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# Electric Vehicle Round-up

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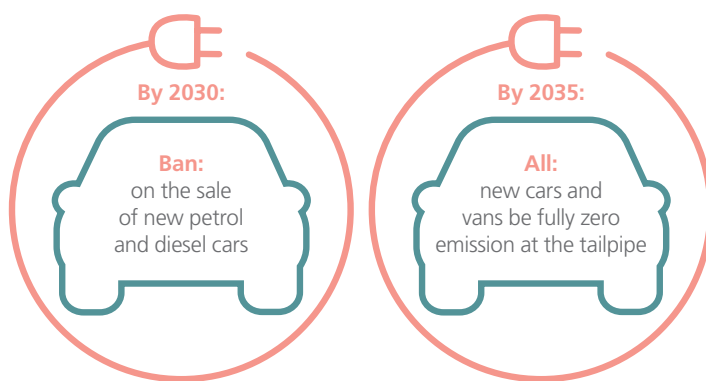
# Spotlight: Political support and action drives the EV transition forward

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## Ban on new petrol and diesel cars brought forward to 2030

Q4 of 2020 saw the Government issue a raft of policies in support of the UK's low-carbon transition, with the electrification of transport being fundamental to this green shift. One of the most headline grabbing developments was the move to [end the sale of new petrol and diesel cars in the UK by 2030](#) (brought forward from 2035) in November 2020, putting the UK on course to be the fastest G7 country to decarbonise its cars and vans.

A detailed delivery plan and consultation on the meaning of "significant zero emission capability" is expected in 2021 and for now, the Government has set out its high-level two-phased approach where:

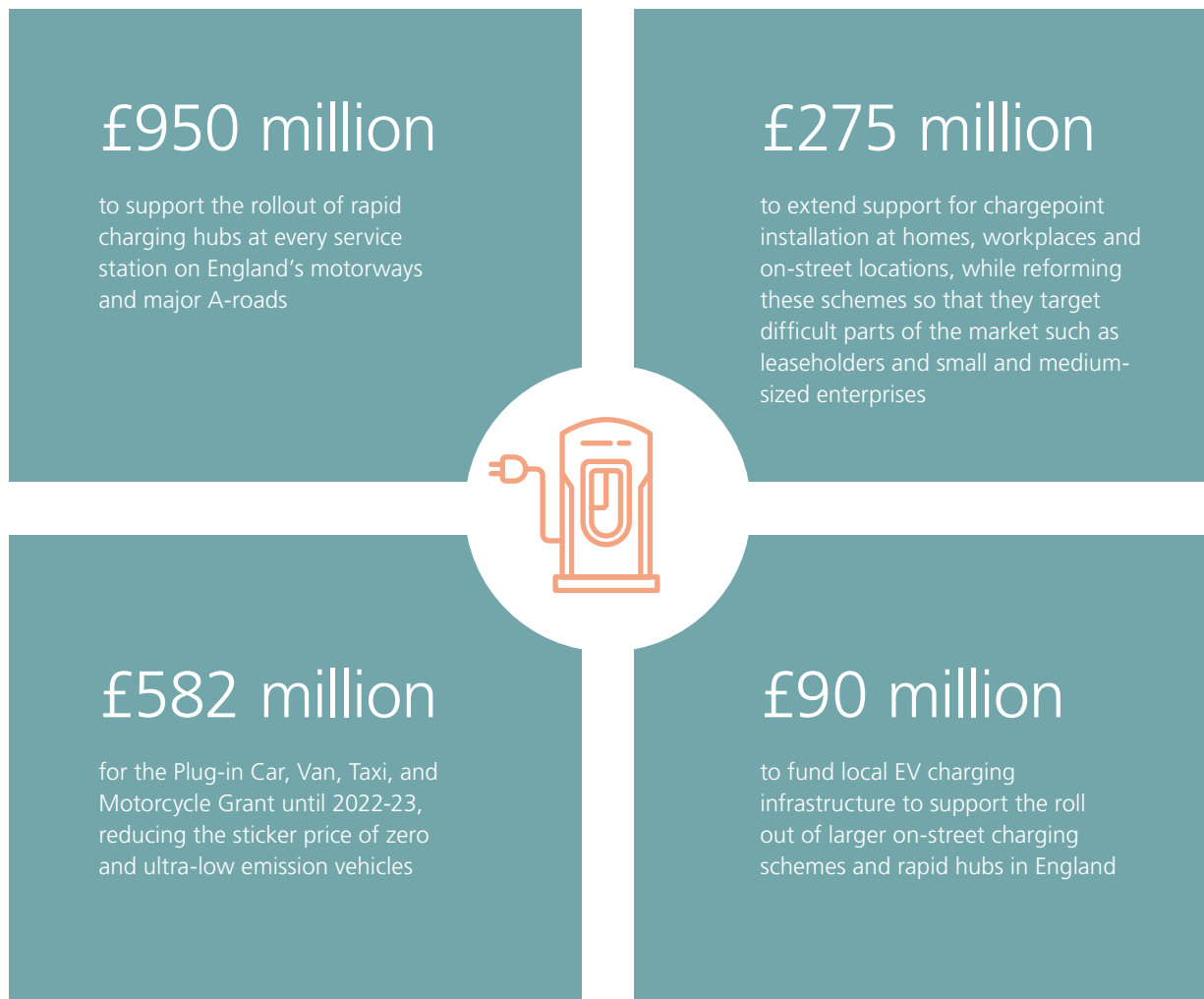


This move is underpinned by the Government's "[Ten Point Plan](#)" – the UK's roadmap to "build back better" in response to the Covid-19 pandemic. In particular, the Ten Point Plan pledged over £1.8bn of investment to support greater uptake of zero emission vehicles. Our commentary on the Ten Point Plan can be found [here](#).

However, commentators note that while bringing forward the ban is welcome news, the ban alone is not enough to accelerate the rollout of EVs. Looking ahead, additional regulations (particularly around charging), clarity around the role of local authorities and a re-think of road taxes and charges will be essential to deliver the transition.

## Spending Review 2020 (SR20)

In November 2020, the Treasury published its SR20 for 2021-22, which prioritises funding to support the Government's response to COVID-19. SR20 makes it clear that decarbonisation of transport will be key to the Government's "green industrial revolution" and commits £1.9bn of investment into charging infrastructure and consumer incentives, as follows:



SR20 also provides £120 million of funding for zero emission buses in 2021-22 which will support delivery of over 800 zero emission buses, and £81 million of R&D funding in 2021-22 to launch an investment programme in low and zero emission transport technologies (including innovative electric vehicle charging solutions, a hydrogen transport hub in the Tees Valley and sustainable aviation fuels).

The package of measures in SR20 provide much needed targeted support for the EV sector and a higher degree of certainty for all stakeholders, particularly investors and consumers. Moreover, many industry participants are now calling on the Treasury to go even further for future spending reviews by introducing a "Net-Zero Test" which would align spending decisions with the UK's commitment to net-zero by 2050.



### National Infrastructure Strategy (NIS)

The NIS, published alongside the SR20 in November 2020, reinforces the Government's commitment to be a world leader in low-carbon technologies, in particular stating that "the EV charging ecosystem will be one of the UK's green industries of the future". While no specific detail is included, the NIS confirms that the Government plans to support the scaling up of zero-emission vehicles with a package of regulations, incentives and investment in charging infrastructure to be delivered in partnership with customers and the chargepoint and auto industries. It is also noted in the NIS that revenue from motoring taxes will need to keep pace with the transition to EVs to ensure the Government can continue to fund the infrastructure required. This will be an interesting policy area to monitor going forward.

For an overview on the aims of NIS, how it will be delivered and opportunities for the private sector, please refer to our commentary [here](#).

### Energy White Paper

The long-awaited White Paper emphasises the need for electricity networks to be ready to integrate more electric vehicles on to the network, while controlling system costs. The White Paper notes that while the mass uptake for EVs will create challenges in terms of power demand, it will also offer opportunities for enhanced system flexibility via vehicle-to-grid (V2G) technologies – which allow electric vehicles (and their charging equipment) to export energy back to the electricity grid in response to communications to and from the electricity network.

For further commentary on the role of V2G in the energy system, please refer to our report [here](#).

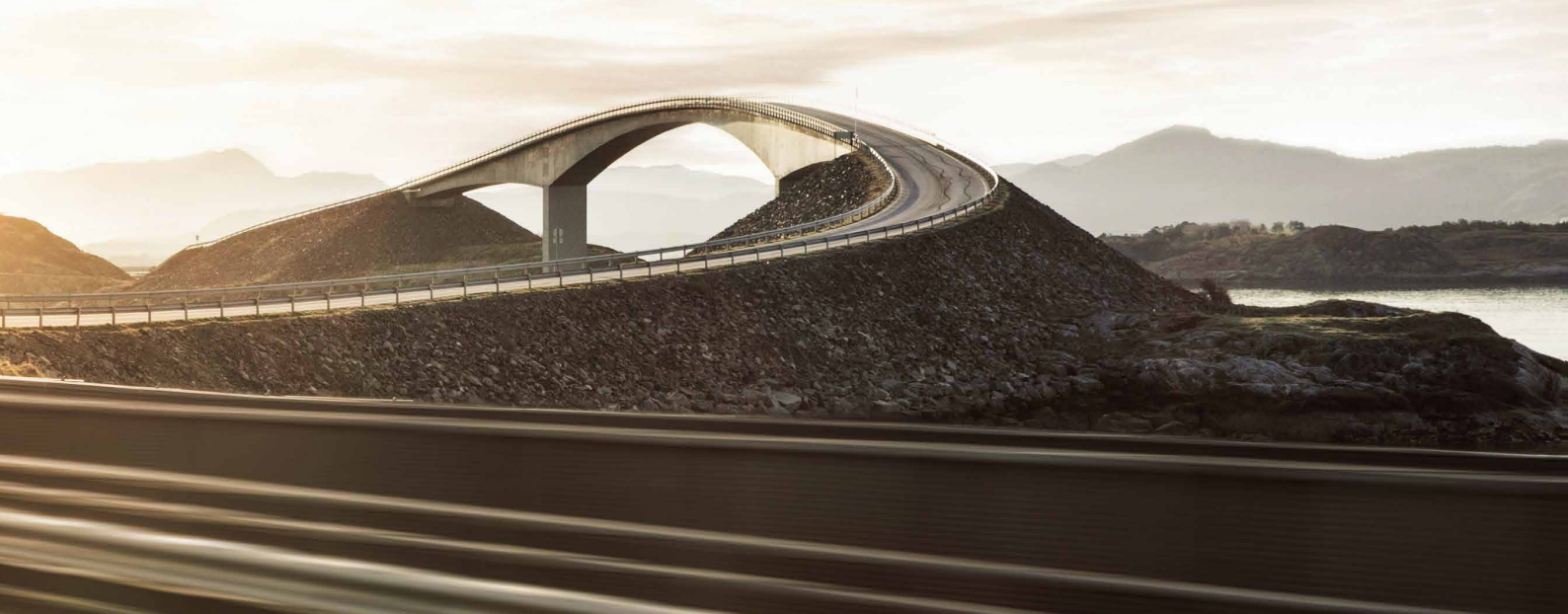
The White Paper also emphasises that in order to capture these system benefits, the deployment of charging infrastructure needs to run ahead of the uptake of EVs in order to provide consumers with the confidence that they can charge their vehicles conveniently and cost-effectively. While the White Paper does not provide any further detail on the role of V2G in the future of the UK energy system, recognising its importance has certainly furthered the debate, also evidenced by BEIS' response to the Capacity Market new technologies consultation (see below).

### BEIS considers V2G for future Capacity Market auctions

The Department for Business, Energy & Industrial Strategy (BEIS) published its reply to stakeholders on the participation of new technologies in future Capacity Market auctions on 27 November 2020, following its open letter of 30 September 2020 relating to the same.

BEIS recognised that V2G, while not raised by stakeholders in their responses as a potential generating technology class, warranted further consideration in terms of its access to the Capacity Market and how it can be accounted for in auction targets. BEIS confirmed that it is engaging with National Grid ESO on how best to consider V2G technology and enable its participation in the Capacity Market. This will certainly be an interesting space to watch.

The key theme across all of these policy developments is that the UK Government recognises that the EV market is still in its infancy, but given the extent of and the consequent impact of the market in the future, regulation of the market cannot be left to the private sector alone.



### The Electric Vehicle Energy Taskforce moves into its implementation phase

The Electric Vehicle Energy Taskforce is a group of key stakeholders in the energy, infrastructure and automotive sectors and was established to address the challenges and opportunities raised in the Government's 'The Road to Zero' strategy of July 2018 and more generally, enable the growth of the EV industry in the UK.

In January 2020, the Taskforce published its 21 recommendations for actions to be taken by the Government and wider industry in order to deliver an effective and efficient electric mobility transition. We wrote about the work of the Taskforce and its recommendations [here](#).

The Taskforce has now moved into its "action and implementation phase", which will see implementation of the agreed recommendations. On 22 October 2020, the Taskforce held an engagement event during which it provided an update to the industry on its work to date and key objectives and priorities moving forward, which are as follows:

- Agreeing common standards and codes of practice to enable interoperability and the sharing of data within the EV sector and the electricity system;
- Developing effective and connected national and local approaches to planning and co-ordination of network and chargepoint infrastructure, enabling efficient investment and mediating the balance between futureproofing and asset stranding; and
- Realising the value of smart charging, underpinned by a resilient network and clear market signals to reduce the cost of powering millions of EVs.

The key takeaway from the event was the announcement from Kwasi Kwarteng, Minister for Business, Energy and Clean Growth that the Government plans to consult on regulating the driver experience in respect of chargepoints, with regulations to be brought forward that will require all private chargepoints to be smart and comply with certain standards. The regulations and standards are expected to be issued in 2021.

### CMA market study into UK electric vehicle charging

On 2 December 2020, the Competition and Markets Authority (CMA) launched a market study into the UK EV charging market following increased interest and support in the UK for the sector. Market studies are one type of tool that the CMA can use to examine possible competition or consumer protection concerns – and while it may conclude that parts of the market are working well, it can also find that some are not.

The CMA has highlighted that in this case it will keep an open mind as to any outcomes or combination of outcomes that may be appropriate. Unlike most other CMA market studies which examine well established markets with emerging concerns, it is recognised that the EV sector is still in its infancy. The review is therefore aimed at making the sector work well for customers as it grows, providing the CMA with the opportunity to ensure that there is a competitive and consumer friendly EV charging sector across the UK in the longer term.

The wide scope of the CMA's market study includes different aspects of the EV market which have not yet received much attention by regulators, in addition to looking at how the market fits together for an EV customer perspective. This means that the CMA process and findings are likely to influence the future development of the market, meaning that investors, network operators and other stakeholders will need actively to engage with it.

For further detail on the scope and possible outcomes of the study, please refer to our full commentary [here](#).



### Brexit

While the impact of Brexit on the EV sector still remains to be seen, a key sticking point in negotiations were around the restrictions relating to manufacturer of vehicle parts, and in particular batteries. The initial EU position was that a vehicle must be manufactured in the UK or EU in order to avoid tariffs (amounting to about 10% of a vehicle's value). However, given that battery cells are mostly produced outside of these countries and comprise a significant portion of value in electric vehicles, UK negotiators argued that this would stifle UK/EU trade in EVs. As such, the EU agreed to an exemption to the tariff for electric vehicles until 2026. European (and UK) car manufacturers will have until 2026 to switch battery supply chains to Europe, otherwise the 10% tariffs will apply. Significant investment will therefore be needed in the UK's battery production capabilities in the next five years in order to preserve the EV value proposition for consumers and ensure that the UK remains an attractive market for EV manufacturers.

Moreover, leaving the EU is not expected to impact the regulatory or policy environment for EVs in the UK, with the Road to Zero Strategy indicating that the Government's approach to vehicle emissions would be at least as ambitious as current EU arrangements.

### Green number plates

December 2020 saw the roll-out of the green number plate scheme plates for EVs. The new number plates will be applied to all new EVs sold and can be retrofitted on older models. While the scheme is not mandatory, it is hoped that the increased visibility of EVs will drive sales and help local authorities design policies to incentivise their adoption.

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# Forthcoming developments

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## Government response due in relation to Electric Vehicle Charging consultation

The Government is due to publish a summary of responses and “next steps” in relation to its consultation on Electric Vehicle Charging in Residential and Non-Residential Buildings. The original timeline for publication was December 2019.

Proposals put forward by the Government included requirements that:

- every new residential building with car parking has an EV chargepoint;
- every residential building undergoing major renovation to install a chargepoint if it has more than 10 car parking spaces;
- new-build non-residential buildings and major renovations of the same to provide a chargepoint if they have more than 10 car parking spaces; and
- from 2025, existing non-residential buildings with more than 20 spaces have at least one charge point installed.

Certain exemptions are proposed and it is envisaged that the changes would be adopted largely through amendments to the Building Regulations 2010.

## Call for Evidence in Open Consultation on Safe Use of Automated Lane Keeping System

The Government closed its consultation on the use of Automated Lane Keeping Systems (ALKS) on the country’s motorways in October 2020. The Department of Transport and Centre for Connected and Autonomous Vehicles is seeking to understand if this technology is compliant with the definition of automation under the Automated and Electric Vehicles Act 2018, which requires that the vehicle is capable of safely and lawfully driving itself without being controlled and without needing to be monitored.

A public consultation is planned for 2021 to consult on the detail of any changes to secondary legislation and the Highway Code that are proposed, which will include a summary of responses to the call for evidence.

## Proposed modification to Smart Energy Code

The Smart Energy Code (SEC) outlines the rights and obligations of energy suppliers, network operators and other relevant parties involved in the management of smart metering. This modification would enable electricity distribution network operators (DNOs) to make use of smart meter infrastructure so that the EV charging load within a household could be altered, thereby avoiding the risk of overloading low voltage circuits and causing power outages.

This SEC modification is currently in its “refinement” stage and expected to be sent to Ofgem (the UK regulator for gas and electricity) for approval in early 2021.

## Electric Vehicle Trading Scheme and Road Usage Duty (Consultation) Bill

This Private Members’ Bill would require that a public consultation must take place regarding the introduction of a trading obligation on vehicle manufacturers to increase the proportion of EVs sold and regarding the introduction of a road usage duty to reduce carbon emission for transport. The Bill was introduced to the House of Lords in January 2020 but has yet to receive a second reading (a third reading is the stage of the legislative process in which a bill is read with all amendments and given final approval).

## Buses (Zero Emissions) Bill

This Private Members’ Bill would prohibit the registration of public service vehicles manufactured after 2025 which emit carbon, and for all other public service vehicles (whenever manufactured) from 2035. The Bill was introduced to the House of Lords in January 2020 but has yet to receive a second reading.

## Clean Vehicles Directive

The EU Directive on the promotion of clean and energy efficient road transport vehicles came into force on 1 August 2019. This directive puts in place targets for the public procurement of zero and low emission vehicles. Member states have until 2 August 2021 to adopt national provisions, but it remains to be seen if and how the Directive is transposed into domestic law in England and Wales in light of Brexit.

## Other relevant reports and policies expected in 2021:

- The Net Zero Review final report
- The National Infrastructure and Construction Pipeline
- Transforming Infrastructure Performance 2021
- A transport decarbonisation plan
- An electric vehicle charging infrastructure strategy
- An industrial decarbonisation strategy
- A refreshed Industrial Strategy.

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## Key contacts

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For more information on any of the issues highlighted in our round-up, please contact one of our specialists listed below, or your usual CMS contact.



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