Department
for Transport

Consultation outcome

# Zero emission vehicle (ZEV) mandate consultation: summary of responses and joint government response

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Contents

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UK Government

Department for Infrastructure
An Roinn Bonneagair
Depairtment fur Infrastructure
www.infrastructure-ni.gov.uk

TRANSPORT SCOTLAND
CÒMHDHAIL ALBA

Llywodraeth Cymru
Welsh Government

# Introduction

The UK government and devolved administrations are taking joint action to accelerate the pace of road transport decarbonisation, creating thousands of highly skilled jobs, stimulating investment and driving new export opportunities for UK businesses. As the UK realises the commitment for all new cars and vans to be zero emission (ZE) at the tailpipe by 2035, drivers will benefit from reduced running costs and the UK will see significant new investments in the development and manufacture of batteries, electric motors, and power electronics, as well as in the chargepoint network essential for a fleet of zero emission new cars and vans.

In 2021, cars and vans accounted for 18% of the UK economy's greenhouse gas emissions, making decarbonising road transport a key focus as we transform the economy, and end our contribution to climate change. Zero emission vehicles (ZEVs) are the only route to tackling car and van emissions, as ZEVs emit no greenhouse gases at the exhaust and produce 81% less emissions than combustion engine counterparts over their lifetime, including manufacture. They are cheaper to own, require less maintenance and will deliver significant benefits to air quality by reducing harmful pollutant emissions.

The final consultation on a zero emission vehicle (ZEV) mandate and carbon dioxide ($CO_2$) emissions regulation for new cars and vans in the UK ran from 30

March 2023 to 24 May 2023. This response outlines the joint approach that the UK government, Welsh Government, Scottish Government and the Department for Infrastructure (Northern Ireland) are taking to regulating the minimum pace of this transition, ensure sufficient supply of vehicles for consumers and provide investment certainty for the deployment of supporting infrastructure.

# Stakeholder engagement

During the final consultation, we conducted an extensive stakeholder engagement programme to understand better the views and opinions on the various design features, which included ministerial roundtables, official-led workshops, and bilateral meetings.

The final consultation received 146 responses in total, 46 from private individuals and the remainder from a variety of organisations including:

- vehicle manufacturers
- trade associations
- chargepoint/infrastructure operators
- energy providers and distributors
- pro-electric vehicle organisations
- fleet operators
- engine/drivetrain manufacturers
- non-governmental organisations
- transport operators
- insurance companies
- delivery companies

# Overview of response

The UK government, Welsh Government, Scottish Government, and Department for Infrastructure (Northern Ireland) are committed to a strong ZEV mandate and non-ZEV $CO_2$ emissions regulation that helps set the pace for an ambitious transition. Having taken consultation responses into account, the overall design of the trading schemes is unchanged from the consultation, with some small, technical, and targeted updates to reflect developments since publishing and to provide further clarity on the proposal.

The ZEV mandate will apply to England, Wales and Scotland from January 2024. The intent of the Department for Infrastructure (NI) remains that Northern

Ireland will join the mandate when the Assembly is able to pass the required legislation. In the interim, Northern Ireland will retain an appropriately scaled version of the existing $CO_2$ emissions regulation for new cars and vans.

The ZEV mandate scheme's function is unchanged. Each year, vehicle manufacturers are set a target as a percentage of their total annual sales that must be zero emission. The regulation will require that for each non-ZEV sold, the manufacturer must have a ZEV allowance, the unit in which compliance will be measured. Manufacturers will receive enough allowances that if they meet their target, they will not need additional allowances. If a manufacturer sells more ZEVs than their target, they will have a surplus of allowances they can sell, bank, or convert their excess allowances. If a manufacturer sells fewer ZEVs than their target, they can buy, borrow, use banked allowances or convert $CO_2$ emissions allowances to meet their obligation or make a final compliance payment.

The $CO_2$ emissions scheme's function is unchanged. Manufacturers will receive a baseline target for $CO_2$ emissions based on 2021 data, which will remain constant out to 2030. Manufacturers must have enough $CO_2$ emissions allowances, so that they have one for every gram $CO_2$/km that they emit on average fleetwide. Manufacturers will be awarded enough allowances so that if they meet their baseline target they will not require any more. If a manufacturer beats their target, they can sell or convert spare allowances. If a manufacturer misses their target, they can buy allowances or convert ZEV allowances into $CO_2$ emissions allowances to meet their obligation or make a final compliance payment.

Derogations and exemptions are unchanged. Special purpose vehicles are out of scope of the regulation but zero emission versions are eligible for credits. Manufacturers selling fewer than 1,000 non-ZEVs are exempt from the $CO_2$ emissions scheme. Derogations for the ZEV mandate scheme remain at fewer than 1,000 sales for the automatic micro volume derogation and fewer than 2,500 but more than 999 sales for the small volume derogation, which is subject to a simple application.

The ZEV mandate is the most ambitious regulation of its kind in any country in the world and provides certainty to manufacturers, chargepoint operators, and consumers. In setting out a clear pathway to achieve ending the sale of new non-ZEV cars and vans in 2035, the UK is perfectly positioned to reap the economic, societal and health benefits of net zero.

# Joint response to summary of responses

## Question 1: (a) Do you agree or disagree with the UK government's preference to introduce a UK-wide regulatory framework? (b) Or, do you agree or disagree with the introduction of different trading schemes with separate requirements in one or more of the nations, different from the rest of the UK?

### Summary of responses

The almost unanimous (96%) view of those who responded to this question agreed with the proposal to introduce UK-wide regulatory framework and 92% disagreed with the introduction of different trading schemes for one or more of the nations.

The main reasons given by respondents for agreeing with a UK-wide regulatory framework included:

- administrative efficiency – many noted that there are significant benefits of greater simplicity for both industry and consumers compared to a devolved scheme
- market stability – vehicle manufacturers expressed concern that separate devolved markets with different regulations would result in market distortions and add significant burdens to manufacturers and retailers, potentially increasing costs and reducing vehicle choice
- avoids uncertainty in EV infrastructure delivery – complexities of having a devolved scheme would disrupt business planning for EV charging infrastructure

### Joint response

We will introduce a regular framework that applies across England, Wales and Scotland, recognising that the overwhelming majority of respondents agreed with our proposal that will benefit industry and consumers.

It remains the policy intention of the Department for Infrastructure in Northern Ireland, along with the UK government, Scottish Government and Welsh Government, for Northern Ireland to join the ZEV mandate and for it to be a UK-wide scheme. It is a requirement of the Climate Change Act 2008 (https://www.legislation.gov.uk/ukpga/2008/27/contents) that the regulation be approved by the Northern Ireland Assembly for it to apply in Northern Ireland. When the Assembly can approve the legislation and chooses to do so, Northern Ireland will adopt this regulation.

Until then, Northern Ireland will remain subject to an appropriately scaled version of the existing new car and van $CO_2$ regulations. This change to the initial territorial extent of the ZEV mandate will not impact other areas of the regulatory design.

## Question 2: (a) Do you agree or disagree with the UK government's preference to introduce UK-wide annual targets? (b) Or, do you agree or disagree with year-on-year targets having to be met within each nation of the UK annually?

### Summary of responses

The almost unanimous (93%) view of those who responded to this question agreed with the proposal to introduce UK-wide annual targets and 90% disagreed with the introduction of different targets for one or more of the nations.

The main reasons given by respondents for a UK-wide target included:

- market stability – ensures consistent consumer offering across the UK and avoids the potential for internal market distortions
- regulatory challenges – cars and vans move throughout the UK over the course of their lives making devolved targets potentially ineffective

Several respondents raised concerns that having UK-wide targets would be more challenging for some nations but also not ambitious enough for others.

### Joint response

We will introduce Great Britain-wide annual targets recognising that such a scheme will benefit both industry and consumers.

## Question 3: Do you agree or disagree with the proposal for the central trajectory for new zero emission cars set out in Table 1?

### Summary of responses

Multiple views were received, but a significant majority of respondents agreed with the central trajectory proposed. Many respondents felt that the proposed central trajectory struck the right balance between ambition and achievability.

However, a small number of respondents had specific concerns while still being supportive of the proposed targets.

A small number of respondents stated that while they supported the central trajectory, the targets should not enter into force until 2025 given the short time between regulations being made and the requirements entering into effect. An even smaller number of respondents supported the trajectory but raised concerns about infrastructure provisions.

Of those that did not support the proposed trajectory, many more felt that the targets were too weak than felt that they were too strong. Several stated that the targets should be toughened to match the recommendations made by the Climate Change Committee (CCC), while a small number felt that the inclusion of flexibilities required an increase in targets.

Some respondents, predominantly vehicle manufacturers, stated that the targets were too challenging and should be reduced. The most common reasons for this were that the national infrastructure network would not be able to cope with the charging demand and that there may be difficulties in selling ZEVs. These respondents were more likely to request a delay until 2025, or for 2024 to be monitoring only, with targets not enforced.

### Joint response

The final trajectory for cars shall be the central trajectory, as set out in the consultation document's preferred approach. This trajectory matches the trajectory that was consulted on in the technical consultation. We recognise manufacturers' concerns in respect of their own compliance strategies in the early years of the scheme and will reflect that through amendments to some flexibilities, which are discussed later in this response.

We further recognise that some manufacturers have called for either a delay in the ZEV mandate's implementation, or for 2024 to act as a 'monitoring year' with targets monitored, but not legally enforced. The trajectory being implemented has been consulted on twice, first reaching the public domain in April 2022 and, coupled with the flexibilities being implemented in respect of banking and borrowing and the non-ZEV to ZEV transfer, it is our view that a 22% target being implemented from 2024 is achievable considering the flexibilities and that enough notice has been provided of its entry into force.

The uptake targets for zero emission cars are, therefore, the following:

**Table 1: annual targets for ZEV sales shares from 2024 to 2035 for cars**

| Year | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|---|
| Target | 22% | 28% | 33% | 38% | 52% | 66% |

| Year | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|
| **Target** | 80% | 84% (*) | 88% (*) | 92% (*) | 96% (*) | 100% (*) |

(*) Target will be set out in future legislation later in the decade.

## Question 4: Do you agree or disagree with the proposal for the central trajectory for new zero emission vans set out in Table 2?

### Summary of responses

As with the car trajectories, a wide variety of views were received in response to this question. More respondents disagreed with the proposed option of the central scenario than agreed. Those disagreeing were split between calling for more ambition and less. As a result, of the 3 possible responses – not ambitious enough, in favour, too ambitious – the most common response was to support the central trajectory.

The primary reasons given for supporting the central trajectory include the fact that the van trajectory is separate from the car trajectory, rightly reflecting their differing starting points when it comes to ZEV availability, as well as reflecting the fact that the trajectory has increased compared to the trajectory set out in the technical consultation in 2022. Also, some of the largest commercial vehicle fleet operators in the UK showed strong support having already committed to a zero emission future, indicating strong demand that must be met with commensurate ambition on the supply side.

Of those against, more respondents stated that the proposed trajectory was too ambitious, rather than not ambitious enough. Reasons given by those who thought it too ambitious included:

- unavailability of ZEV models for certain specifications of N1 vehicle, such as 4x4 utility vehicles and flatbed or tipper vehicles
- technical difficulties in creating ZEVs that perform in the same manner as current non-ZEVs in aspects such as range or vehicle payload
- increases in energy prices, coupled with other financial considerations, impacting the total monetary savings that a ZEV N1 vehicle owner would expect to see over the vehicle’s lifetime compared to using a petrol/diesel vehicle

Of those who thought the trajectory was not ambitious enough, reasons included:

- since lack of vehicle supply is the largest barrier to the adoption of commercial ZEVs it should be forced to increase through the use of ZEV targets
- references to the CCC's recommendations to ensure that commercial vehicle trajectories are aligned with wider climate goals

A small number of respondents called for a one-year delay to the implementation of the ZEV mandate or to make 2024 a monitoring year where targets are not legally enforced.

There were also several responses that noted that the trajectory increased unevenly – from 10% to 19% from 2024 to 2025, before slowing to 22% in 2026, and increasing again from 2027. These responses generally questioned why the trajectory followed such a path rather than being a steady increase over time.

### Joint response

The zero emission commercial vehicle sector is in a different state of maturity to cars and purchase decisions are usually based on use case and on financial considerations.

The trajectory put forward in the consultation was developed following extensive consultation on a lower trajectory in 2022. That trajectory – 9% in 2024, raising to 52% in 2030 – was deemed to be unambitious by the majority of respondents at the time, so the decision was taken to increase that trajectory in line with the feedback we had received.

This led to a non-linear trajectory being put forward from 2024 to 2027, and we agree with respondents that this trajectory should follow a smoother path. As a result, we will amend the trajectory in 2025 and 2026 to the following:

**Table 2a: smoothened van trajectory**

| Van target | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| **Previously proposed** | 10% | 19% | 22% | 34% |
| **Final** | 10% | 16% | 24% | 34% |

While short-term demand for zero emission commercial vehicles may not be as strong as previously forecast by respondents to the previous technical consultation, we still consider it appropriate to proceed with a 10% target from 2024. Some of the flexibilities for commercial vehicle manufacturers in the initial years of the scheme are being amended to provide a more sustainable route to compliance. More information on these flexibilities can be found in the responses to questions 8, 9, 13, 14 and 21.

The uptake targets for zero emission vans are, therefore, the following:

**Table 2b: annual targets for ZEV sales shares from 2024 to 2035 for vans**

| **Year** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** |
|---|---|---|---|---|---|---|
| **Target** | 10% | 16% | 24% | 34% | 46% | 58% |

| **Year** | **2030** | **2031** | **2032** | **2033** | **2034** | **2035** |
|---|---|---|---|---|---|---|
| **Target** | 70% | 76% (*) | 82% (*) | 88% (*) | 94% (*) | 100% (*) |

(*) Target will be set out in future legislation later in the decade.

## Question 5: Do you agree or disagree that the proposed derogations (thresholds and adapted trajectories) strike an appropriate balance between supporting small volume manufacturers while also ensuring that all manufacturers play a part in the transition to ZEVs?

### Summary of responses

The vast majority of respondents who answered this question agreed with the proposals to provide derogations to car or van manufacturers registering less than 2,500 vehicles per year. Most respondents felt that the proposed threshold and targets provided the correct level support to small volume manufacturers (SVMs) while still incentivising them to move to ZEVs. A small number of respondents, while supportive, did note the additional burden on SVMs of needing to submit a derogation application form.

Of those opposed, the vast majority were from members of the public, rather than organisations. Most felt that SVMs should be exempted from targets entirely, whether related to the ZEV mandate or to the UK government’s 2035 end of sales of new non-ZEV commitment, arguing that a number of UK-based SVMs specialise in niche vehicle types that likely have low overall emissions levels due to the way those vehicles are used.

Some responses noted the European Union (EU) proposal that while manufacturers will be required to reduce their $CO_2$ emissions by 100% by 2035 – effectively matching the UK's ambition to phase all non-ZEVs by 2035 – an exemption will be included for manufacturers registering fewer than 1,000 cars or vans per year. Some respondents wanted the UK to replicate this, arguing that certain UK-based manufacturers would be permitted to sell some products in the EU in 2035 while not being able to do so in the UK.

Some respondents also felt that the small volume threshold of 2,500 vehicles should be raised, as there may be some manufacturers that would be thought of as 'small' compared to major-volume manufacturers but that register more than 2,500 vehicles per year in the UK. The most common suggestion was to raise the threshold to 7,000 vehicles.

Finally, some respondents – both in favour and against – raised concerns about the derogations expiring in 2029, meaning derogated manufacturers would be required to meet ZEV targets from 2030. It was felt that clarity needed to be provided on the requirements that derogated manufacturers would face from 2030, with some calling for the derogation to be extended.

### Joint response

Derogations for SVMs will remain unchanged from those in the consultation. Manufacturers registering fewer than 2,500 but more than 999 cars or vans per year may submit a derogation application to the administrator and, if accepted, shall be eligible for a derogation until, and including, 2029 with a transitional year in 2030.

Micro volume manufacturers (MVMs), those registering fewer than 1,000 cars or vans per year, may need more time to transition and we will continue to automatically derogate them from ZEV targets until the end of the time period that we will legislate for in this first tranche of legislation, which is up to and including 2030. When the targets for 2031 to 2035 are set out, consideration will be given to exempting micro volume manufacturers from those requirements. The requirement to end the sale of all new non-zero emission cars and vans by 2035 will remain.

## Question 6: Do you agree or disagree with these proposals for the inclusion or exclusion of SPVs? If you disagree, please state your reasons for specific SPV categories.

### Summary of responses

The vast majority of those who responded agreed with the exclusion of special purpose vehicles (SPVs), with near unanimous support from vehicle manufacturers. Of those who agreed, the most common reasons for doing so were recognising the challenges ZEV SPVs face and the importance of exempting non-ZEV SPVs to ensure those vehicles remain available until appropriate ZE alternatives are developed.

Of those who disagreed, a majority felt the exemption was too generous and should exclude some or all categories of SPVs. The most common to be singled out for not receiving an exemption was SPV motor homes on the grounds that they are recreational, and SPV hearses on the grounds they are not as challenging to decarbonise as other SPV types.

There was strong support for continuing to monitor the SPV market to determine whether the exemptions are having the desired effect. A slightly smaller group also supported specifically removing certain categories of SPV from the exemption if ZE technology enables those vehicles.

### Joint response

SPVs will be exempt from the ZEV mandate given the additional manufacturing challenge they present and their criticality to many people's mobility needs. An exemption will ensure that non-ZEV versions of these vehicles can continue to be sold in the UK and is a proportional response given the small numbers of sales relative to the non-SPV market. As the consultation set out, we will keep the exemption under review and if certain categories have suitable zero emission alternatives available in future, we will consider removing the exemption on a category-by-category basis.

## Question 7: Do you agree or disagree with the proposals for banking during the 2024 to 2030 period?

### Summary of responses

The vast majority of those responding to this question agreed with the proposals for banking allowances from over-achievement for future use, for a maximum of 3 years. There was strong support from most vehicle manufacturers to support flexibility in manufacturers' transition to ZEV production, particularly in the early years and given the potential for unpredictable events in the supply chain, with others noting it could not be utilised until later years of the mandate. Some sought greater clarity on the use of banked allowances post-2030 and requested the ability to 'bank' non-ZEV credits.

Others, including some non-governmental organisations (NGOs) and infrastructure providers, viewed the proposals as being reasonable, welcoming the 3-year expiration date, and noting that this is helpful in that it does not disincentivise manufacturers from bringing vehicles to market early.

Of those who opposed the proposals, including some NGOs, some expressed concern at the potential complexity this adds to the regulation, viewing this additional flexibility as unnecessary and undermining the certainty needed. Some of these respondents suggested that banked allowances should have a shorter expiration date. Others pointed out that the 3-year expiration limit is shorter than other regulatory frameworks.

### Joint response

We will implement banking in the same manner as proposed with no changes: banked allowances may be used for future use, with no limit on number and with an expiration date of 3 years after the year in which it was allocated as a suitable length of time. This flexibility acknowledges the need for manufacturers to transition to ZEVs in a flexible way while recognising the benefits of early reductions in carbon emissions from deploying ZEVs onto UK roads earlier.

## Question 8: Do you agree with the proposed provisions for borrowing in the 2024 to 2026 period? If you disagree with the proposal, please provide alternative options and your rationale.

### Summary of responses

Of those who responded to this question, views were split with around half agreeing or broadly agreeing with the proposal to enable borrowing in the 2024 to 2026 period.

Many vehicle manufacturers supported the proposed borrowing mechanism as it gives them the ability to plan more flexibly as they transition to ZEVs. Some agreed with the principle of the mechanism but suggested it should be in place for longer or for the full duration of the regulation. Concern was raised about the lack of time to react to the increased van target trajectory, suggesting increased flexibility might be more appropriate. Several vehicle manufacturers questioned the necessity of the 3.5% compounded interest rate of the borrowing mechanism, suggesting it should be removed or lowered.

Some, including chargepoint and energy companies, were concerned about the borrowing proposals, as flexibilities could see fewer ZEVs sold in the early years, which would reduce market certainty and potentially hamper upfront investment decisions. A few respondents suggested that the interest rate should be increased to deter manufacturers from delaying the production of ZEVs or that the flexibilities be tightened.

Others, including NGOs, expressed their disagreement and concern at the introduction of borrowing, viewing it as unnecessary and overly complicated and that it risked manufacturers delaying sales to future years. Others recognised that it was a necessary compromise to maintain the deliverability of the mandate, welcoming that it is limited in time.

**Joint response**

We will implement borrowing in the same manner as proposed for cars from 2024 to 2027. The number of allowances that can be borrowed is capped at:

- 75% of the ZEV allowance target in 2024
- 50% in 2025
- 25% in 2026

For vans, in 2024 only, we will increase that cap from 75% to 90% before returning it to:

- 50% in 2025
- 25% in 2026

This recognises the current challenges faced in this segment of the market by offering additional flexibility in the first year of the ZEV mandate for vans. The proposals regarding the 3.5% compounded interest rate that reflects the lost environmental benefit to society and the proposals setting out borrowing being time limited from 2024 to 2026 both remain.

## Question 9: What are your views on the proposed minimum requirements for ZEVs (emissions, minimum range and warranty)?

A majority of those who responded to this question disagreed with the proposed minimum requirements for ZEVs though views differed across the minimum technical specifications.

On warranties, many welcomed the proposals as helpful for consumers. Most were content with specifications for cars but several vehicle manufacturers and some fleet operators suggested that battery degradation may be higher for vans given the different use cases and that the specification should be aligned with existing and emerging international standards.

On minimum range, many welcomed this as something that would give a positive experience for users, build consumer confidence, and support the fledgling second-hand market. Logistics sector stakeholders supported the need for suitable vehicles with an appropriate minimum range and other respondents expressed concern that 120 miles could be viewed as the lowest common denominator. Others viewed it as a minimum that should not be increased, with some making the point that the specific requirements should be subject to review.

Several respondents, including several vehicle manufacturers, expressed the view that the market could decide what range is needed and no minimum should be required, indicating a potential role for smaller range vehicles for some use cases, and that the proposals could limit consumer choice. Concern was raised that special consideration should also be given to multi-stage-build vehicles, given the different uses and unique testing protocols in this segment of the market.

On emissions, there was general agreement that the definition should be 0 grams $CO_2$/km and that the definition should be simple. Opinions were split on alternative fuels and e-fuels with some respondents in favour and others against. Some sought clarification on the role of hydrogen combustion, while others suggested that zero nitrogen oxides ($NO_x$) emissions should be added to the criteria.

**Joint response**

We will implement the warranty requirements for cars as proposed. We acknowledge the challenges presented by battery warranty requirements for some vans and will amend battery warranty from 70% to 65% capacity at 8 years/100,000 miles, aligning with the international United Nations Economic Commission for Europe (UNECE) standards that are under development with a minimum of 3 years or 60,000 miles (whichever comes first) for the remainder of the vehicle.

We define a ZEV as vehicle that has 0 grams $CO_2$/km according to the Worldwide Harmonized Light Vehicles Test Procedure (WLTP). We will retain the existing convention that fuel cell electric vehicles are classified as 0 grams $CO_2$/km. Our definition of a ZEV will not include other targeted greenhouse gases (GHGs) under the Climate Change Act, such as $NO_x$, because there are no current internationally agreed testing regimes for cars that test for these. Any vehicle, regardless of drivetrain technology, could qualify as a ZEV under this regulation, should they be considered to emit 0 grams $CO_2$/km.

We will reduce the minimum range by 20 miles from 120 to 100 and exempt ZEVs that have a range lower than 100 miles but that received, in 2023 or earlier, a type approval that is valid in the UK from that requirement. For multi-stage vans (MSVs), range is taken from the base model.

We will keep minimum requirements under review and consider changes as appropriate, as technology and consumer requirements develop.

## Question 10: Are there additional minimum requirements that should be added to the regulation (in the first year or at a later point)?

### Summary of responses

Several respondents suggested additional minimum requirements, related to bi-directional charging and sustainability criteria, with suggestions that standards should align with European or global standards.

Several respondents including a number of vehicle manufacturers, were of the view that no additional minimum requirements should be added now or later so manufacturers had certainty as they transition to zero emissions.

### Joint response

We will keep the minimum requirements set out in the response to question 9 and will keep additional requirements under review. Any potential changes to the minimum requirements in future would be subject to consultation as technology and consumer requirements develop.

## Question 11: Do you agree or disagree with the proposal to provide additional credits to ZEVs used in car clubs? Are there any additional criteria or provisions that can increase the effectiveness of these incentives?

### Summary of responses

The vast majority of those who responded to this question agreed with providing additional credits to ZEVs in car clubs, with vehicle manufacturers, car club operators, and trade associations highlighting the social and environmental benefits of this approach.

Respondents were supportive of car clubs as they have been shown to reduce vehicle congestion, improve air quality, and reduce carbon emissions from road transport. Several respondents, including vehicle rental companies and vehicle manufacturers, wanted to see the car club credit extended to the rental sector and other shared mobility services. Other respondents expressed concern that expanding beyond car clubs would distort the ZEV credit market and undermine the ZEV mandate.

Respondents proposed several changes to the car club criteria, including reducing the length of time a new ZEVs must stay in a car club to earn the credit, offering evidence that average car club ownership was less than 2 years. Some respondents noted that the proposals would penalise vehicle manufacturers that have their vehicles written off since their ZEV credit would be removed even though the ZEV had spent all its life in a car club.

Other themes raised by some respondents included the EV charging infrastructure, inclusion of leasing and a formal review point that is covered in question 23.

### Joint response

As set out in the consultation, we will provide an additional 0.5 credits for ZEVs used in car clubs. Only car clubs will get additional credits because we have not seen compelling evidence that demonstrates other forms of shared mobility offer comparable environmental and social benefits. We welcome the opportunity to continue to engage with industry to ensure this scheme achieves the intended benefits for car clubs while considering the wider shared mobility space.

The criteria are appended in ZEV mandate car club credit criteria.

Refinements made to the criteria resulting from stakeholder feedback are as follows:

- reduce the 2-year requirement to 18 months, reflecting the average car club ownership time is below 2 years
- exemption from 18-month ownership requirement for ZEVs that are written off in an accident. A credit earnt by a ZEV that leaves a car club fleet due to being written off will not be revoked

## Question 12: Is the proposed incentive mechanism an appropriate and beneficial way to support the development of zero emission WAVs?

### Summary of responses:

Most respondents who answered this question agreed with the proposal to provide additional credits for ZEVs used as wheelchair accessible vehicles (WAVs). Several vehicle manufacturers that manufacture WAVs, NGOs and a

WAV distributor supported this proposal because it recognises the additional investment required to design, develop and manufacture WAVs.

WAV converters, companies that design and build WAVs based on other vehicles, opposed the credit because ZE WAVs currently face significant technical challenges. They are concerned that the additional credit for WAVs may restrict their access to conventional vehicles as manufacturers transition to ZEVs.

### Joint response

We will maintain additional credits for ZE WAVs at the proposed level because we consider it vital that the transition of WAVs to zero emissions is supported, enabling vulnerable people unable to get the vehicles they need as ZE infrastructure develops.

Given that WAVs are also SPVs, they are exempt from the ZEV mandate. This will incentivise vehicle manufacturers to sell vehicles (both conventional petrol and diesel and ZEV) to WAV converters. On top of this, ZEV WAVs will receive an additional 0.5 credits beyond the 1 credit that a zero emission SPV receives, which will help WAVs make the transition to zero emission.

We do not dismiss the concerns of WAV converters and others that the zero emission transition must be carefully monitored to ensure the needs of WAV users are met. We will therefore convene a Wheelchair Accessible Vehicle Zero Emission Transition Group to provide expert external scrutiny and advice on all aspects of transition, including ZE and non-ZE WAV availability and accessible charging infrastructure.

## Question 13: What are your views on the proposed payment levels in the ZEV mandate?

### Summary of responses

Responses to this question were mixed. Some respondents felt the payment levels for the ZEV mandate were too low, others felt they were too high, and some supported the proposal. A substantial minority, mainly vehicle manufacturers, specifically referred to the comparison of payment levels in the Californian Zero-Emission Vehicle Program, arguing ZEV mandate payments should be lower as the California scheme allows a broader range of drivetrain technologies to contribute towards compliance. No specific alternative payment levels had widespread support. A proposal for £10,000 per car allowance and £12,000 per van allowance, while the most popular alternative, was only supported by a few respondents.

Respondents who felt the payments are too high suggested they could decrease investment in ZEVs or excessively penalise manufacturers who were unable to comply. Respondents who felt the payments are too low cited concerns that the proposal was an insufficient deterrent. The concern that the flat payment levels disadvantaged affordable vehicles compared to more high-end models was raised by respondents supportive of and opposed to the proposal. There was general support for keeping payments under review.

**Joint response**

We will maintain the final compliance payments at £15,000 per car ZEV allowance. For vans, payments are reduced to £9,000 in 2024 only, rising to £18,000 for the rest of the regulation's timeframe. The proposal offers a range of flexibilities including credits, banking, borrowing, trading, and conversion after which final compliance payments are a last resort. The payments must be a strong incentive for participants to transition to zero emissions and responses demonstrate this will be the case. As with all areas of the mandate, payment levels will remain under continuous review to ensure they remain proportionate and effective throughout operation of the regulation.

The new zero emission van market is at a much earlier stage than that of cars, due to a smaller number of ZE van models, technical challenges with range, and higher upfront vehicle costs that challenge the total cost of ownership benefits of ZE vans compared to non-ZE. Higher electricity costs, increased interest rates, and supply chain constraints are combining to reduce vehicle affordability and, therefore, we will reduce the non-compliance payment from £18,000 to £9,000 for vans in 2024 only.

With respect to the California ZEV Program, while a broader range of technologies contributes towards compliance, making payments does not satisfy the compliance obligation: on top of the fine, the manufacturers must earn an additional credit in the following year. By comparison, ZEV mandate final compliance payments are considered a valid compliance route and remove any obligation from the participant. We, thus, consider the proposed payment levels proportionate compared to international comparators.

If the manufacturer believes that there has been an error in calculation or process in being issued a notice of compliance shortfall, they may file an appeal to a first-tier tribunal.

## Question 14: What are your views on the proposed methodology to set baseline $CO_2$ emissions targets for manufacturers?

### Summary of responses

Views were split, with around two-thirds of respondents requesting a variety of changes. Around a fifth of mainly vehicle manufacturer respondents supported allowing vehicle manufacturers who met their target in 2021 under the existing new car and van $CO_2$ emissions regulations to use that 2021 target as their baseline. Some manufacturers expressed concern that 2021 was an atypical year for the vehicle market, and that consideration should therefore be given to alternatives to fleet average emissions. Several specialist manufacturers also wanted further clarity on the procedure for assessing and assigning emissions from multi-stage vehicles. Just over a quarter of respondents including vehicle manufacturers, NGOs and local authorities supported the proposal unchanged.

### Joint response

Some vehicle manufacturers have devoted significant resources to reducing the $CO_2$ emissions of their non-zero emission vehicles in the years leading up to 2024. We agree that it is reasonable to consider these efforts in the non-ZEV $CO_2$ emissions standard baseline. Those manufacturers who complied with their target in 2021 (for example, did not receive a penalty in 2021 either as an individual or as part of a pool) will have a baseline set at the higher of their non-ZEV average emissions in 2021 (defined as the sum of $CO_2$ emissions of all cars or vans sold in 2021, minus eco-innovation savings, divided by the number of cars or vans with $CO_2$ emissions greater than 0 grams/km) or their 2021 regulated target.[footnote 1] This methodology for the baseline will provide short-term support for manufacturers who have historically done the most to reduce non-ZEV emissions on the transition to ZEVs.

A manufacturer who failed to meet their 2021 target (for example, received a penalty in 2021 either as an individual or as part of a pool) will have their baseline adjusted so as to not reward this non-compliance. Specifically, they would receive a baseline of their 2021 non-ZEV average emissions (as defined in the previous paragraph) reduced by the proportion by which they exceeded their 2021 target.

## Question 15: Do you support the flat scenario, the tightening scenario, the lightweighting scenario or a different trajectory for the $CO_2$ standard?

### Summary of responses

Over half of respondents supported the flat scenario set out in the consultation, including a range of sectors and organisations and almost all manufacturers and trade associations. While this was the most supported scenario among the responses, several respondents representing NGOs and the energy industry had strong opposing views.

A quarter supported the lightweighting scenario, and just under a fifth supported the tightening scenario. Respondents who supported either the tightening or lightweighting scenarios often supported either one, with no strong preference for one or the other. The main rationale raised by respondents was that these options would raise ambition for emission reduction greater than the flat scenario. Almost all vehicle manufacturers opposed these 2 scenarios, expressing concern that this would require them to divert investment away from ZEVs towards conventional powered vehicles. Several respondents, including NGOs and chargepoint operators, supported the tightening and lightweighting scenarios, stating that it would encourage manufacturers to speed up the transition to ZEVs.

### Joint response

We will implement the flat scenario, as supported by the majority of respondents, with each manufacturer's $CO_2$ emissions target remaining constant from 2024 to 2030 based on their 2021 baseline as described in question 14.

Under the regulatory framework from 2024 to 2030, the primary objective for manufacturers will be to shift their UK sales to ZEVs. We recognise that manufacturers have limited research and development budgets and the framework for this period does not seek to encourage new investment to significantly increase the efficiency of the non-ZEV fleet. Rather, it seeks to ensure that the fleet does not become less efficient over time thereby eroding the carbon benefits from the ZEV mandate.

## Question 16: Does the proposal for derogations under the non-ZEV $CO_2$ standard strike an appropriate balance between supporting small volume manufacturers and minimising increases in emissions from combustion engine vehicles?

### Summary of responses

Most respondents supported the proposal for derogations. A significant number caveated that they would need to see certain conditions met including more supportive measures for small volume manufacturers, monitoring of derogations over time, and ensuring vehicle manufacturers' growth is not restricted.

### Joint response

Manufacturers selling fewer than 1,000 non-ZEV cars or vans will be exempt from the non-ZEV $CO_2$ standard in addition to the ZEV mandate. They will face no mandatory $CO_2$ emissions target until the end of 2030, with the specifics of targets covered by a 2031 to 2035 regulation to be published in due course. This exemption will be applied automatically by the scheme administrator each year. All manufacturers selling at least 1,000 non-ZEV new cars or vans per year (separately for each scheme) will be included under the non-ZEV $CO_2$ scheme and have the same requirement, relative to their own new vehicles' average emissions in 2021, a continuation of the existing new car and van emissions regulation.

## Question 17: What are your views on the proposed categories for exemptions from the non-ZEV $CO_2$ standard?

### Summary of responses

Most respondents including vehicle manufactures and private individuals agreed with the proposed categories for exemption from the non-ZEV $CO_2$ standard. A small minority of respondents who opposed the proposal, requested for individual vehicle approval (IVA) and national small series (NSS) vehicles to be out of scope of the ZEV mandate.

### Joint response

Vehicle classes that are exempted under the current $CO_2$ emissions regulations in the UK remain exempt under this new system. This includes all categories of SPVs, including vehicles converted to WAVs. As with the ZEV mandate, we will include vehicles approved through all type approval pathways, including IVA and NSS type approval, if they are not SPVs. We received no evidence to outweigh or invalidate the benefits of the proposal to include NSS / IVA vehicles.

## Question 18: Do you agree or disagree with the proposal for how pooling would operate under the ZEV mandate and non-ZEV $CO_2$ standard?

### Summary of responses

Over half of respondents who answered this question agreed with the proposal for how pooling would operate under the ZEV mandate and non-ZEV $CO_2$ emissions standard, including vehicle manufacturers, trade associations, and NGOs. Respondents agreed with the proposal, citing that it is a pragmatic continuation of the current regulatory approach. Others highlighted that pooling allows more efficient use of resources, reduces the administrative burden, streamlines the policy and/or creates a transferable set of rules.

Several respondents including vehicle manufacturers, trade associations and a charging operator disagreed with the proposals, claiming that a closed pooling approach could disadvantage small manufacturers and/or those not part of groups, risking the creation of a 2-tier system. One trade association argued that pooling would allow manufacturers with lower emissions to be less ambitious.

**Joint response:**

We will allow vehicle manufacturers who are part of larger connected entities to form a closed pool and be treated as a single participant for the ZEV mandate and non-ZEV $CO_2$ emissions standard. Manufacturers who are not a part of the same group may not form a pool together. The inclusion of trading eliminates the need for open pooling and no evidence to challenge this was provided.

## Question 19: What are your views on the proposed method for setting non-ZEV $CO_2$ targets for new manufacturers entering the UK market?

**Summary of responses**

Over half of respondents, including vehicle manufacturers, NGOs, and local authorities, agreed with the proposal for setting non-ZEV $CO_2$ emissions targets for new manufacturers. Respondents were happy to see the issue of new manufacturers being addressed but many emphasised the necessity of ensuring a level playing field to prevent a disproportionate favouring of new non-ZEV manufacturers over existing ones.

Some felt that to better support the scheme’s operation, regular reviews during its early years should take place to evaluate whether further requirements could better support a positive consumer experience.

**Joint response**

We will pursue the proposed methods to set non-ZEV $CO_2$ emissions targets for new manufacturers entering the UK market. New manufacturers entering the

UK market from 2024 will receive a target equal to the average of new non-ZEV car or van sales the year prior. As set out in question 24, we are committing to an additional mid-point review to be published in early 2027.

## Question 20: What are your views on this proposed mechanism to enable overcompliance with the ZEV mandate to help toward compliance with the non-ZEV $CO_2$ regulation?

### Summary of responses

Most respondents who answered this question agreed with the proposed mechanism to enable over-compliance with the ZEV mandate to help towards compliance with targets under the non-ZEV $CO_2$ regulation. Many cited the reason for their support being the flexibility it brings vehicle manufacturers in complying with both regulations and that it incentivises over achievement of ZEV targets. This viewpoint was predominantly shared among vehicle manufacturers, as well as some energy companies, a trade association and local authority.

In contrast, a small proportion of respondents opposed the proposals. The reasons for this varied with some feeling that linking the 2 schemes (either way) could lead to gaming and others suggesting that this could lead to an oversupply of ZEVs in the UK market before the market and charging infrastructure is ready to handle high volumes of ZEVs.

Some vehicle manufacturers mentioned that to understand the full impacts of this policy, they need to have finalised 2021 $CO_2$ emission targets, which are not currently available.

### Joint response

We will implement the proposed mechanism to transferring over-compliance from the ZEV mandate scheme to the non-ZEV $CO_2$ scheme to encourage manufacturers to transition to zero emission mobility as fast as possible. There is no cap on the number of allowances that can be transferred, and the conversion rate is based on the UK-wide average non-ZEV $CO_2$ emissions in 2021. This proposal proved to be largely uncontroversial in its design with most respondents supporting it and we will consider no further alterations.

## Question 21: What are your views on this proposed mechanism to enable over-compliance with the non-ZEV $CO_2$ standard to help towards compliance with the ZEV mandate targets?

**Summary of responses**

The majority of those who responded, including mainly vehicle manufacturers, were in favour of transferring over-compliance in the non-ZEV $CO_2$ emissions standard to the meeting ZEV mandate targets. Supporters cited the provision of additional flexibility in complying with targets and the rewarding of reducing fleet average $CO_2$ emissions.

A sub-group of supporters caveated their view with proposed alterations to the flexibility. A common view was to change the proposed conversion rate from a fixed rate based on the difference between the real-world $CO_2$ emissions of an average non-ZEV car or van compared to a ZEV to something else. Suggested alternatives include:

- a metric based on WLTP/standard type-approval $CO_2$ emissions
- a manufacturer-specific rate based on average 2021 $CO_2$ emission performance
- the UK's fleet-wide $CO_2$ emissions target
- Industry-wide fleet average $CO_2$ emissions in 2021

Another popular change proposed by respondents was to increase the cap on the number of allowances that could be transferred between non-ZEV $CO_2$ regulation to the ZEV mandate as manufacturers would still have to exceed their $CO_2$ target and that, therefore, increasing the cap would still deliver $CO_2$ savings. Respondents also cited the short lead-in time to the regulation and claimed that a higher cap would provide additional support to manufacturers who are struggling to comply.

In opposition, a small group of respondents from a variety of sectors felt that it would be counterproductive to allow the transfer of allowances between non-ZEV $CO_2$ emission regulation to the ZEV mandate as it would delay ZEV uptake.

**Joint response**

We will implement the proposed mechanism to transfer non-ZEV $CO_2$ allowances to the ZEV mandate scheme. We recognise the need for manufacturers to transition to ZEVs in a flexible way and have, therefore, decided to increase the cap from 25% in 2024, 2025 and 2026 to 65% in 2024, 45% in 2025, and 25% in 2026. This change was supported by many respondents including several vehicle manufacturers. All other components of this proposed mechanism will remain the same as in the consultation.

## Question 22: What are your views on the levels and structure of the proposed payment system for the non-ZEV $CO_2$ regulation?

### Summary of responses

A majority of respondents to this question (over 60%) supported our proposed payment system for the non-ZEV $CO_2$ emissions regulation, with many appreciating its similarity to the UK's current $CO_2$ emissions regulations. This reason was highlighted by vehicle manufacturers and trade associations. Other respondents in favour of the proposal noted the system's proportionality, incentive for regulatory compliance, EU alignment, and fiscal representation of the environmental damage caused by non-compliance.

A small number of respondents disagreed with the proposed payment system for the non-ZEV $CO_2$ emissions regulation. These respondents argued that the system was excessively burdensome and would disproportionately affect small manufacturers.

Other suggested changes for the proposed payment system included: a graduated penalty system based on the volume of non-ZEV vehicles sold, the exclusion of small volume manufacturers from payments, the removal of payments for 2024 and 2025, the reduction of penalty costs, as well as the annual increase of penalty costs. Each of these changes was supported by a single respondent. Additional considerations raised by respondents included: the importance of data verification, the possibility for manufacturers to appeal at the end of trading periods and the need for government to efficiently manage the appeals process.

### Joint position

We will keep final compliance payments for the non-ZEV $CO_2$ emissions standard the same as under the existing $CO_2$ regulation – £86 per gram (or fraction of a gram) $CO_2$ above the manufacturer's target multiplied by the number of non-ZEV cars or vans sold.

A majority of respondents, over 60%, supported this payment system. If the manufacturer believes that there has been an error in calculation or process in being issued a notice of compliance shortfall, they may file an appeal to a first-tier tribunal.

As covered in question 16, the non-ZEV $CO_2$ emissions regulation exemption will apply to manufacturers selling fewer than 1,000 non-ZEV cars or vans until the end of 2030 – exemptions for the period after 2030 will be considered in future legislation.

## Question 23: What are your views on the proposed timeline and process for reporting data and meeting compliance with the ZEV mandate and non-ZEV $CO_2$ scheme?

### Summary of responses

Of those who responded, around a third each felt that the timeline was too ambitious or that the proposal was the right approach. A substantial minority, mainly vehicle manufacturers, raised the importance of clear administrative processes and timelines, and a number of manufacturers also took the opportunity to make clear their support for optional quarterly error correction of vehicle data, increased from the current annual process of the existing regulations. Several respondents raised the prospect of a ‘monitoring only’ period in 2024, or delay of the scheme’s commencement until 2025. These concerns are addressed in the response to question 3.

### Joint position

Ensuring administration is effective and meets the needs of participants in the scheme is paramount. We commit to continued close engagement with industry to ensure manufacturers have the information and support they need to effectively engage with the ZEV mandate. We will convene an operational users’ group in the lead-up to the scheme beginning and make technical guidance available covering all aspects of the scheme.

To ease concerns about data availability ahead of the trading window (November to December), the administrator will now have 2 months (September and October) to finalise data provided by vehicle manufacturers. This means the administrator will provide provisional data to manufacturers by the end of May (from June) and manufacturers will have 3 months until the end of August to supply error corrections for each scheme year.

## Question 24: Do you support or oppose the proposal to keep the regulation under review?

### Summary of responses

Of those who responded, around 95% supported the proposal to keep the regulation under review. Some respondents further specified factors they felt should impact the review, such as charging infrastructure, the pace of zero emission technological advancement and global market conditions – referencing examples including the COVID-19 pandemic and semi-conductor shortage. Several respondents, mainly vehicle manufacturers, raised the importance of avoiding uncertainty with decisions stemming from any reviews. Around a fifth of respondents also stressed the importance of reviews not weakening the mandate.

In terms of how more formal reviews should be timed, those who expressed a view almost entirely supported either 2026 or 2027.

### Joint position

We remain committed to keeping the mandate under continuous review to ensure that the regulation is fit for purpose and delivering the policy intention of increasing zero emission vehicles as a proportion of new car and van sales. The trading schemes administrator will publish an annual report summarising the scheme year following the close of the trading window for that year, as described in the consultation. In addition, we are committing to an additional mid-point review to be published in early 2027. This date has been chosen as respondents favour a review around this time and some flexibilities will have expired at the end of 2026. This review will then be followed by the post-implementation review in 2029, the statutory review with a potential approach described in section 5.0 of the ZEV mandate cost-benefit analysis.

Finally, as we set out in the consultation, should unprecedented circumstances in which compliance is beyond the control of manufacturers arise, we may exercise discretion in pursuing enforcement action or amend legislation to reduce or disapply payment provisions in this narrow set of circumstances. Such decisions will be communicated as far in advance as is reasonably practicable.

## Question 25: What are your views on the potential impact of the 2 proposed schemes on communities in the more rural and remote parts of the UK and on those businesses involved in the sale of vehicles in those areas?

### Summary of responses

Respondents offered a variety of views on the potential impact on rural and remote parts of the UK. The overwhelming sentiment recognised that rural communities do face challenges specific to them in the transition to zero emission vehicles and that they will require bespoke support to meet the needs of communities. The primary concern is charging infrastructure, with nearly two-thirds of respondents including NGOs, vehicle manufacturers and trade associations highlighting this as a specific concern. Around a quarter called for more financial support outside of infrastructure, for example, subsidising ZEV purchases. Some respondents also used this opportunity to emphasise the importance of a UK-wide scheme in ensuring rural areas are not left behind.

**Joint position**

The UK government does not underestimate the challenges faced by rural communities with regard to the zero emission vehicle transition.

Under the [Local EV Infrastructure (LEVI) scheme](https://www.gov.uk/guidance/apply-for-local-ev-infrastructure-levi-funding) (https://www.gov.uk/guidance/apply-for-local-ev-infrastructure-levi-funding) all local authorities in England have been allocated capital and resource funding to deliver a step-change in the deployment of charging infrastructure, including in rural areas. The full £381 million LEVI fund was announced in March 2023. Local authorities are also able to take advantage of the on-street residential chargepoint scheme, which assists them with the cost of installing chargepoints on residential streets.

The UK government has committed to a Rapid Charging Fund, which will fund a portion of the cost of upgrading the electricity grid at strategic locations across England.

In Scotland, it is clear that for rural and remote communities the 2 schemes must work in tandem with an increase in EV charging infrastructure, access to vehicles and a recognition of rural and remote communities' transportation needs. £65 million in Scotland's public charging network, ChargePlace Scotland, with has more than 2,500 publicly available chargepoints with 73 public chargepoints per 100,000 people.

Our Electric Vehicle Infrastructure Fund signals a new approach to growing Scotland's public charging network. It anticipates that half of the £60 million investment will come from the private sector and aims to double the size of the network over the next 4 years and ensure the right level of investment across all of Scotland, including in rural settings where there is less opportunity for commercial investment. In delivering a Just Transition, funding has also been provided to community transport and car clubs as they provide flexible and affordable access to the latest electric vehicles and are vital for rural areas.

The Welsh Government's [EV Charging Strategy and Action Plan](https://www.gov.wales/electric-vehicle-charging-strategy-wales-action-plan) (https://www.gov.wales/electric-vehicle-charging-strategy-wales-action-plan) recognises the challenges to implement the zero emission transition and deploy electric vehicle charging infrastructure, especially in the more rural and remote parts of Wales.

The 22 local authorities in Wales have been allocated £15 million funding through the Welsh Government’s Ultra Low Emission Vehicle Transformation (ULEVT) scheme (https://www.gov.wales/ultra-low-emission-vehicle-transformation-fund-grants-awarded-2023-2024-html) to increase the number of charging points across Wales. They are able also to take advantage of the On-street Residential Chargepoint Scheme (ORCS) (https://www.gov.uk/government/publications/grants-for-local-authorities-to-provide-residential-on-street-chargepoints), which assists them with the cost of installing chargepoints on residential streets.

The Welsh Government is closely working with private sector organisations, including distribution network operators and chargepoint operators, to accelerate the roll-out of charging infrastructure, including in the more remote and potentially less commercially attractive areas of Wales.

In Northern Ireland the Department for Infrastructure has established the Electric Vehicle Infrastructure Task Force, drawn from both public and private organisations with a key role to play in this area. The task force published its action plan in November 2022, setting out 6 actions to be taken forward as a priority to improve the provision of EV charging infrastructure in Northern Ireland. The task force will continue to review progress on the delivery of these actions and bring forward further actions in the future, particularly in the areas of charging for those without access to off-street parking and the development of local EV infrastructure plans.

# ZEV mandate car club credit criteria

As set out in question 11, manufacturers will get additional credits when they sell ZEVs to car clubs that meet the following criteria.

The purpose of the criteria is to ensure car club ZEVs are used, that they have the intended reduction on non-ZEV journeys, and that using a ZEV with a car club is a positive experience for users thereby making car club ZEV use more likely.

For manufacturers to get additional credits when they sell ZEVs to car clubs, the vehicle concerned will need to be used exclusively by an eligible car club for a period of no less than 18 months, unless the vehicle is written off.

The criteria are split into 3 categories:

- service standards

- operator standards
- reporting requirements

## Service standards

A car club must offer car, vans or SPVs for hire that are:

- located in, or close to, residential or commercial areas where customers and potential customers of the service live or work
- capable of being booked for periods of time up to a maximum of 10 days
- permanently available to customers to book
- directly accessible to customers after booking without the assistance of the operator
- paid for by customers on the basis of each mile travelled in the car or the van during the booking, or on the basis of the period of time for which it is booked, or a combination of both
- capable of being booked without the customer having to enter into a new agreement with the operator in respect of each booking
- equipped with information about the car or the van, for reference by the customer
- make available to customers a pricing structure, a booking system, a digital or telephone helpline and information about the car club service
- ensure that customers are liable for financial or other penalties incurred while using the car or the van, other than financial penalties in excess of the original penalty resulting from a failure by the operator to inform the customer about the penalty in a timely manner

## Operator standards

The operator must ensure that their vehicles are:

- roadworthy, kept in a hygienic condition and regularly serviced and maintained
- covered by a comprehensive insurance policy provided by a third party or the operator
- covered by a national breakdown and recovery policy

The operator must have and publish:

- an equality and diversity policy

- a statement of how the car club service operates
- an environmental policy and environmental impact statement
- a complaints policy

If the operator intends to cease providing the car club service, it must give its customers a period of 2 months’ notice before the cessation, where this is reasonably practicable. It must tell the scheme administrator what will happen to ZEVs bought under the scheme.

### Reporting requirements

Once a year provide to government:

- a list of the ZE cars, ZE vans or ZE SPVs of which the operator has exclusive use of
- the make, model and vehicle identification numbers of each such car or van
- the number of customer bookings of each vehicle
- confirmation in writing that the car club operator meets this car club criteria for all ZE vehicles that it has
- a list of any ZE vehicles which have been written off during the 18-month requirement
- copies of the:
  - equality and diversity policy
  - statement of how the car club service operates
  - environmental policy and environmental impact statement
  - complaints policy

## List of respondents

- Allianz
- Allied Vehicles Group
- ANFIA
- Ariel Motor Company
- Aston Martin
- BAC
- Bentley Motors
- BMW Group
- BorgWarner

- Briggs Automotive Company Ltd
- BVRLA
- Campaign for Better Transport
- Caravan and Motorhome Club
- Caterham Cars
- ChargePoint
- ChargeUK
- ChargeWorks
- Chartered Institution of Highways and Transportation
- ClientEarth
- Co Wheels
- Community Transport Association
- CoMoUK
- Connected Kerb
- Consumer Council Northern Ireland
- DecarboniseNow
- DPD UK
- Dr Ben Spencer MP
- E.ON Energy
- EDF Energy
- Energy Saving Trust
- Energy UK
- Enterprise Holdings
- EO Charging
- EVA England
- EVA Northern Ireland
- Ferrari
- Fife Council
- Ford
- Green Alliance
- Greenergy
- Greenpeace
- Growing Mid Wales
- Harris Maxus UK
- Honda
- Hour Car
- ICCT
- INEOS
- Infyos

- Isuzu TruckIM Group
- Jaguar Land Rover
- JAMA
- JLR
- KIA UK
- LEVC
- Lloyds Banking Group
- Logistics UK
- McLaren
- MG Motor UK Ltd
- Millwheels Ltd
- Motability
- Myenergi
- New Automotive
- NFDA
- NIE Networks
- Nissan
- Octopus Electric Vehicles
- OVO Energy
- Petrol Retailers Association
- Podpoint
- Portsmouth City Council
- Private individuals
- RAC
- REA
- Renault
- Renault Trucks
- Road Haulage Association
- Roadchef
- Royal Mail
- RTFA
- SAP UK
- Scottish Power
- SMMT
- Stellantis
- Subaru
- Sunderland City Council
- Tactran
- Tesla

- TfL
- The NCC
- The Thalidomide Trust
- Toyota
- Transport and Environment
- Uber
- UK Electric Fleet Coalition
- UK Petroleum Industry Association
- UKLA
- Valero Energy Ltd
- Volkswagen Group UK
- WAVCA
- Wells Motor Cars Ltd
- Zemo Partnership
- Zeta Group

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1. This refers to the target determined in accordance with Article 4, Paragraph 1b in the calendar year 2021, 2019/631 as in force in the UK in 2021. This includes targets resulting from derogations applied under 2019/631.

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