

Phasing out the sale of new petrol and diesel cars from 2030 and Support for the Zero Emission Transition: Summary of Response

About New AutoMotive

[New AutoMotive](#) is a think tank and data consultancy which works to increase the pace of the clean energy transition, focusing on road transport. We use analysis to inform the public and influence policy development. We publish regular data and research reports detailing the switch to electric and what the UK government needs to do to make this happen.

Part 1: 2030 phase out of new ICE cars, and CO2 requirements for vans

(Q1) We agree with ending the sale of diesel, hybrid and mild hybrid vehicles in 2030.

There are no use cases identified where ICE vehicles or mild hybrids are required. New AutoMotive's briefing on the decision to delay the sales ban to 2035 found that:

- An additional £6.5-10bn cost in refuelling inefficient cars at volatile prices.
- 400K more cars using petrol and diesel in 2050, when we should be at net zero.
- 35 million tonnes of additional greenhouse gases needing removal.

Restoring the 2030 switchover would reduce the UK's demand for oil by the equivalent to all the additional supply which the previous administration anticipated extracting from the North Sea. We would urge the government to go further and end the sale of full hybrids with effect on the same date.

(Q2) We have not identified any plausible use cases where full (plugless) hybrid vehicles could not be enhanced by the addition of a mains-chargeable battery.

Even baking in the steep increase in the assumed emissions of PHEVs, plug-ins still reduce emissions by 15% on full hybrids. Savings may increase as company car buyers move away from ICE-like cars due to less attractive tax rates. Meanwhile, PHEVs with an average electric range of 50 miles could cover up to 75% of annual journeys without tailpipe emissions, enhancing their appeal.

PHEVs will also support the behavioural aspects of the transition, demystifying plug-in electric driving and allowing users to gain familiarity with the technology before taking the plunge into pure battery electric cars.

(Q3) We support option D as outlined on page 17 of the government consultation that: PHEV and range extended vehicles only should be sold from 2030, with no need for a further CO2 requirement.

The limited need for an ICE engine alongside batteries (e.g. for towing or off-road use) may skew towards high-power vehicles, making fleet or individual caps counterproductive. If desired, a high individual emissions cap (e.g. 150gCO₂e/km post-2027, equivalent to 50gCO₂e/km today) could allow these vehicles to continue being sold between 2030 and 2034, provided they include larger batteries.

If the Government opted instead to permit plugless hybrids to continue to be sold, both it and companies would face complications. A 10% cut in the average emissions target for each manufacturer would – after the changes in the way PHEV emissions are calculated – leave most manufacturers having to carefully monitor and constrain the types of hybrid cars they sold, to ensure compliance with CO2 regulations.

Meanwhile, no tightening at all would leave the Government exposed to the risk of some firms selling significant numbers of large heavily polluting hybrids as long as they can sell enough small clean ones. This is why permitting PHEVs only after 2030 will be simpler and less hazardous for Government policy, manufacturers and consumers alike.

(Q4) We support a minimum electric-only range for PHEVs if they are the only non-zero tailpipe emissions sold after 2029.

This is needed to address avoidance risks, and incentivise consumers to make the effort to charge. We suggest that a battery range of 50 miles would be sufficient as it could be accommodated via improving battery technology within many existing models without

requiring remodelling of vehicle. It would also allow electrification of approximately 45% of miles on return journeys with a battery operating in the 10–80% range – below this level, the proportion of miles which could be electrified falls away quite steeply.

(Q5) We agree with the Government's intention *not* to limit the vans sold between 2030 and 2034 alongside zero tailpipe emissions vans to hybrids only.

Seeking to grow a hybrid van target from around 1% in 2025 to 30% in 2030 only to shrink it again to 0% by 2035 will stimulate unnecessary expenditure on vehicle investment by manufacturers over the next 5 years to grab a slice of a rapidly expanding pie, only for it to collapse again soon after.

(Q6/7) We support a tightening in the CO2 emissions requirement for vans of around 10%.

Most of the efficiency improvements in cars has been driven less by incremental improvements in efficiency of each fuel type, but changes in fuel type – from petrol and diesel, to hybrid and especially plug-in hybrid. Petrol car efficiency only increased by 6.5% in 4 years, whilst average diesel car efficiency went backwards. We therefore believe a 10% reduction in emission baseline on 2024 level will offer a sufficient degree of stretch for vanmakers.

Industry as a whole will need to improve efficiency levels by 5.3% to meet the 2030 targets. The greater performance improvement achieved for petrol cars over a similar period suggests that this is ambitious but achievable for vans without investing in new fuel types.

(Q8) The demand for EVs is currently high and manufacturer support is sustainable. The government should focus on support for home and public charging rather than VAT cuts or loan guarantees that are likely to be costly and ineffective.

There is no problem with low interest among private buyers *per se*. Instead private buyers who can do so have simply bought via their employer on a salary sacrifice deal and become classified under the misnomer of “fleet”. As well as this, discounts are not exceptional; data shows they are lower in real terms than in 2019, reflecting a return to normal competition after a period of heightened pricing power caused by the pandemic, inflation, and supply chain crises. Furthermore a rudimentary analysis of the data on EV discounts shows that the overall level of discounts given to petrol and diesel vehicles is at least twice as high.

It is welcome that the Government has begun emphasising the flexibilities in the legislation, which mean that the real industry-wide target for 2024 is 18%, not 22%. Carrying that forward into 2025, New AutoMotive modelling suggests that the real target will again be

below the headline 28%, at approximately 23.1%. The market share of battery electric cars registered over the last 6 months (from August through to January) has been 23.4%.

We oppose VAT cuts for private buyers, as they would likely increase margins, disproportionately benefit expensive car buyers, and encourage unnecessary upgrades. Any government grants should prioritise second-hand buyers, offering flat-rate amounts, and focus on affordable models. Loan guarantees also raise concerns, as they may also boost manufacturer margins, create moral hazards for dealerships, and severely complicate repossession in case of buyer defaults.

Instead we would support downstream support that helps to efficiently unlock demand without providing corporate welfare for the motor manufacturing industry. On charging we suggest fiscal incentives including a time-limited broadening of the EV home charger grant to include owner-occupiers purchasing second hand vehicles, which research has suggested to be the most effective consumer incentive that is not already available.

To increase EV adoption among those currently unable to charge at home, measures include:

Public charging:

- Restructure standing charges, which are based on peak power loads reached less than 5% of the time.
- Reduce VAT on public charging, which could be funded by small increases in Vehicle Excise Duty.
- Extend or repurpose the Renewable Transport Fuel Obligation to support renewable electricity in charging infrastructure, potentially cutting public charging costs by up to 50%.

Home charging:

- Expand the criteria for home chargepoints to qualify for permitted development, allowing installation closer to highways.
- Simplify permitting for cross-pavement solutions as done for chargepoint operators.
- Promote the use of standardised cross-pavement licence agreements for local authorities to streamline installation processes.
- Introduce a "right to plug" for the 10-15% of households in multi-occupancy buildings with shared parking, addressing the UK's lag behind other European markets.

Combined, these fiscally neutral policy measures will lift the ceiling on the potential population of EV buyers from a current 70% to a figure very close to 100%.

(Q9/Q10) Genuine small firms which produce fewer than 2,500 units each year and are unconnected to larger car making groups should remain outside the ban on petrol and diesel cars by 2030.

Current legislation exempts luxury brands owned by large multinationals from certain regulations, despite their ability to adopt plug-in battery technology, which will be wholly familiar by 2030. Firms like Maserati, Alfa Romeo (subsidiaries of Stellantis), and Lamborghini (part of Volkswagen) could leverage their parent companies' expertise and prepare for the 2035 petrol sales ban. The government should phase out waivers for small luxury brands within large groups and consult on applying all regulations to manufacturers selling over 2,500 vehicles as part of its 2026–2027 review.

(Q11) Similarly we continue to question the blanket exemption of all special purpose vehicles from the requirements of the emissions and registration schemes through to 2035.

Special purpose vehicles like hearses, wheelchair-accessible vehicles, and motor caravans can be decarbonised using plug-in technology already available in the 2020s. Rather than waiting for ICE base models to completely phase out, these SPVs should be exclusively zero-emission or plug-in hybrid/range-extended vehicles with a minimum 50-mile electric range from 2030, when made by a firm producing over 2,500 cars each year, whether on its own or as a corporate group. The government should also consider including these manufacturers in the vehicle emissions trading scheme as part of its upcoming regulatory review.

Part 2: Vehicle Emissions Trading Schemes Updates

(Q13) We do not favour extending the duration or breadth of the existing flexibilities

Allowing firms to transfer outperformance against CO2 targets to lower EV sales would reduce the number of EVs on the road, contradicting ministers' stated goal to maintain the number of EVs reaching the road. This would negatively impact the wider economy dependent on the switch, including investments and public and home chargepoint supply. Ministers must prioritise domestic infrastructure providers over overseas-based motor manufacturers. They must also avoid breaching carbon budgets – while sub-optimal EV use may place added pressure on the power system, inefficient combustion from ICE, HEV, and PHEV vehicles would make meeting targets more difficult. Extending borrowing would delay, not reduce, vehicle numbers and increase the risk of defaults. However a slight reduction in borrowing interest rates (e.g., to 2%) could offer time-limited relief to firms without significantly delaying EV market penetration.

(Q14) We would support a van-to-car transfer of excess van mandate credits to make meeting car targets easier, as well as transfers in the opposite direction.

Taking the average emissions of cars (167g/km) and vans (216g/km) in the existing regulation, a firm selling an additional electric van will have, mile-for-mile, displaced more emissions – and made more use of the charging network – than a firm selling an additional electric car. It therefore would be reasonable to argue for van outperformance to be transferred to car outperformance at a rate of $216/167 = 1.29$.

However, the main challenge for firms right now is a shortage of credits in the van market. Manufacturers could transfer electric car outperformance to the van market at the reverse exchange rate of $167/216 = 0.77$ van credits for each excess car sold. Our analysis suggests that this will both support decarbonisation and chargepoint operators, because car owners drive further, and therefore charge their cars more, and displace more greenhouse gas emissions in total.

(Q15) We do not see a need for other flexibilities for cars and vans. All the ideas proposed would ultimately lower the volume of EVs reaching the roads.

Extra credits for EVs produced in the UK, or credits for exporting EVs would be welcomed by some, but aside from questions about legality (no such system appears to exist elsewhere), it would weaken the mandate overall and leave fewer EVs on UK roads, with knock-on impacts for investors and infrastructure providers. Trying to compensate by giving fewer credits for vehicles imported to the UK would mean higher targets for overseas manufacturers, and a risk of their walking away from the UK market altogether.

This approach risks distorting the EV market, leading to overpriced, uncompetitive domestic models that consumers don't want while limiting access to the vehicles they do. The UK's free trade and strong regulation approach has been more effective than the EU's, encouraging competition and engagement with the switch. Despite no tariffs, Chinese manufacturers' market share in the UK has declined as they must compete for sales. In contrast, EU tariffs have not stopped Chinese brands from gaining ground, as domestic manufacturers, having already met targets, lack incentives to price battery electric cars competitively.

(Q16) We support allowing manufacturers to retain the original Utility Factors in 2026, to enable them to continue to transfer CO2 outperformance against the ZEV mandate on the terms which they expected to apply when Government consulted and made regulations in 2023.

However, extending the use of optimistic utility factors for firms into 2027 and 2028 offers limited value. New AutoMotive's modelling shows that while a few firms might need to buy credits due to CO2 scheme deficits, the overall credit surplus would make compliance very low-cost. If the government extends the ability to transfer outperformance on ICE vehicles into the ZEV mandate beyond 2026, it must not also extend flexibility on utility factors. Doing so would flood the mandate with easy-to-earn CO2 credits, reducing the number of zero-emission vehicles reaching the road and severely undermining the UK's transition, damaging investor confidence and pushing infrastructure providers to the brink of failure.

(Q17) We do not have any objections to the proposal to allow UK derived or EU derived WLTP reference targets to apply.

However the Government must publish these targets as the EU does. Its failure to do so has allowed misinformation to flourish, undermining public confidence and misleading media organisations. It is essential that the Government learn from the mis-steps of 2024 implementation and provide open data to allow third parties and the public to understand the success of the mandate rather than be led astray by the tall stories of crisis and disaster being peddled by some entrenched industry interests.