Response to the Vehicle Technology and Aviation Bill Committee

20th March 2017

1. Introduction

1.1. Autogas Ltd, the joint venture between Shell and Calor and largest supplier of LPG automotive fuel in the UK, welcomes the opportunity to feed views into the Public Bill Committee for the Vehicle Technology and Aviation Bill.

1.2. There are a number of practical obstacles that will prevent the widespread adoption of electric vehicles in the short to medium term, particularly in certain segments of the road vehicle market such as vans and taxis. These include both prohibitive upfront purchasing costs as well as wider concerns regarding limited capacity on the electricity network.

1.3. As asserted by several MPs at the Bill’s Second Reading, the Government must consider the role of transitional low emission road fuels ahead of the widespread uptake of electric vehicles. LPG was one of the alternative fuels mentioned in the debate and this is because it is:

- Already served by an established refuelling infrastructure;
- Affordable, both in terms of upfront and ongoing costs; and,
- Particularly well-suited for drastically reducing harmful emissions from tricky-to-tackle road sectors such as the van and taxi markets.

1.4. In light of these benefits, Autogas Ltd, in conjunction with Shell and Calor, have been calling on the Government to promote the use of LPG as part of the mosaic of alternative fuels available to customers. We are therefore urging policymakers to be technology neutral in their approach to the Vehicle Technology and Aviation Bill and consider amendments that would promote a wider range of low emission vehicle technologies. Below we suggest one such amendment.

1.5. We also comment on Clause 9 of the Bill.

2. Alternative Fuels Framework – suggestion for a new Clause

2.1. The Government is currently funding projects utilising LPG including the conversion of more than 60 black cabs in Birmingham. However, the real game changer for LPG and significant acceleration in reducing emissions from vehicle segments such as taxis and vans will come if Government can help foster the availability of LPG models in the UK market.

2.2. One simple mechanism that would provide confidence and certainty in the future LPG market, and thus encourage OEMs to bring LPG models to the UK, is the removal of the fuel duty escalator for LPG.

2.3. In 2003, a decision was taken by the DfT and HM Treasury to introduce a fuel duty escalator for LPG, whereby the fuel duty differential on LPG versus petrol and diesel reduces by 1 penny each year. Though the escalator has never been applied, and fuel duty remains frozen for the 7th year, the presence of the escalator has acted as a brake on OEMs supplying LPG vehicles on the UK market, as well as damaging the confidence of vehicle operators who are led to believe fuel costs will increase over time.
2.4. The removal of the fuel duty escalator would send a positive signal to both industry and vehicle operators, leading to greater uptake of LPG vehicles and incentivising OEMs to produce LPG vehicles for the UK market.

2.5. We are thus proposing the introduction of an additional clause to the Vehicle Technology and Aviation Bill:

(1) The Minister must, within the period of 3 months beginning with the day on which this Act is passed, conduct a review of the 2003 Alternative Fuels Framework.

(2) The objective of the review mentioned in subsection (1) shall be to identify the key factors determining the approach to taxing road fuel gases based on their up to date environmental properties.

(3) The Minister must—

(a) lay a copy of the report before Parliament, and

(b) publish the report in such a manner as the Minister considers appropriate.

(4) The report shall be laid before Parliament not more than 6 months beginning with the date on which this Act is passed.

3. Clause 9 – Large fuel retailers etc: provision of public charging points

3.1. Autogas Ltd are urging policymakers to consider the practicalities of implementing Clause 9, which will require large fuel retailers and service area operators to provide public charging points. Some refuelling stations, particularly those located at motorway services, are served by limited electricity infrastructure. The infrastructure will therefore need to be upgraded to accommodate additional charge points at a significant cost to the operator. It is therefore unrealistic to force private sector operators to install charging points for electric vehicles across all sites.

3.2. Conversely, the refuelling infrastructure for other low emission fuels is already in place. By way of example, drivers of LPG vehicles are served by a network of approximately 1,400 refuelling points, which can be expanded at no cost to the taxpayer as demand grows.