



Office for
Low Emission
Vehicles

From OLEV Ministers:

The Rt Hon Michael Fallon MP
Minister for Business and Enterprise
Minister of State for Energy

Baroness Kramer
Minister of State for Transport

7 November 2013

Dear colleague

Call for evidence on Government measures to support uptake of ultra low emission vehicles from 2015-2020

The Government recently published *Driving the future today – a strategy for ultra low emission vehicles in the UK*. This re-stated our overall vision that by 2040 all new cars and vans purchased in the UK will be effectively zero emission and reiterated our focus on reducing emissions across all vehicle types. This document and a summary are available at: www.gov.uk/government/publications/driving-the-future-today-a-strategy-for-ultra-low-emission-vehicles-in-the-uk

The development of a thriving ultra low emission vehicle (ULEV) market in the UK presents a one-off opportunity to secure new inward investment and create a resilient and technologically advanced supply chain with associated growth benefits. It will also help to improve local air quality and be critical in allowing Government to meet its carbon targets.

The Government has committed £400m from 2010 to 2015 to kick-start the market for ULEVs. The funding was broadly divided into three main areas:

- * **Consumer grants** – to reduce the high upfront costs of the new vehicles
www.gov.uk/government/publications/plug-in-car-grant
- * **Infrastructure support** – initially in the form of match funding through the plugged-in places programme, and more recently through the national infrastructure grant programme www.gov.uk/government/organisations/office-for-low-emission-vehicles/series/plug-in-vehicle-chargepoint-grants
- * **Research and Development** – to support development of ULEV technologies, through match funded TSB led competitions and demonstration programmes.

In the 2013 Spending Round, the Chancellor announced an additional £500m would be made available to develop the ULEV market between 2015 and 2020. This announcement, together with the Budget 2013 commitments to maintaining a favourable tax regime for ULEVs out to 2020, was designed to give certainty to the market that the Government is committed to this agenda and provide long-term assurances of support. With this announcement, the UK now has one of the longest-term, most comprehensive packages of support for ULEVs in the world.

We are now calling for evidence to inform the design of the 2015 to 2020 phase of Government support. Our initial expectation is that the package of measures will continue elements such as consumer incentives, but there are a number of key decisions that need to be taken. Government support cannot and should not remain in place indefinitely and

we are keen to agree a mechanism which links market sustainability to the level of support. We expect the price of both ULEVs and infrastructure installation to drop as the market develops; but this could happen at different rates for different vehicles so we may need to consider further differentiation in our support package. We are also very focussed on economic growth, inward investment opportunities and need to ensure that the package as a whole is designed to make the UK as attractive as possible to potential investors in the automotive sector and supply chain.

I would therefore like to invite you or your organisation to submit views on how Government should make best use of the £500m and other tools available to achieve its aims for 2015-2020. Wherever possible, views should be supported by evidence of impact and economic benefits. This will help us to make a robust case for a future support package.

The call for evidence is split into two broad sections:

- * **The core elements of the current support package:** Section 1 invites ideas on what the next phase of support should look like in our existing funding streams – grant support for vehicles, infrastructure and R&D.
- * **What other initiatives could we support to expand the ULEV market in the UK?** Section 2 invites views on the new initiatives that we should be supporting and opportunities that we should exploit.

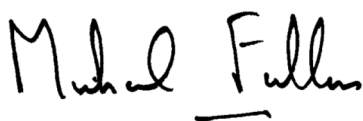
At the end of the form we have asked a general question on what it would take to make the UK a leader in this sector. An “any other comments” section is also included at the end of the form in case you feel that support should be targeted at a measure that is not covered in the above sections. Please note that we do not expect you to submit evidence or views in every area listed if not applicable.

The Office for Low Emission Vehicles will facilitate a series of stakeholder activities to explain the purpose of the exercise and to help inform responses.

The call for evidence will close on **10 January 2014**. Submissions should, where possible, be in the form of the attached Excel spreadsheet, with evidence provided as separate attachments. Responses, and any questions, should be submitted to callforevidence@olev.gsi.gov.uk.

Thank you in advance for your response. We look forward to working with many of you as we develop this important agenda.

Yours Faithfully



Rt Hon Michael Fallon MP



Baroness Kramer