Decarbonise Now response – Zero Emission Vehicle Mandate Review

Decarbonise Now is an entirely volunteer led climate change campaign which aims to promote and investigate the specific policies needed to decarbonise the UK as quickly as possible. It has a particular focus currently on low carbon transport.

Overview and key messages

Decarbonise Now is strongly opposed to the further changes proposed to the ZEV mandate, both for cars and vans. This includes both a weakening of the 2030 targets, and an increase and extension of flexibilities for car manufacturers. The ZEV mandate is already insufficient to keep the UK to its legally binding Carbon Budgets, with a further weakening jeopardising investment in the future market of electric vehicles, and the UK losing ground to international competitors.

While it is understood the vehicle market is more volatile and unpredictable due to current global events, the speed at which the industry has grown, the investment channelled into it, and the tipping point of cost parity for many EVs means the unpredictability in the market may also result in a much more positive outcome for electric vehicles. The war in Iran makes the running costs for electric vehicles considerably less expensive the conventional vehicles, and the change in position to the UK car industry for the Made in Europe initiative since this consultation was published is already showing a more positive direction of travel.

The government must stay the course on the ZEV mandate, and not weaken it further. Further policies and innovation to help the industry should not be discounted, and indeed, further work in this area should be the primary route for helping the industry meet a Net Zero future.

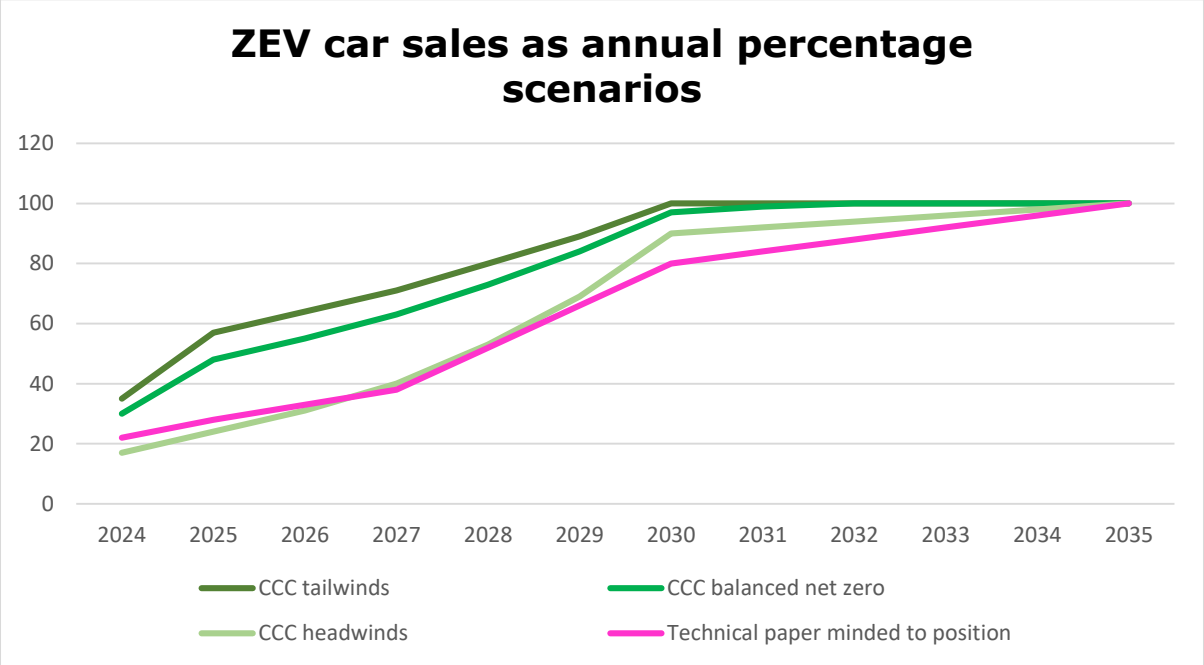
Question 1: Do you think any change is required to the current ZEV Mandate trajectory for cars?

No.

The ZEV is secondary legislation directly from the Climate Change Act 2008. The same Act was amended to include a legally binding commitment to Net Zero greenhouse gas emissions by 2050. These will be met via five-year Carbon Budgets, advised by the Climate Change Committee (CCC) and passed by Parliament, all stipulations of the Act. The Sixth Carbon Budget from 2033-2037 is the first such budget passed to take into account Net Zero, and the CCC has published its advice on the Seventh Carbon Budget in the years since.

This is critical, because the CCC's Balanced Pathway is already misaligned with the original ZEV mandate targets and goals, namely for approximately 100% of

all car sales to be fully electric by 2030 (see Figure 1). This does not include many of the original flexibilities, or the extension of those flexibilities. This matters, because in order to remain within the law laid down by Carbon Budgets, bigger cuts would be needed in other areas of the economy, such as electricity generation, heating, and manufacturing. There is currently no evidence from government policies in these other areas that this shortfall is being made up for elsewhere. Indeed, given the 'spark gap' of higher electricity prices relative to gas in the heating sector and large parts of the industrial sector, the transport sector, it can be argued, is a more vital sector to make up for emission cut shortfalls, rather than the other way around.



Essentially, the ZEV mandate or an equivalent policy to drive uptake of zero emission vehicles, is an essential part of keeping the UK government within the legal remit of the Climate Change Act, and breaching this remit could result in legal consequences later in the 2030s. Based on the *existing* ZEV mandate, together with its flexibilities, this is not adequately ensuring ZEVs reach the required market potential, and needs mitigation. On a climate basis alone, based on the existing law, a weakening of the ZEV mandate would be highly inadequate.

While it is clear that the revision of the ZEV mandate is not being done for the purpose of weakening climate policy, the base case for the industry struggling to meet the mandate may also have some questionable elements. The consultation document correctly spends much of its length detailing much of the progress in expanding the ZEV market, the billions of pounds that have gone into production, consumer demand and acceptance, and many more areas. But on the evolving context and international circumstances, while it is understandable that international markets have become much more unpredictable, at time of writing the consultation the consequences of this are still unpredictable and unclear.

France has recently confirmed the country will drop its plans to shut out the UK car sector from the European Union's Made in Europe policy, effectively nullifying the issue ahead of the Prime Minister's UK-EU summit in November. While it is perfectly true there is volatility in the international market, the international frameworks mentioned for ZEV demand have not actually shifted substantially in response. The European Union maintains its equivalent target of 60% of ZEV sales by 2030, making the 50% option presented in the consultation paper uncompetitive with the EU and a lower overall standard. Consumer demand for ZEVs has been measurably increasing across the European Union, with many member countries outpacing the UK. 12 EU countries have had higher demand for ZEVs in August 2026 than the UK. Equally, ZEV demand remains high in non-EU countries such as Norway and Iceland, and China remains one of the largest proportional markets of demand for ZEVs and by far the largest in absolute numbers. Therefore, the only major market with a noticeable decline is the USA, which represented 15% of UK car exports in 2025, compared to the combined 63% of the EU and China. While the impacts of global changes should not be understated, equally the view that global markets are somehow retreating from ZEVs is not borne out by the current international policy landscape.

Supply chain and production costs have indeed increased, but at the same time the economics of EVs is being rebalanced by battery costs continuing to fall, and operating costs of conventional vehicles being up to nine times higher in the face of the Iran war and the blockage of the Strait of Hormuz. As with international markets, the points around manufacturing and supply chains are volatile, and there are also positive factors like these that are rapidly evolving and not taken adequately into account by the consultation document. A jump in UK manufacturing of ZEVs is expected in 2027, which much of the investment new plant and supply chain anticipated. This is borne out by a jump to approximately 35% of car sales being ZEVs in 2027 across the four alterative uptake scenarios presented in the consultation document. Given the pattern of S curve growth, immediate manufacturing seems secure to meet demand.

On consumer demand, as above this will be affected by higher global oil prices, and the particular strain on UK diesel imports may accelerate the transition in to ZEVs in that area. The consultation document notes that there are a limited number of independent forecasts available for ZEV demand. This must be a key factor to rectify, as without it much of the data will come directly from automotive companies, who may have very different projections depending on their own market base and market assumptions. With the capital cost of a new ZEV close to reaching parity with existing vehicles, it is also entirely possible consumer demand may be imminently about to reach a positive tipping point, just as the mandate is being reviewed.

If ZEVs reach lower upfront costs than conventional vehicles towards 2030, this may have a dramatic effect on consumer demand, leading to the same S curve growth projected. Wider macroeconomic costs such as the war in Ukraine, later volatility in the Middle East, and the change of policy towards ZEVs in the USA, by the same token as the arguments made in the consultation document, were also obviously not accounted for in the original projections for ZEV growth. There

are therefore possible indications here that the trajectory has been delayed, rather fundamentally changed. A majority of the UK public continue to support the transition to ZEVs, have positive attitudes to ZEVs, and a positive view of Net Zero generally, despite a noted downturn in positive coverage by sections of the media in recent years.

While it is indeed correct that some major manufacturers have downgraded their ZEV targets for 2030, it is a fact that many still remain high. BMW has maintained its wider regional targets, Volkswagen remains on track for its own targets as of 2026, and other manufactures such as Nissan have downgraded their targets rather than abandoning them.

As with the original consultation, the ZEV mandate must be instrumental in galvanising demand beyond existing manufacturer plans, or else it cannot be a driver of additional production and demand. It is also essential to avoid both further undermining in the future, and for similar government policies. If the ZEV mandate can be reviewed based on evidence brought forward by the private sector, it can be viewed as self-governance by private companies, and not policy driven by government. This can create an unstable and wider precedent for policies more broadly.

On hybrid vehicles, despite market shifts, the facts have not changed. As the consultation document notes, Plug in Hybrid Electric Vehicles (PHEVs) are highly overestimated for their carbon dioxide emission savings, and the data collected, despite efforts, remains unreliable. Decarbonise Now has not shifted its view that all forms of hybrid vehicles under the ZEV mandate targets or linked policies should be minimised to the maximum extent. As with other vehicles, hybrid vehicles can remain on the roads for up to 10-15 years, reducing the effectiveness of greenhouse gas reduction indicatives and diluting the effectiveness of the ZEV mandate as a policy.

Question 2: What are your views on the current ZEV Mandate car trajectory, and the four alternative car trajectories presented? Which, if any, is your preference?

See Question 1. Decarbonise Now does not support changes to the current ZEV mandate car trajectory. If changes were to be made, Option 4 would be the best option, despite the flexibilities involved, due to the highest carbon dioxide reductions. Option 1 would also have the advantage of fewer flexibilities, thereby making it clearer the actual number of ZEVs in the car fleet by select dates. Nevertheless, changes should not be made to the mandate, and these options should not be pursued.

Question 4: Do you have views on whether an extension of the current flexibilities beyond 2030 should accompany a change in the headline trajectory for cars?

The flexibilities for the ZEV mandate were made to be transitional for the first three years of the scheme. The fact these have already been expanded is weakening the scheme, as well as the confidence that cars sold in future years will genuinely be ZEVs, and not just lower emission conventional or hybrid

vehicles. The market for ZEVs cannot grow effectively if it is artificially suppressed by mass flexibilities used through the scheme. Therefore, Decarbonise Now does not support extended the current flexibilities further.

Question 5: Do you think any change is required to the current ZEV Mandate trajectory for vans?

As with Questions 1 and 2 for cars, Decarbonise Now does not support change to the current ZEV mandate trajectory for vans. While it is to be recognised the additional difficulties the van market has faced, and that sales are further off the mandate trajectory than cars, the potential for faster change in the van market as opposed to cars should not discounted. This is largely because of larger number of vans being owned as parts of fleets, and fleet vehicles may be more likely to respond to changes in running costs, as will have now happened due to the Hormuz crisis. Further evidence should be collected in this area before a decision is made on this part of the mandate.

Question 6: What are your views on the current ZEV Mandate van trajectory, and the four alternative van trajectories presented? Which, if any, is your preference?

See Question 5. Decarbonise Now does not support changes to the current ZEV mandate van trajectory.

Question 8: Do you have views on whether an extension of the current flexibilities beyond 2030 should accompany a change in the headline trajectory for vans?

As above for cars in Question 4. Decarbonise Now does not support further extensions of flexibilities for vans under the ZEV mandate.

Question 9: What are your views on extending the CO_2 conversion flexibility to 2034?

The CO_2 conversion should not be extended beyond 2029. The primary purpose of the ZEV mandate is to build a market for ZEVs, which is undercut further by using allowance for non-ZEV vehicles. Extending the conversion, especially this late when ZEVs will be being produced and sold in such high numbers, will undercut the market, and should be avoided.

Question 10: What are your views on whether the flexibility should remain capped?

The flexibility must remain capped, in order to build out the market sufficiently for ZEVs.

Question 11: What are your views on what caps (if any) should apply from 2029-2034?

No CO_2 conversion should apply from 2029-2034. If it were to be introduced, it should be subject to caps.

Question 12: Are there other amendments to the CO_2 conversion flexibility the UK and Devolved Governments should consider?

The UK and Devolved Governments should make no changes to the conversion flexibility.

Question 13: What are your views on the effectiveness of the existing flexibilities, and how could the borrowing, banking and bidirectional transfer flexibilities post- 2029 be designed to enable multiple compliance pathways?

The borrowing, banking, and bidirectional transfer flexibilities should not be extended post-2029.

Question 14: Should any further flexibilities be considered? Please explain your answer including any supporting evidence.

No further flexibilities should be considered.

Question 20: What are your views, if any, on whether compliance payments should remain at current levels?

Compliance payments should remain at current levels.

Question 23: How can the UK and Devolved Governments encourage EV driving among PHEV users and support charging behaviours?

As in relation to Question 1, Decarbonise Now strongly urges the lowest use of PHEVs as possible, as emission cuts from these vehicles are very unreliable. The strongest form of encouraging electric driving is encouraging consumer uptake of ZEVs in the first place.

Question 27: How could the UK government respond to the Industrial Accelerator Act provisions relating to EVs?

Given the recent announcement of France's intention to drop opposition to the UK car industry being involved in the Made in Europe process, this issue is now most likely defunct.

Question 28: What are your views on the effectiveness of current measures to support EV uptake? What if any additional measures should be introduced to support more rapid EV uptake?

Current measures are an important framework, and definitely are instrumental in increasing the base of ZEV demand. However, speed and quality of the transition should increase going forward. Of real concern is, despite rapid and recent progress, how concentrated the market remains on fleet vehicles and company cars. More interventionist measures into the second hand market to increase wider public access to ZEVs is one such area more action will need to be taken. Equally, scrappage schemes have been floated by the CCC and others as a short term way to increase the changeover in the car fleet, and reduce the issue of conventional vehicles remaining on roads for 10-15 years. Further public funding will, of course, remain desirable, but must be targeted as effectively as possible. It must also be examined with a layer of realism in a constrained fiscal environment. Offers to boost the economies of scale of fleet vehicles may help increase uptake and bring demand down further. Targeted support to vulnerable

parts of the supply chain, or incentives to invest in bottlenecks, may stabilise and future proof essential parts of the manufacturing process for ZEVs. Innovative finance is an area where further rollout could be accelerated, in particular initiatives from the Green Finance Institute in this space. Further crossover with the electricity supply sector should be explored, given the rapid changes underway, the possibilities involved for flexibility, and the strong incentive to manage electricity demand more efficiently.

Question 29: Please provide any evidence on the air quality impacts from the transition to electrified road transport, including health, environmental and cost impacts.

ZEVs have a quantifiable impact on reducing air pollution due to a lack of exhaust emissions. Of remaining particulate emissions from areas such as brakes and tyre dust, these will vary depending on the vehicle, but can reduce these by a range of 6-42%. Defra has published extensively on this topic, and the UK Health Expert Advisory Group was convened by the CCC in 2020 to investigate the public health impacts of transitioning to Net Zero. These findings are positive for the impacts of switching to ZEVs, and have been used in subsequent reports by the CCC.

Question 41: Do you agree or disagree with the proposal to require all new non-plug-in hybrid cars sold from 2030 meet the UNECE NOVC-HEV Category 2 definition?

The definition is splitting small differences on vehicles that cannot be realistically considered electric vehicles in the strictest sense. Most HEV models have, at most, sufficient power to drive for 1-2 miles before need to switch back to internal combustion engines, and the involvement of HEVs further undermines the ZEV mandate and reduces its effectiveness as a climate change mitigation measure.

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