

# Written evidence from Volkswagen Group (ELV0123)

## VOLKSWAGEN GROUP UNITED KINGDOM LIMITED RESPONSE TO THE CALL FOR EVIDENCE IN RELATION TO THE INQUIRY ON ELECTRIC VEHICLES

SEPTEMBER 2023

### Introduction

Volkswagen Group United Kingdom Limited is a wholly owned subsidiary of VOLKSWAGEN AG, and is the importer of Volkswagen, Audi, SEAT, ŠKODA, CUPRA passenger cars and Volkswagen commercial vehicles. Volkswagen Group United Kingdom Limited welcomes the opportunity to respond to selected questions in the call for evidence in relation to the inquiry on Electric Vehicles.

The company directly employs approximately 900 people in the UK, and approximately 25,000 more in its associated businesses which include retail networks, logistics, customer services and financial services. Volkswagen Group UK brands hold over 22% of the passenger car market share and a similar share of the BEV passenger car market share. The annual net turnover is in the region of £10bn.

VOLKSWAGEN AG was the first major automotive company to commit itself to the aims of the Paris Climate Agreement and has developed a group wide decarbonisation programme for this purpose. The company aims to make itself balance sheet CO<sub>2</sub> neutral latest by 2050. In April 2022 the Science Based Targets initiative (SBTi) has scientifically reviewed and upgraded the ambition of Volkswagen Group's emissions reduction targets in production. Volkswagen's SBTi ambition level thus rises from "below 2 degrees" global warming to "1.5 degrees" for its scope 1 (internal operations) and scope 2 (energy supply) emissions.

VOLKSWAGEN AG has launched the most comprehensive electrification initiative in the global automotive industry and is unreservedly committed to the introduction of e-mobility. The company will have around 50 fully electric models in the market by 2030. The company will invest around €120 billion in digitalization and electrification until 2027 including in regions worldwide. We have the ambition for ca. 20% of our global deliveries to be BEVs by 2025 and more than 50% by 2030. There are around 15 vehicles in the UK market today including for example the well-known Volkswagen brand ID.3, 4 and 5 as well as the ID. Buzz, ŠKODA Enyaq i.V., CUPRA Born as well as the Audi Q4 and Q8 e-tron.

VOLKSWAGEN AG is responding to selected questions or question areas with focus on political and regulatory aspects addressing the UK's ambitious plan of a carbon neutral and zero emission vehicle-based transport sector. The choice of questions should not lead to the conclusion that other question areas are not equally relevant in the debate or the transition to e-mobility.

## **Government approaches**

- 1. What are the main obstacles to the achievement of the Government's 2030 and 2035 phaseout dates? Are the phase-out dates realistic and achievable? If not, what steps should the Government take to make the phase-out dates achievable?*
- 2. Do the 2030 and 2035 phase-out dates serve their purpose to incentivise the development of an EV market in the UK? To what extent are car makers focusing on one date or the other? What are the impacts of the deadlines on the ability of the UK EV industry? Would the introduction of a plan with key dates and timescales support the development of the EV industry in the UK?*
- 3. What specific national policies, regulations or initiatives have been successful, or have hindered, EV adoption to date? Are these policies or initiatives fit for purpose?*

VOLKSWAGEN AG has consistently supported Government's transport decarbonisation objectives. The transition to e-mobility is required and has become irreversible for the decarbonisation of the transport sector.

We support the anticipated clear regulatory approach making the decarbonisation journey a reality. A regulatory approach including the intention to establish a ZEV-only mandate for pure electric vehicles as new lead regulation and to use the CO<sub>2</sub> regulation as an emission backstop for the remaining, not pure electric, fleet is welcome.

A consistent regulatory approach for the period beyond 2030 and until 2035 is necessary and gives continuity, supports customer confidence and choices, and reduces regulatory complexity. The ban of pure ICE in 2030 was unnecessary and an additional burden whilst also reducing consumer choice. Therefore, we support the deletion of the proposed SZEC mandate starting in 2030.

We now urgently need a clear and reliable regulatory framework which creates market certainty and consumer confidence and will enable us to validate our sales plans in the coming years.

Overall, we remain of the strong view that technologies using electricity should be the only technologies supported by government and in regulatory approaches allowing for the fastest decarbonisation transition. The prerequisite for the decarbonisation of the transport sector is the availability and adoption of green electricity for passenger cars, light commercial vehicles, and heavy-duty vehicles. The usage of and support for fossil-based energy, mostly liquid fossil fuels, should be limited, reduced, and replaced by green electricity.

In line with the ZEV mandate requirements, Government should set ambitious and binding targets not only for car manufacturers but also for infrastructure development for rolling out EV charging infrastructure for both cars and vans whilst also implementing sensible incentives to ensure the direction of travel. Government should commit to acting swiftly and decisively should these infrastructure targets not be achieved.

Overall, the DfT presented an ambitious but reasonable regulatory proposal. We will review the final regulatory proposals when available. It is very important to quickly progress and finalise the legislative process in order to provide certainty for all stakeholders, manufacturers, customers, and the entire market about the requirements starting in 2024.

## **Experience of using an EV**

*18. What are the main challenges that UK consumers face in their use of EVs?*

There are valid concerns about the current EV market and consumer confidence in EVs. We have always been clear that the prerequisite to achieve ambitious ZEV sales targets is a supporting EV ecosystem, including reasonable incentives and as a priority, a comprehensive, interoperable, and integrated charging infrastructure network across the whole of the UK. High Power charging along motorway and major trunk roads, charging solutions in metropolitan areas with limited off-street parking, destination locations, rural areas and at home and in the workplace need to be implemented.

Charging anxiety remains one of the prime customer concerns: EV infrastructure rollout must be linked to the future ZEV mandate trajectories. Owning and using an electric vehicle must be convincing and effortless for customers.

## **International perspectives**

*34. What are the successful approaches to the rollout and uptake of EVs in other countries, and what can the UK learn from these cases?*

The prerequisite to achieve ambitious ZEV sales targets across the whole of the UK is a supporting EV ecosystem, including, reasonable incentives and as a priority, a comprehensive, interoperable, and integrated charging infrastructure network. EV infrastructure roll-out and the future ZEV mandate trajectories should be linked in a way that the ZEV mandate trajectories form the basis for binding and similarly ambitious targets for EV infrastructure roll-out. We strongly suggest to adopt a similar approach to the EU Alternative Fuel Infrastructure Regulation.