by 2050.

## 2.0 Developing new funding mechanisms and incentives

LowCVP have proposed alternative funding options below which could support a larger and longer-term funding model for the adoption of ZEBs.

### 2.1 Developing a “Plug-in/Zero Emission Bus” grant

#### **Effectiveness = 7.9/10**

The creation of a “Plug-in/ZEB Grant” (PiBG) which uses a voucher style system to reduce the purchase cost of vehicles and infrastructure is believed to be preferable by the market.

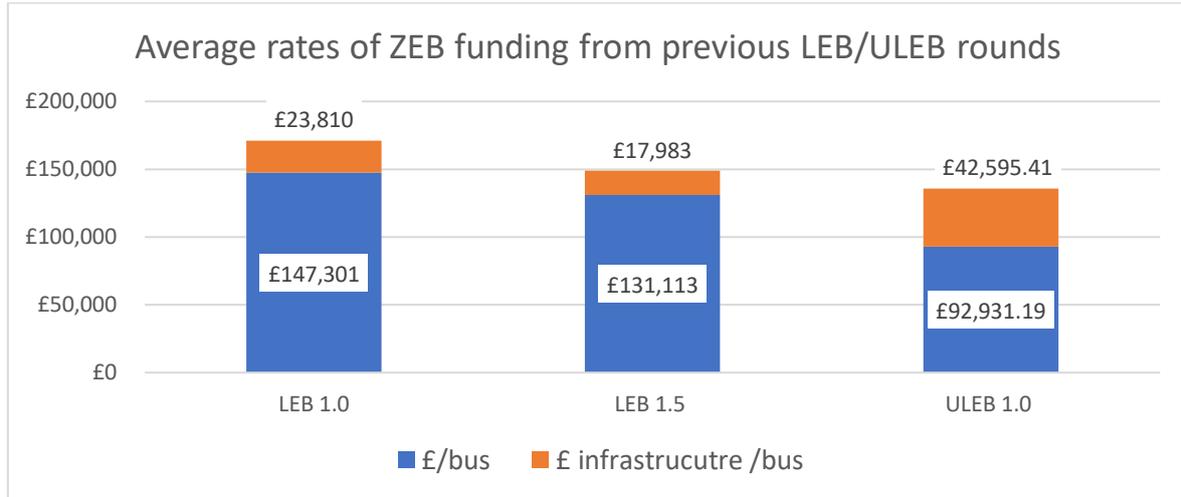
This is due to the uncertainty that lengthy, stop-start competition rounds bring. A PiBG would allow for a much larger allocation to be directed at ZEB funding and reduce administration time for both government and applicants.

There is a clear precedent to create a PiBG as OLEV's Plug-in Vehicle Grant currently covers all vehicles except buses, coaches and minibuses. Applications for funding from manufacturers /dealers could be processed through the plug-in vehicle portal enabling checks and balances to be in place.

The existing testing and certification process for buses could be remain to provide a list of models that would qualify for PiBG could be , as is [currently the case for other vehicle types](#). LowCVP have a live work stream to create a certification process for coaches and minibuses, but progress is subject to funding from DfT and Transport Scotland for a vehicle testing programme which is not yet agreed.

The level of funding would be subject to further evaluation and discussion, but the graph below indicates the range of ZEB funding provided by previous funding rounds:

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LowCVP could include further development of a plug-in bus grant as part of the 2020/21 work programme and would treat this as a priority to develop to ensure state aid approval is achieved as soon as possible.

#### Retrofit of Zero Emission Buses

Retrofitting of existing diesel buses with zero emission powertrains should also be considered as it offers potential value for money, reduces life cycle emissions and addresses the challenge of the aging diesel bus fleet.

There have been comprehensive retrofit programmes from JAQU such as the Clean Bus Technology Fund (£65m) focusing on SCR exhaust aftertreatment fitment and NOx reduction for CAZ, supporting the retrofit of 4,400 buses in England.

Retrofitting is likely to be attractive to smaller operators, local authorities and organisations such as the hospitals and schools who cannot afford to purchase new vehicles. Offering an appropriate level of funding that reflects the lower cost of retrofit will allow flexibility and choice into the market.

A similar grant focusing on ZEB retrofit could provide:

- lower cost alternatives to operators and prevent older diesel buses being pushed onto lower value services which results in AQ issues moving, rather than being removed.
- accelerated deployment of ZEBs as the retrofitting process can be quicker than ordering new, contributing to the 4,000 ZEB target
- prevent aging hybrids being converted to Euro VI diesel
- increase the lifetime of a bus and reduce life cycle greenhouse gas emissions

There has been limited retrofitting of buses to zero emission to date, with a handful of examples in York and Brighton. However, there is a growing interest from operators who have aging diesel vehicles whose residual value is rapidly declining due to the nationwide introduction of Clean Air Zones.

LowCVP has two members that are seeking to develop retrofit solutions for buses with another three organisations [registered under CVRAS](#) that offer EV retrofit.

#### Plug-in/ZEB Infrastructure Grant

Although there is a clear precedent for funding vehicles through the plug-in vehicle grant system, funding for infrastructure is a little more complex. This is because supporting ZEB infrastructure can

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be situated at the depot, on the bus route itself or at other locations such as park and rides or a completely separate site e.g. hydrogen refuelling stations. This variation in location and technology choice has direct cost implications. Deployment of infrastructure alongside ULEBs with zero emission capability such as plug-in hybrids, that can be deployed immediately on both urban and rural services, is an attractive option that future proofs depots with appropriate charging infrastructure, increases zero emission mileage and protects manufacturing jobs. These ULEBs can be cascaded down the fleet and replaced by fully ZEBs which can take advantage of the already deployed infrastructure. This complexity means having a “one size fits all” maximum limit on infrastructure funding would be restrictive, not only on technology choice, but also by distance to the local electricity network, as well as the capacity of the local network.

LowCVP have identified four different funding mechanisms used to support other vehicles which could be drawn on to support ZEBs:

**A. Electric Vehicle Homecharge Scheme.**

- 75% of purchase and install, up to £350 (including VAT) off the cost of installing a charger at home.

**B. Workplace Charging Scheme**

- 75% of purchase and install, up to £350 per charger, with a max limit of 40 chargers per applicant and £14,000 (including VAT) off the cost of installing at a workplace.
- Subject to state aid de minimis limits of 200,000 Euro over three years

**C. On-street Residential Chargepoint Scheme – administered by EST**

- £20m allocated in 2020/21 for local authorities. £100k limit per LA, although more can be allocated.
- 75% of purchase and installation, up to £6,500 per charger – over £6,500 is subject to review

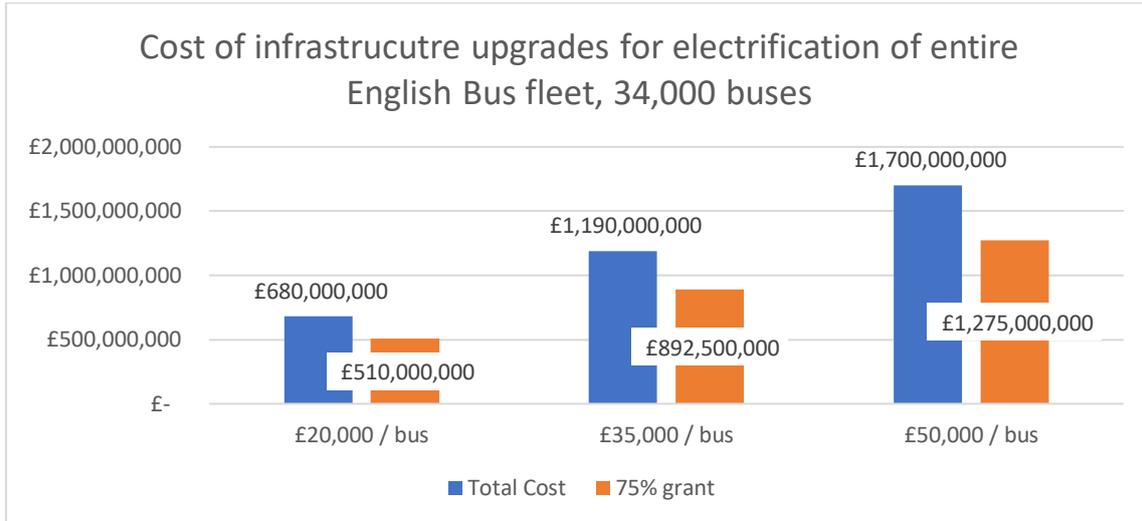
**D. Ultra-Low Emission Taxi Infrastructure Scheme**

- £20m - competition process for LAs awarded in two rounds 2017-2019
- Guidance no longer published – assume 75% cost funding

LowCVP believe that a combination of the above could be used to support infrastructure provision for ZEBs based on the three key areas of infrastructure costs. For example, each vehicle purchased using the Plug-in Bus Grant could come with a fixed amount available to fund charge points and private wire networks. This could be supplemented with an application process for costs associated with connection to the local electricity network.

LowCVP would advise that DfT/OLEV discuss the funding of network connection costs and upgrades with Ofgem to ensure that gov't funding is not (directly or indirectly) improving the business case for regulated monopolies.

It is worth note that the overall cost of funding infrastructure provision for all buses in England is not that great in comparison to other infrastructure projects, as set out in the graph below. At 75% infrastructure support, the entire English bus fleet could be electrified for around £1bn.



The above graph is based on best- and worst-case scenarios for electrification of buses based on existing evidence, however the costs for supporting hydrogen infrastructure may vary from this and further work would be required.

It is also worth noting that non-contestable connection fees must be paid in full upfront, rather than being spread across a period of time through the costs of energy/fuel (as is the case with gas refuelling), which presents a challenge to operators. Early discussions do suggest however that some DNOs are offering to be flexible around both upfront and on-going costs of connections to the grid, which LowCVP is exploring further.

## 2.2 Leasing: Government guarantees a percentage of residual value of leased vehicle

### Effectiveness = 3.1/10

Currently, a vehicle leasing model is used predominantly in London, with around 50% of the fleet on finance via a third party. Outside of London, most operator business models revolve around retaining ownership of the vehicle, although the money may be borrowed to pay for the vehicle initially. This enables operators to decide whether to refurbish vehicles or sell them on after the initial 5-7 years of operation.

This variation in ownership model reflects the way that TfL tenders routes and how operators have preferred to operate in a deregulated market elsewhere in the UK. However, financing is now being seriously considered for ZEBs outside of London to balance higher upfront investment (CAPEX) with lower operational costs (OPEX) compared to diesel.

Historically, an operating lease of assets would remove the liability from a company's accounts, reducing risk to the company. However, accounting rule changes made by gov't now mean that both finance and operating leases must be included in company accounting reports, reducing the attraction of leasing.

LowCVP have been in discussions with several leasing and financing companies around the challenge of financing ZEBs and associated infrastructure and unlocking "private green finance". The residual value (RV) of a ZEB is often flagged as key issue of contention between lenders, operators and manufactures. The RV after 3, 5 or 7 years is typically the greatest area of risk when it comes to valuation of an asset and thus lease cost, as currently there is no established second-hand market for older ZEB vehicles and technology is evolving at pace.

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One suggested mechanism for government to support leasing and unlock private finance is to offer to support the RV of a leased ZEB, referred to as a “top slice” guarantee.

Here the government would offer to guarantee a percentage of the estimated RV of a vehicle after a set period e.g. 10%. Should the residual value of the vehicle at the end of the contract fall below the agreed RV, the finance company would be able to claim money from the government.

With this guarantee, leasing companies should be able to reduce the overall cost of the lease making it more attractive to the operator.

The general view from LowCVP membership was not positive on this option as:

- It does not directly offer operators support to purchase vehicles outright,
- It would not drive immediate purchasing of vehicles
- It is perceived that lenders would absorb the RV guarantee and not pass on savings to operators.
- It may cause large numbers of cheaper second-hand value vehicles being released onto the market in 3-5 years, affecting new sales and affects investment in new vehicles.

Membership has expressed that the direct support through capital grants and BSOG would be favourable, although further exploration of residual value support is recommended to identify potential win-wins which are not yet apparent to LowCVP.

**However, if a government guarantee with conditions attached could be arranged, there could be some incredibly favourable finance terms agreed upon.**

### 2.3 Leasing: Government guarantees a percentage of the value of a leasing contract **Effectiveness = 3.1/10**

Another suggestion that could enable financing from other financiers, like large pension schemes seeking low rates of return on green investments, is the government acting as a guarantor on a lease contract.

Here the government would underwrite a certain percentage of a contract in terms of value or length e.g. 1 year or 10% of a contract value. This proposal could include conditions such as:

- A long-term contract length such as 6-14 years
- A minimum capital multiplier of private finance vs government support e.g. 5 /7 times

The longer-term contracts reduce the risk around residual value and the guarantee from government allows a much greater uptake of private finance, accelerating the market.

Members were again not convinced by this offer as the saving is not passed directly onto the operator immediately and so wont directly impact purchasing straight away. There is also a view that operators are unlikely to take up long term contracts beyond 7 years, which would leave this proposal defunct.

Aside from this, LowCVP have not been able to identify other actions that gov't can take to support leasing in terms of specifics in relation to a contractual agreement. These leasing proposals need more discussion and review to ensure that both government and industry have explored all potential avenues.

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#### 2.4 Setting an end date to the sale of ICE buses (effectiveness = 5.9/10)

As is being discussed in the light duty market, setting an end-date to sale of ICE buses would send a clear message to the market that ZEBs are preferred. This would allow manufacturers to adjust product planning and assembly lines by a set date, in turn improving efficiencies and reducing costs.

This could build confidence for lenders as well when it comes to residual value of ZEBs in the future.

There is a mixed view from members on the value of setting an end-date for the sale of ICE buses. Some believe it is a good policy as it sends a clear message that the bus industry is looking to become zero emission. It also focuses business models onto ZEB operation.

However, most manufacturers believe this would not be beneficial for the market that is already shrinking. It could have a direct impact on the second-hand value of diesel vehicles, negatively impacting operators' balance sheets. It may also scare some of the smaller operators who do not yet believe that ZEBs are attainable for them now and they may withdraw from the market. Similarly, some rural long-distance routes are not seen as commercially viable for ZEBs currently.

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There may be some policy options that have not been explored here that LowCVP would be happy to review on behalf of membership and DfT to support more effective funding policies.