



## Society of the Irish Motor Industry

Meeting of the Joint Committee on Communications, Climate Action and Environment on Tuesday, 20 June 2017:

- **Decarbonising Transport – the key role of alternative fuels and technologies, including Electric Vehicles**

### S.I.M.I.

The Society of the Irish Motor Industry (SIMI) welcomes the opportunity to make comments on the above report. The SIMI is the trade association and representative body of some 1,200 member companies whose business includes the distribution, retailing, repair and maintenance of motor vehicles and their components. The Motor Industry currently employs over 40,000 people in Ireland.

SIMI, and the Motor Industry that we represent, strongly supports the development of considered and balanced environmental strategies that can help deliver in terms of lower CO<sub>2</sub>, better air quality and more sustainable transport. As the potential deliverers of technological solutions in this regard, our Industry welcomes the opportunity to make submissions, such as this, and to be actively engaged as a key and constructive stakeholder going forward. Indeed beyond the technological aspect of our role, our understanding of behaviour and the potential impact of fiscal and other measures on vehicle purchase or usage decisions may also be of assistance in the development of strategies that can deliver the desired results while reducing the potential for damaging or unhelpful consequences that were unintended.

As an Industry we have been and remain hugely committed to the roll-out of electric cars and indeed commercial vehicles, our Industry even here in Ireland having invested millions of Euros to date on the project. But with all of the excitement in relation to the Electric car project we would wish to ensure that we retain a focus on working to reduce our carbon emissions while we roll-out the EV project.

The roll-out of Electric Cars and Hybrid Electric Cars, both Plug-in and Conventional Hybrids is a hugely important project for the Environment for the State and for the Motor Industry. For our Industry not only are we the providers of the technological solutions, but for our Industry there is no future unless it is a sustainable future. Without a significant number of

Zero Emissions cars on the roads Ireland will struggle to deliver on our legally binding commitments for 2030.

So far to date we have around 2,200 fully electric cars registered on the roads in Ireland and around 17,500 Hybrid cars which is about 1% of the car fleet. So far this year 559 fully Electric Cars (374 new and 185 imported used electric cars) have been registered compared to 454 for the whole of last year, an increase of 23%, which is positive, however only accounts for a 0.41% share of the new car market (.6% if imported EVs are included).

We are at a very important point in this project we can, if we can focus our policies, take advantage of a consumer market place that is far more accepting of the electric car option for their normal private transport needs. The experience of countries which have had success in adding significant numbers of electric vehicles to national fleets is that there is no single measure which works in isolation. We already have strong supports for EVs in terms of grants and VRT reliefs. Additional measures that should be given consideration include:

- **Reduced Benefit-in-Kind for Alternative Fuel Vehicles:** For EVs this should be 0% for a period of time, initially up to 2021 to coincide with the current VRT supports (A minimum of three years in line with the normal purchase cycle). This could act as a new landmark or 'marquee' benefit that should help to create a degree of excitement and interest that could lift EV sales to a new level
- **Fleet Renewal Scheme for Taxis:** This would be very effective in major urban centres. The level of incentive needs to be significantly higher than previous fleet renewal schemes, it would be very targeted and as the potential number of vehicles that can avail of this scheme is very limited, the total cost can be easily estimated and controlled.
- **Support for car-sharing schemes:** Where these are based on electric vehicles.
- **Free car parking for electric vehicles:** At spaces allocated for EVs in designated City Centre locations and at train stations, airports.
- **Free or reduced tolls for electric vehicles:** Including free use of the West Link, East Link and the Dublin Port Tunnel during peak traffic hours.
- **Use of appropriately selected designated bus lanes:** Until such time as the number of EV's has reached a level that is high enough and the measure can be withdrawn.
- **State Vehicles / Public Transport:** Reviewing ways in which appropriate sections of State and Local Government fleets (including busses, local authority fleets and state vehicles) may be replaced with electric vehicles.
- **Charging Infrastructure:**  
What is needed is continued strong support in the development of the recharging infrastructure:
  - At Home,

- At work
- At Hotels, Restaurants and Filling Stations etc
- On Street
- At intermediate locations on the National Roads Network

These must include a strong fast charging Network with multi charging points to ensure capacity is not compromised as the number of EVs increases. The supports currently available for home and business charge points need to be continued and any uncertainty regarding the future ownership of the Ecars Charging Network needs to be resolved as a matter of urgency to ensure that necessary ongoing investment is not compromised.

**Continue Current Fiscal Supports:** for EVs and for Hybrid cars which are a stepping-stone into full EVs need to be continued.

### **The importance of the role of supportive Local Authorities in improving the value proposition for EVs cannot be overstated:**

Norway has been the most successful country in relation to delivering a significant portion of the new car market for fully electric cars, totalling 23.5% of new car sales in 2016 and reaching 37% for the month of January 2017. Although Norway is a very wealthy country with significant oil revenues to invest in such a valuable environmental strategy, it can be equally argued that they have better understood consumer behaviour and have identified key factors designed to win-over consumers to the new technology.

It is clearly about identifying both the strengths (environmental and cost benefits and enjoyable driving experience) and potential resistance factors (anxieties on range/future value/replacement battery cost/potential obsolescence) and setting out to increase the perceived value proposition (for the relative cost of the car) for the consumer, through a mix of fiscal and softer incentives from Urban Authorities to make the offering very attractive.

In this the role of supportive Local Authorities cannot be overstated for without their support in relation to free parking, free tolls, access to restricted traffic areas and to use bus lanes EVs would not have seen the rate of growth that they have experienced. In Ireland, while other local Authorities such as Waterford, Cork, Kilkenny and Limerick have been very active in this regard, Dublin City Council has not been an active, strong supporter of the EV project to the degree that will be needed if we are to replicate the success of the Norwegian experience.

**Policies to encourage take-up of Electric Cars need to be supported by parallel policies to reduce CO<sub>2</sub> emissions from the current combustion engine vehicles at least in the short to medium term.**

There were 2.625 Million Vehicles on the road in 2016 including 2.027 Million Cars. This year we will register around 130,000 new cars which represents 6.4% of the total car fleet. It would, at this rate, take 16 years to replace the entire fleet and at that stage the earliest replacement cars would of course be then 16 years old. So far, in 2017 (16<sup>th</sup> June), 372 fully Electric new Cars have been registered, which equates to 0.41% of new car sales and 0.018% of the national car fleet. If there were to be a tenfold increase in EV sales (5,330 cars in a full year) that would still represent just 0.18% replacement of the National Car Fleet. Even when we achieve 100 times the current level of new EV sales in a year, this will represent 41% of the new car market (53,300 new Electric Cars at current Annual sales levels) and some 2.6% of the National Car fleet. It would take 38 years of sales at this level to replace the current fleet of cars. Of course the process will be progressive and will continue to move toward 100% of the market for Zero Emission alternative fuel vehicles, not all of which may be Electric Vehicles.

The point worth making here is not to suggest that this is an impossible task or that it is not worth delivering on, quite the opposite, we have to deliver on this project. But we cannot lose sight of the huge challenge in reducing CO<sub>2</sub> and improving air quality in the meantime. While we are making progress in relation to EVs we also need to ensure that the most environmentally damaging vehicles on our roads are replaced by significantly better ones. EVs will not be the natural replacements, in the immediate term, for many of these vehicles that are currently used to cover longer distance journeys. Such cars will most likely be replaced by petrol, diesel or hybrid cars, at least in the short-term. The CO<sub>2</sub> performance of diesel cars tends to be better than equivalent petrol vehicles while hybrids tend to deliver best on CO<sub>2</sub> in urban situations where they can benefit from regeneration of energy during frequent braking. Policies to encourage take-up of Electric Cars need to be supported by parallel policies to reduce CO<sub>2</sub> emissions from the current combustion engine vehicles at least in the short to medium term.

In 1995 the average new car emitted 180g per Km which had reduced to 167g per Km by 2007, a reduction of 7% over 12 years. In 2009, the first full year of the CO<sub>2</sub> based VRT and Road Tax the average CO<sub>2</sub> had reduced to 142g per KM and each year since has seen a steady reduction in the average CO<sub>2</sub> emissions per new car to reach 112g per Km in 2016.

This reduction in average new car CO<sub>2</sub> by 55g per Km since 2007 represents a 33% reduction over 10 years and is based entirely on the move to environmentally focused VRT and Road Tax based on CO<sub>2</sub> emission. This should be seen as a huge environmental policy success by the State, that we can learn from and build-on for the future.

An ESRI report in 2010 stated that these projected reductions in CO<sub>2</sub> *offset the projected increase in vehicle kilometres travelled and that without the tax reform of 2008 CO<sub>2</sub> emissions would be almost one million tonnes higher in 2025*<sup>1</sup>.

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<sup>1</sup> The Impact of Climate Policy on Private Car Ownership in Ireland Hugh Hennessy and Richard S.J. Tola, ESRI Working Paper No. 342. 2010

While we in Ireland have benefitted from the fact that our diesel surge has been recent with 56% of the fleet having been fitted with diesel particle filters (DPF). Indeed in the proposals for a Low Emissions Zone in London Euro 6 Diesel cars are included as Low Emitting and are allowed access without charge. With the older diesels on the fleet and imported used older diesels we still have 431,000 diesels that predate DPF technology. If there is a desire to take action to reduce the harmful impact of diesel emissions it would appear to make more sense to reduce the number of such older cars through replacement including the potential for some form of scrappage scheme and to improve those on the roads through stricter emissions compliance requirements to ensure that they perform environmentally as well as they can. Such a stricter testing regime could also be used to detect the removal of DPFs from newer cars.

**A key to improving the environmental performance of motoring in Ireland will be the renewal of Ireland's car fleet by a return to normal replacement levels of new cars and the maintenance and upkeep of the 2.5million vehicles that are currently on the road.**

In order to ensure that we can continue to replace older more damaging cars with newer lower emitting cars, it is important in the current economic climate that we do not have any damaging tax changes that will impact negatively on vehicle replacement:

- **No increases in VRT, Road Tax or fuel duties, nor should there be any changes to the structure of these taxes:**

With a decreasing new car market, increased business risk and political uncertainty associated with BREXIT, and the forthcoming changes to emissions testing, now is not the time to change these taxes. Any changes that have the potential to upset the current market equilibrium could lead to a "residual value crisis", such as happened in 2008, which would increase the cost to change, thus slowing down the level of replacement. This would undermine employment and businesses in the Industry, reduce tax revenues and have damaging environmental consequences. There should be a strategic review of such taxes with the Industry in the context of the changes to the Vehicle Emissions Testing regime.