Energy UK response to Supercharging the EV Transition

30th January 2026

About Energy UK

Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.

From growing start-ups to major electricity generators, grid and infrastructure developers, and energy suppliers, our members are driving change across power, heat, transport, and flexibility.

We provide a collective voice for the sector working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders. We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

Executive Summary

Energy UK welcomes the Government's collaboration with industry to support the Electric Vehicle (EV) transition. As outlined below, the scale of the challenge will increase significantly over the next four years, with steep rises in EV targets and increased demand for supporting charging infrastructure.

Continued and coordinated policy support will therefore be essential to maintain momentum and ensure the UK meets its EV targets, namely:

- Remove the 20%, effective 'no-driveway', VAT premium on public chargepoints, which unfairly penalises drivers without access to home charging and slows public infrastructure deployment.
- Reduce electricity costs for chargepoint operators by taking some electricity policy costs off non-domestic electricity bills.
- Avoid any further weakening of the Zero Emission Vehicle (ZEV) Mandate, which is critical to maintaining investor confidence and the UK's competitive market position.
- Swiftly allocate and strategically deliver the £600 million announced in the Autumn Budget for public charging, ensuring funding reaches priority locations and addresses regional disparities in chargepoint locations.
- Take immediate action to address the significant increase in network charges for EV rapid charging hubs, while progressing the longer-term network charges reforms under Ofgem's ongoing Cost Allocation and Recovery Review and the anticipated DESNZ Reformed National Pricing Delivery Plan to lower bills in the long term.

- Government should publish a near-term strategy for the HGV sector, with policy support to increase the economic viability of transitioning to zero emission road freight.
- Future-proof grid connections for rapid charging along the strategic road network, accounting for anticipated EV growth, including electric HGVs (eHGVs). Targeted funding is still needed where it is not commercially viable for the private sector to invest alone.
- Undertake detailed modelling of future electricity network requirements to anticipate and plan for the network upgrades needed as fleet electrification accelerates.
- Include electricity within the Renewable Transport Fuel Obligation (RTFO) to provide a market-based mechanism that supports investment in charging infrastructure.
- Explore Vehicle-to-Grid (V2G) standards and use cases to ensure emerging technologies can support bidirectional charging and system flexibility.

If you have any questions about this response or wish to engage with Energy UK and its members, we would welcome further engagement.

Kind regards,

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<u>Consultation Questions</u>

a. **How effective have Government policies been in driving EV adoption to date, and what further action is required to accelerate take-up?**

Progress is encouraging but support is still needed.

Industry has been driving forward the transition to decarbonise transport, and overall progress in the transition is encouraging as the UK approaches the 2030 phase-out of new petrol and diesel cars.

However, the scale of the challenge increases significantly over the next four years, with steep rises in EV targets and increased demand for their supporting charging infrastructure. Continued and coordinated policy support will therefore be essential to maintain momentum and ensure the UK meets its EV targets.

There are also positive signs of growth in broader parts of the commercial vehicle market. Commercial vehicles play a critical role in the UK economy, particularly for small and medium-sized enterprises (SMEs), which rely on these vehicles for day-to-day operations.

However, the eHGV market remains at a very early stage, with current limited economic viability for fleets to transition. Targeted policy support will be crucial to accelerate this market, especially for electric HGVs and vans, where scaling up infrastructure faces different challenges compared with cars. Alongside eHGVs, there are other low-carbon technologies which can play a role in decarbonising HGVs and other sectors, with their role subject to how these sectors develop both in the UK and globally over the coming years.

Energy UK also notes that vans are much further behind in the transition compared with cars. Energy UK welcomed the extension of the plug in van grant until at least 2027. To ensure the van trajectory continues to strengthen in performance, Government should also review the barriers to electric van uptake in the UK.

Providing long-term industry certainty

Energy UK welcomes the Government's commitment to EV uptake. The ZEV Mandate has given the energy sector the policy certainty needed to plan for the anticipated surge in EVs, underpinning billions of pounds of investment.

Clear and stable policies provide the market signals that energy companies and their supply chains need to expand, upgrade, and future-proof infrastructure – allowing businesses to forward plan for long-term growth. With the automotive sector recognised within the government's Industrial Strategy as part of the 8 key sectors with the greatest growth potential – policy certainty is also essential to ensure vehicle manufacturers maximise on the economic opportunities presented by clean technologies.[1]

To preserve this market momentum, Energy UK recommends that there should no further reviews of the ZEV Mandate ahead of schedule. Any changes undermine the critical market certainty, making it harder to secure investment in zero emission transport, and risks delaying, or losing, infrastructure rollout.

Whilst policy certainty exists for cars and vans, HGVs do not yet have a strategy on how the sector is expected to meet the ambition for 100% new zero-emission HGV sales by 2035 for vehicles under 26 tonnes, and by 2040 for heavier models. Energy UK welcomes the phase-

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[1] UK Government (2025) Industrial Strategy Sector Plans

out dates as a positive step towards decarbonisation, but further clarity for the HGV sector is necessary to ensure these ambitious targets can be achieved.

The outcomes of the live consultation on developing a "new HGV CO_2 emissions regulatory framework for the UK" will be key to encourage investment into low carbon technologies.[2]

Whilst the underlying policy stability is vital, it must be matched with targeted support to sustain progress and maximise the UK's economic opportunity. Additional measures are needed to ensure the transition continues at pace and that the policy framework supports UK manufacturers, supply chains, and associated jobs, enabling them to compete effectively.

Tackling geographical disparities

While the UK is showing promising growth in EV infrastructure, this progress risks being undermined by significant regional disparities.

Although the Local Electric Vehicle Infrastructure (LEVI) Fund is welcome, Government strategy currently lacks a clear and transparent plan to address uneven regional rollout. A more coordinated national approach is needed, including clarity on how funding interacts with devolved administrations and regional energy system plans.

The Government should also swiftly allocate and strategically deliver the additional £100 million in EV charging infrastructure announced in the Autumn Budget, building on the £400 million of funding announced at Spending Review 2025.[3] This will ensure funding reaches priority locations and addresses regional disparities in chargepoint locations.

The geographic disparities are also an issue for larger commercial vehicles. Whilst most charging for eHGVs is expected to take place at depots, eHGV operators will still need some en-route charging, and current public charging stations are still being rolled out. These sites are often not suitable for eHGVs, and tend to have higher charging costs than depots.

The Government's £30 million depot charging fund was welcome, however additional targeted funding is needed for eHGV chargepoints in areas where private sector investment is not commercially viable. Investment could focus on key HGV hubs along major routes (such as the East Midlands, Northeast, and Bristol) to help strategically plan the energy demand of where these hubs will go. The National Wealth Fund could help in supporting early private sector investment.

In 2025, Energy UK published a report on improving the economic case for freight electrification, which outlines these challenges in greater detail.[4]

Strategic system planning

As above, to ensure the UK can install EV chargepoints where needed, EV charging infrastructure must be integrated into wider energy system planning. This includes alignment with strategic energy system plans, electricity network investment, and reforms to grid connections processes.

This will ensure there is a coordinated delivery of chargepoints and grid capacity to ensure all drivers have access to chargepoints where needed. This needs to take into account the anticipated electrification of HGVs, which is challenging as many fleet operators have yet to

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[2] UK Government (2026) New HGV CO2 emissions regulatory framework for the UK
[3] UK Government (2025) Budget 2025
[4] Energy UK (2025) Driving Electrification in the Road Freight Sector

plan their transition pathways to electric heavier vehicles due to the lack of a business case in many circumstances.

Easing planning barriers

Easing planning barriers would make it easier and faster for companies and developers to install chargers across the UK. Broadening permitted development rights would also ease the administrative burden on local authorities – who may not have resource to process large volumes of planning applications.

Energy UK strongly supports plans from UK and Welsh Governments to ease planning barriers for EV chargepoints. Prompt confirmation and implementation of eased planning changes by governments are needed to avoid any delays to chargepoint rollout.

The Welsh Government has announced plans to remove some planning barriers, which is welcome. However, these changes depend on parliamentary timelines, meaning implementation could be delayed. Similarly, the Government recently consulted on further changes to permitted development rights in England, including examining planning requirements for cross-pavement solutions, but these changes are not yet in place.

b. How robust is the current rate of EV take-up relative to the Government's targets?

See question C.

c. How effective are existing incentives (such as the Electric Car Grant) in influencing EV take-up, and to what extent might further or different forms of support be required?

Across all transport modes, the UK is showing promising signs of EV market growth. However, with any nascent technology, financial incentives are essential in early market years to accelerate uptake and drive market adoption.

Used cars

Energy UK welcomed the Electric Car Grant – providing a clear incentive to encourage drivers to choose EVs. In order to strengthen the long-term EV market, Energy UK would suggest that access to the electric car grant is extended to used electric vehicles. This would make EVs more accessible to a broader range of consumers, particularly those who are priced out of the new vehicle market due to the higher upfront costs of electric cars.

eHGVs

The current short expansion of the Plug-in Truck Grant is set to end in March 2026, which risks slowing momentum in this nascent sector.[5] To accelerate eHGV adoption, Energy UK recommends that this fund be extended beyond 2026, providing continued financial support and certainty for industry investment. As above, coordinated, strategic funding is essential to accelerate the early stage market and allow industry to plan and integrate funding into their vehicle buying cycles.

Broader low-carbon transport options

EV adoption often focuses on private vehicles, but many people do not own a car or may not be able to purchase a new EV. Alongside EVs, the UK needs to increase investment in low-

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[5] UK Government (2026) Boost for British business as government slashes cost of electric lorries by up to £120,000

carbon public transport (like buses, trains, and trams) and active travel infrastructure (cycling lanes, safe pedestrian routes). Improving public and active transport ensures that everyone can benefit from cleaner transport, not just those who can afford an EV.

d. **What are the likely implications of the introduction of Electric Vehicle Excise Duty (eVED) for the wider EV transition, and what factors should guide the Government's approach to its implementation? What has been the effect of the introduction of VED on zero-emission cars since April 2025?**

Energy UK is clear in its position: the ZEV Mandate is the cornerstone of the UK's transport decarbonisation strategy, delivering meaningful emissions reductions in the country's highest-polluting sector.

The Government's priority must be to secure the 2030 phase-out date, providing long-term confidence for UK industry to invest at scale, while supporting consumers to adopt a technology that may still be unfamiliar. Weakening or reopening the ZEV Mandate would undermine investment, slow uptake, and increase costs in the long term.

Pay-per-mile charging, or eVED, is likely to form part of the long-term solution for vehicle taxation as the UK transitions to electric transport. Energy UK recognises that introducing such a taxation reform will play an important role in replacing declining revenues from fuel duty and providing a long-term foundation for the transition.

However, if the Government is serious about implementing eVED, it must be designed to support, not undermine, EV uptake and long-term market confidence. In its current form, there are serious concerns that the proposal risks deterring consumers and weakening driver confidence at a delicate point in the transition.

For that reason, the Government should not rush its implementation before detailed engagement with industry and drivers has taken place to understand how, when, and if, this proposal should be implemented. It should be designed in a way to allow both industry and drivers time to adapt, while **ensuring nothing detracts from the strength or integrity of the ZEV Mandate.** This would maintain clearer buyer incentives during the critical next 4 years, which face the steepest increase in ZEV mandate targets.

This should be cross-referenced with responses to the live consultation on the Introduction of Electric Vehicle Excise Duty (eVED).[6]

e. **How should the Government support further development of the second-hand EV market?**

As outlined in question C.

A holistic approach to vehicles, their infrastructure, and user experience in the transition will be essential in ensuring a healthy, long-term market strength.

f. **What are the most significant factors affecting consumer confidence in EVs, including purchase and running costs, chargepoint availability, concerns about battery longevity, safety and fire risk, and what are the best steps Government and the sector could take to address them?**

Educating drivers

[6] UK Government (2025), Consultation on the Introduction of Electric Vehicle Excise Duty (eVED)

As EV adoption reaches broader markets, Government should look to provide greater clarity around the cost and convenience benefits of having an EV. Energy UK welcomed the "Get that electric feeling" campaign – the impact of this campaign should be monitored to ensure there is greater public understanding of how to save by going electric.[7]

Further information is likely to be needed for drivers on the different charging options available and their suitability to their driving needs.

For example, home chargers offer cost-effective convenient charging, allowing drivers to start each day with a full battery. These chargers are often available with smart EV tariffs, allowing drivers to save money.

Rapid chargers are suitable for longer journeys, and on-street chargers help provide access for drivers without off-street parking. Providing clear, accessible guidance on the different types of chargers, their locations, and costs will help drivers make informed decisions which are suitable for their daily routines and vehicle capabilities.

Smart meters can also be a tool to help drivers with a driveway to take advantage of time-of-use tariffs and variable electricity pricing (and in some cases take part in local and national flexibility markets), helping drivers charge more cheaply and allowing the grid to manage demand more efficiently.

With 99.7% of the HGV sector made up of SMEs, guidance and funding is needed to ensure they have the resources to begin electrifying their fleets.[8]

Similarly, as part of the Clean Flexibility Roadmap, the Government committed to providing guidance for local authorities to procure flexible EV charging tariffs for residents.[9] Energy UK would suggest that this should be expanded to ensure freight can gain access to charging products and services offered at public chargepoints so that charging can be done at off-peak times where possible.

For chargepoint costs, please see Section G.

g. What further action is required to ensure that the rollout of EV charging infrastructure facilitates transition at the necessary rate?

Lowering the cost of charging

There are several actions Government should take to enable a more affordable charging network for drivers across the UK.

Removing the 'no-driveway' tax of 20% on public chargepoints.

Drivers who cannot charge at home (i.e., those without off-street parking) must rely on public chargepoints for daily EV charging. Currently, electricity from public chargepoints is subject to 20% VAT, compared with only 5% VAT for home electricity used to charge an EV. This so-called 'no driveway tax' penalises drivers without a driveway, and they are effectively paying more simply because of where they live. Extra costs for those who rely on public charging create a barrier to adoption for a substantial segment of the population. Removing this

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[7] UK Government (2026) Get that electric feeling: new campaign launched to show savings and benefits of going electric

[8] Logistics UK (2024) The Logistics Report Summary 2024

[9] UK Government (2025) Clean Flexibility Roadmap

makes EV ownership more affordable for all EV users – regardless of access to off-street parking.

Electricity policy costs removal

Energy UK has done significant analysis on the tools needed to lower bills, which would both lower costs for domestic (e.g. homechargers) and non-domestic (e.g. public chargers).[10] [11] In the Autumn Budget, the Government committed to taking some costs off domestic bills. This was a welcome move and should be implemented swiftly. However, the Government should now look to examining similar actions on non-domestic bills, with a forward look to examining how future policy costs are placed on bills.[12] Tackling the affordability crisis must be addressed at both household and business level.

Network charges

Rapid and ultra-rapid chargers are often connected to high-voltage electricity networks because they need high levels of power.

Many rapid hubs are installed well before there's heavy usage, and "future-proofed" to handle expected future EV demand. These high voltage (HV) sites need high-capacity connections (the potential maximum load the grid must support), but actual energy consumption is initially low. The Ofgem Targeted Charging Review changed how network charges are calculated, and the charges for ongoing network maintenance costs for some non-domestic customers are banded by capacity, not just energy used.[13]

Because these sites have high capacity but low consumption, their standing charges as a proportion of total costs have increased dramatically.

Rapid and ultra-rapid charging infrastructure is capital-intensive and relies on high upfront investment. High standing charges resulting from high network charges and rising capacity market costs threaten the financial viability of these sites, particularly in early years when customer usage (and revenue) is still low. This is a significant risk to the rollout of rapid charging infrastructure, which is critical for EV uptake in the UK.

There are several live workstreams in the energy sector to try and address the high costs of network charges in the UK. In the short-term, the code modification DCP420 tried to address the issue through a 'carve out' for high voltage sites, but has not yet implemented the change.

Immediate action should be taken to address the high cost of network charges for EV rapid charging hubs.

To ensure this challenge is addressed in the long-term, Ofgem's Cost Allocation and Recovery Review – which looks at how system costs are paid for – and DESNZ's Reformed National Pricing Delivery Plan need to consider how to support the necessary investment in EV charging. The broader goal of this review should ensure that bills are brought down over time by allocating costs in such a way that drives consumer engagement with flexibility and improved customer outcomes. Further detail is outlined in Energy UK's response to Ofgem's Cost Allocation Review. [14]

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[10] Energy UK (2025) How to cut bills: A crisis we can't afford to ignore
[11] Energy UK (2025) Reducing non-domestic electricity prices to drive economic growth
[12] UK Government (2025) What does the Autumn Budget mean for your energy bills?
[13] Ofgem (2025), Energy System Cost Allocation and Recovery Review
[14] Energy UK (2025) Energy UK response to Ofgem's Cost Allocation Review Call for Input

Cross-departmental work between DESNZ, Ofgem, and OZEV will be needed to ensure these changes are prioritised.

Renewable Transport Fuel Obligation

Electricity should be included in the Renewable Transport Fuel Obligation (RTFO) to provide chargepoint operators with a market-based mechanism to fund infrastructure rollout.

The Renewable Transport Fuel Obligation (RTFO) is a UK Government scheme designed to encourage the use of low-carbon and renewable fuels in transport.

Under the scheme, fuel suppliers earn credits for supplying eligible low-carbon fuels. These certificates can be sold to other suppliers, creating a market-based financial incentive. However, the scheme crucially does not include electricity used for EV charging. This means electricity used to charge EVs does not have a market revenue stream for chargepoint operators, in the same way that low carbon fuels do.

Allowing electricity into the scheme would create a financial incentive for chargepoint operators, helping to enable faster deployment of chargepoints.

Removal of barriers to flexibility

Energy UK welcomes the Department for Energy Security and Net Zero (DESNZ) Clean Flexibility Roadmap, which outlines the key enablers for customers to benefit from energy smart appliances, such as EVs. [15]

Energy UK recognises there is ongoing work to make both national and local flexibility markets more open and accessible. The progress of this work is a priority, as it enables vehicles to be aggregated to participate in flexibility markets, by adjusting charging times to off-peaks time or responding to grid signals when networks are constrained, helping to balance demand and supply on the electricity grid. Aggregators can pass on these additional revenues through tariffs and contracts, improving business cases for electric vehicles of all types. This flexibility reduces the cost of running the wider electricity system, bringing benefits to all consumers.

To ensure customers benefit from savings in flexibility markets – final consumption levies should be removed, to encourage more EVs to engage in flexibility markets, both as demand turn down (for those that can only import electricity) and those able to offer two-way Vehicle to Grid (V2G) capabilities.

h. How effectively is the Department for Transport addressing issues in the rollout of charging infrastructure such as affordability, geographic equity, accessibility, administration of funding, and the availability of grid connections?

See question A.

i. What lessons should be learned from other countries' successes or setbacks?

N/A.

[15] UK Government (2025) Clean Flexibility Roadmap