

The Sixth Carbon Budget and Welsh emissions targets – Call for Evidence

GVN response

The Natural Gas Vehicle Network (NGV Network) is an established trade body which represents a diverse range of businesses involved in the production of gas-derived fuels and gas-powered vehicles, particularly heavy goods vehicles. Given that air pollution, and related preventable deaths, are at unacceptably high levels, the work of our members is vital in developing the next generation of cleaner transport fuels and vehicles.

The NGV Network is one of the six divisions of the Energy and Utilities Alliance (EUA). Energy and Utilities Alliance (EUA). A company limited by guarantee and registered in England. Company number: 10461234, VAT number: 254 3805 07, registered address: Camden House, 201 Warwick Road, Kenilworth, Warwickshire, CV8 1TH.

Question and answer form

When responding, please provide answers that are as specific and evidence-based as possible, providing data and references to the extent possible.

Please limit your answers to 400 words per question and provide supporting evidence (e.g. academic literature, market assessments, policy reports, etc.) along with your responses.

Question 21 (Surface transport): In our Net Zero advice, the CCC identified three potential options to switch to zero emission HGVs – hydrogen, electrification with very fast chargers and electrification with overhead wires on motorways. What evidence and steps would be required to enable an operator to switch their fleets to one of these options? How could this transition be facilitated?

ANSWER:

The only realistic and affordable option to switch to zero emission HGVs is to encourage the existing diesel fleet adopt gas vehicles. Today that would be using biomethane as a growing number of hauliers and companies are doing. These trucks and refuelling stations can then be converted to hydrogen. This will be far easier and simpler than trying to convert the fleet later in the 2030s. To facilitate the transition these steps will be vital.

- The maintenance of the Fuel Duty differential for the long term will ensure that CNG and LNG solutions continue to provide operators with significant cost savings over diesel.

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- HGV fleets are typically renewed every six to ten years. Businesses will need to be encouraged to switch to cleaner alternative to diesel before the 2040 ban on new petrol and diesel sales. We believe taxation signals which create disincentives companies from continuing to purchase new diesel vehicles combined with penalties for driving such vehicles into urban areas, would provide the industry with clear signals.
- A network of refuelling station infrastructure is needed to support widespread adoption of gas powered vehicles. Currently gas refuelling infrastructure has been expanded with little or no subsidy from the Government. Whilst the expansion of this infrastructure continues at pace, without further signals from Government this may not be sufficient to keep up with future demand. Gas infrastructure put in place today can be repurposed for hydrogen in the future as we move to a zero carbon economy.
- The anticipated closure of the Renewable Heat Incentive (RHI) poses a considerable threat to the biomethane sector. Incentives for the generation of ‘green gas’ are extremely beneficial to the carbon reduction potential of the heat, power and transport sectors and uncertainty regarding the post-2021 regime is stifling business investment in potential clean sources of fuels. The Renewable Transport Fuel Obligation should remain an alternative subsidy regime for biomethane producers, however, we feel that a floor price is needed for Renewable Transport Fuel Certificates (RTFCs). The rates paid for biomethane used in transport are variable whereas those for heat under the RHI are at a fixed rate. If RTFCs are to substitute the RHI beyond 2021, then investors will require some level of certainty over the price they will be paid.