

Energy UK response to [New HGV CO2 emissions regulatory framework for the UK](#)

17th March 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.

Policy clarity is essential to unlock industry investment at scale to decarbonise heavy road transport. As such, a clear mandate will be necessary to unlock significant investment in the vehicles and infrastructure required to transition to zero-emission road freight in the UK. The priority should always be zero-emissions across all transport modes, and a well-designed mandate can support this transition by providing certainty across industry, which in turn drives investment into essential infrastructure and clean fleets.

With the right policies in place, there are significant economic growth opportunities from encouraging the uptake of eHGVs. Energy UK estimates that if policy changes were made to reduce the cost of electricity, and fleet operators also benefit from using off-peak charging arrangements at depots, **electrifying HGVs could save fleet operators £2.3bn per year, in turn reducing delivery costs for businesses across the economy.** This is alongside the wider environmental benefits, such as lowered noise pollution and improved air quality.

When developing the strategy, Government must recognise the breadth of the HGV market, as well as the significant barriers slowing decarbonisation in the freight sector.

The current uptake of eHGVs is limited, due, to in part, regulatory uncertainty, but also limited economic viability for fleet operators. **A binding target cannot be achieved without**

addressing several of the current structural barriers to decarbonising road freight at scale. Policy needs to be developed to enable eHGVs to become an attractive commercial offering.

Without reducing the cost of electricity and, providing longer-term visibility of Government's efforts to address the vehicle price differential, any regulatory approach risks increasing costs across the system rather than delivering cost-effective decarbonisation.

To drive growth in an emerging eHGV market, Energy UK recommends:

1. Provision of a clear, near-term strategy which moves beyond high-level targets and allows industry to invest at scale.
2. Reduce the total cost of ownership for eHGVs, by reducing non-domestic electricity costs, and ensure Ofgem considers how its Cost Allocation Review will impact freight operators.¹
3. Initial financial support to address the upfront vehicle cost, like the Plug-in Truck Grant, will help to increase industry access to low-carbon technologies.
4. With most charging expected to take place in depots,² Government should review barriers to installing chargepoints, including de-risking shared infrastructure agreements to incentivise landlords to install charging infrastructure for tenants.
5. Future-proof the provision of public charging infrastructure for the expected uptake of eHGVs, with investment directed at key hubs for HGVs based on main routes (East Midlands, Northeast, Bristol etc.) to enable optimised network upgrades, and using initial funding from the National Wealth Fund to help crowd-in private finance.
6. Detailed modelling to understand the electricity network upgrades is required as more fleets electrify to feed into Regional Energy Spatial Plans and network price controls to ensure there is adequate network capacity.
7. Grid connections should be planned early, and where possible, integrate smart charging, energy storage, DSR, and on-site solar generation to reduce peak demand, lower costs, and accelerate deployment.
8. Electricity should be included in the Renewable Transport Fuel Obligation (RTFO) to provide chargepoint operators with a market-based mechanism to fund infrastructure rollout.

Energy UK would encourage Government to explore the key structural barriers and opportunities outlined in Energy UK's report ['Driving Electrification in the Road Freight Sector'](#). Policy should prioritise the rapid deployment of zero-emission vehicles and supporting infrastructure. Other low-carbon fuels, including low-carbon gases, can play a transitional role in delivering near-term emissions reductions in hard-to-abate segments of the transport sector.

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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¹ [Energy UK \(2025\), Cost Allocation Review](#)

² [Logistics UK \(2024\), The Logistics Report Summary 2024](#)

Consultation Questions

Q1 – Do you think the Certification Regulation (EU) 2017/2400 should be amended within the UK to align with the 2nd and 3rd amendments, as adopted in the EU?

Yes. Given the cross-border nature of freight, alignment with EU policies is important to ensure smooth business operations across markets. Government should look to harmonise the Weights & Dimensions Directive(s) with existing EU regulations.

Q2 – What are your views on Option 1 regarding a strengthened and expanded CO₂ standard for HGVs?

Energy UK does not believe that Option 1 would provide sufficient emissions reductions in the timeframe required, nor provide sufficient market signals to invest in the range of infrastructure that is needed (such as charging depots, shared hubs, and public HGV charging along the strategic road network).

This approach risks delaying crucial, timely investment in essential vehicle infrastructure to support the uptake of eHGVs.

Q3 – What are your views on Option 2 regarding the introduction of a ZEV mandate limiting the sales of non-ZE HGVs

Energy UK supports a ZEV mandate as the most effective regulatory option for successfully driving decarbonisation of the road freight sector. **However, a mandate should not be done in isolation.** Government needs to develop a range of policies to support the transition to zero-emission freight, without distorting a market that is primarily made up of SMEs.

1. Government publication of a clear, near-term, staged strategy

A mandate needs to provide strategic direction, not only on how the transition to ZEVs will occur, but also on the approach to the supporting charging infrastructure and how this will feed into strategic electricity demand planning. This will help to prevent bottlenecks as we near the current Government phase-out dates.

There is limited visibility on future government funding for zero-emission HGVs, making it difficult for operators to incorporate potential support into long-term fleet investment decisions. Publishing a clear near-term roadmap, which aligns the vehicle mandate with infrastructure rollout and an outline of multi-year funding support would provide the certainty needed for industry to plan and invest in the transition to zero-emission road freight.

To help fund future investment into decarbonising transport, Government should also explore how road-pricing mechanisms could help to encourage low-carbon HGV uptake, as is currently in place in Austria, Switzerland, and Norway.

Alongside electric HGVs, other low-carbon fuels, including low-carbon gases, can play a transitional role in delivering near-term emissions reductions in hard-to-abate segments of the transport sector.

2. Addressing total cost of ownership

Whilst some niche use cases are becoming economically viable, the upfront cost of eHGVs can be almost twice the price of a diesel equivalent depending on their make and model.³ On running costs, the UK has some of the highest industrial electricity costs in the G7, and some

³ [Electric Car Guide \(2024\) Electric Lorries and HGVs in the UK](#)

of highest in the world – putting the UK at a disadvantage with other nations as they electrify, and is particularly pertinent for transport electrification.

To address this, Energy UK would recommend:

- **Reducing non-domestic electricity costs**

Decarbonising the energy system isn't just about decarbonising power generation, but also about ensuring there is focus on also electrifying the demand side as well. Electrifying transport can help to spread the costs of clean infrastructure across a broader user base, accelerating the transition to low-carbon transport and bringing costs down more broadly.

For this to happen, electrification must also represent a compelling economic proposition for businesses, ensuring that operators can invest in zero-emission technologies with confidence that they are commercially viable as well as environmentally beneficial.

There is a need for wider [rebalancing of energy bills to encourage electrification](#).

Taking policy costs from domestic electricity bills to taxation in the 2025 Autumn Budget was a positive first step, and opens the door to further work on rebalancing to ensure businesses making the switch to electrify freight are rewarded for doing so too.

This would help to ensure that the UK maximises the economic benefits of the energy transition, and enables operators to access affordable energy costs and transition to new ways of managing their assets. It would also support domestic transport manufacturers by reducing their overall energy bills and ensuring that they can offer an attractive commercial offer to customers.

Energy UK estimates that if policy changes were made to reduce the cost of electricity, and fleet operators also benefit from using off-peak charging arrangements at depots, **electrifying the HGV market could save fleet operators £2.3bn per year, in turn reducing delivery costs for businesses across the economy.**⁴

- **Network charging**

Rapid and ultra-rapid chargers are often connected to high-voltage electricity networks because they need high levels of power. Others may be able to connect to the lower voltage distribution network. Operators connected to both transmission and distribution networks face high ongoing network charges, especially following Ofgem's Targeted Charging Review (TCR) in 2022/2023. Current network charges are based on maximum capacity, not actual usage or flexibility provided. This offers little financial reward for demand reduction or load shifting.

Carve-outs are being developed for the High Voltage level to avoid penalising public rapid charging hubs with high fixed charges, especially when installed ahead of actual demand materialising. These hubs often require high-capacity connections but may take years to reach full utilisation.

Immediate action should therefore 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.⁵ The broader goal of this review should

⁴ [Energy UK \(2025\) Driving Electrification in the Road Freight Sector](#)

⁵ [Energy UK \(2025\), Cost Allocation Review](#)

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.

- **Renewable Transport Fuel Obligation**

Energy UK also recommends that electricity should be included in the Renewable Transport Fuel Obligation (RTFO) as a tool to provide chargepoint operators with a market-based mechanism to fund infrastructure rollout. Under Energy UK's suggestions, chargepoint operators would be eligible to receive tradable certificates sold to fuel suppliers, creating an additional revenue stream for chargepoint operators.

- **Cost of vehicle**

As with many emerging technologies, targeted financial incentives are essential in the early years to enable a competitive customer offering, which in turn drives further market growth. Public funds should be used to accelerate the early stage market – and enable private finance to confidently invest at scale. Energy UK welcomed Government's recent funding focus on eHGVs – from ZEHID trials to the increase in the Plug-In Truck Grant. To ensure operators can effectively plan their vehicle investment, longer term visibility of grants is needed.

The Government should also consider the options being developed by the Green Finance Institute to help SME fleet operators cover the upfront costs of vehicles and infrastructure.

3. Provision of charging infrastructure

To ensure there is sufficient infrastructure where it is needed, investment could be directed at key hubs for HGVs based on main routes along the strategic road network (such as East Midlands, Northeast, Bristol) to enable optimised network upgrades. The National Wealth Fund should be used to initially accelerate deployment, and support a long-term view to crowd-in private finance.

As many operators don't own their own depots, investment in HGV charging infrastructure should be de-risked through shared infrastructure agreements and leases that incentivise landlords to install charging infrastructure and ensure they do not outright refuse tenant's requests for charging.

Where infrastructure is being deployed for cars and vans along the strategic road network, the grid connection should be future-proofed to ensure it is suitable for the projected increase in eHGVs.

4. Strategic demand planning

The Government should undertake detailed modelling to understand the electricity network upgrades required as more fleets electrify. Grid connections should be future-proofed along the strategic road network, accounting for anticipated growth of eHGVs.

Energy UK is concerned that the recent delays to the Strategic Spatial Energy Plan (SSEP) to map out the required locations, types, and scale of electricity and hydrogen infrastructure needed to reach the UK's climate targets will impact the investment in zero-emission freight.

Similarly, the lack of clarity around Reformed National Pricing options is creating uncertainty, especially on the future of network charging, which impacts on the high network charges chargepoint operators currently face.

DENSZ and Ofgem are currently reviewing potential demand connection reforms, however there is uncertainty around how these interacting workstreams will balance emerging high-

demand users, such as AI data centre needs, and how these will interact with other users, such as freight electrification.

Industry is also still waiting for the publication of the hydrogen strategy. Delay to this strategy will have impacts on fleet operators planning their HGV decarbonisation strategy, and should be published swiftly.

When developing the freight decarbonisation strategy, DfT should align internally with broader workstreams on [Net Zero Ports](#) – given the integrated and cross-border nature of freight and the role of ports as key transport hubs.

5. Energy procurement to manage costs

Effective electricity procurement can make electric charging more competitive and can help contribute to new low-carbon capacity, but can be complex. Additionally, the ability of fleets to smart charge and participate in Demand Side Response (DSR) is shaped by several interdependent factors, including how a fleet is used, its access to infrastructure, the type of chargers used, and the availability of onsite generation and storage.

Overnight charging at depots in particular presents a valuable opportunity to support electricity system stability and reduce peak demand pressures, although this is dependent on the operational demands of the business. Further detail can be found in Energy UK's report [Driving Electrification in the Road Freight Sector](#).

There is a knowledge gap between freight operators and the electricity sector. Providing a mandate alone will not support the road freight industry, which is made up of 99.7% SMEs, and may lack the resource and guidance to electrify their fleets.⁶ Further guidance on energy procurement for fleet operators would enable them to buy power more optimally and drive investment in new additional low-carbon capacity.

Energy UK has been part of the cross-departmental Freight Energy Forum, which was a collaboration between DESNZ and DfT. Energy UK is concerned that this forum is seemingly no longer taking place, as it was one of the few government forums to enable essential discussions around freight electrification to take place.

6. Understanding of the HGV market

For any mandate to be effective, it must reflect the operational reality of the HGV market. Ambitious targets should reflect technologies that are already mature, with a phased approach for vehicles that are harder to decarbonise. These include:

- Fleet purchasing cycles: HGVs are often purchased in large batches as part of planned fleet replacement cycles rather than on a steady annual basis. As a result, rigid year-by-year sales targets may not align with how operators actually invest in new vehicles.
- Government should consider multi-year compliance periods or rolling targets, allowing operators and manufacturers to average compliance across several years. This would provide flexibility while still maintaining a clear long-term decarbonisation trajectory.
- The HGV market is significantly smaller and more specialised than the car and van markets, with wide variation across vehicle types, duty cycles, and operational requirements.

⁶ [Logistics UK \(2025\) Logistics UK's road freight decarbonisation roadmap to net zero](#)

- Targeted, specific interventions around specific vehicles types is likely to be more appropriate than a blanket target against all HGVs.

Q4 – If you agree with using Option 2 as a future framework, should the ZE HGV mandate be accompanied by a CO₂ standard for non-ZE HGV vehicles?

Yes – it should be accompanied by a CO₂ standard, although the priority should be around a mandate to drive decarbonisation at pace. Ahead of the phase-out dates, additional ICE vehicles will still be operating on roads, so ensuring they adhere to efficiency standards will ensure that emissions continue to reduce.

Q5 – What are your views on Option 3 considering requirements for fleets to purchase or lease an increasing share of ZE HGVs?

Energy UK recognises that a combination of Option 2 and Option 3 would deliver the highest carbon savings. Government should work with the haulage sector to understand how any benefits of this proposal are weighed against the risks that this could cause to the sector, including the additional financial burden on fleet operators which could arise under the non-universal application of the policy (where some operators do not meet the threshold to require ZE HGVs, but some do).

Q6 – If you agree with using Option 3 as a future framework, what eligibility criteria should be set to include freight operators in a fleet mandate?

As Q5.

Q7 – If you agree with using Option 3 as a future framework, should a purchasing requirement, fleet requirement, or a combination be established?

As Q5.

Q8 – Of the options presented, what is your preferred approach, or combination of approaches, for reducing emissions from HGVs and delivering a phase-out of new non-ZE HGVs?

As outlined in Q1, a mandate is likely to bring the most investment in low carbon infrastructure, although this cannot be done in isolation.

Q9 – Are there any alternative approaches that the government should consider to reduce CO₂ emissions from HGVs?

As Q1.

Q10 – Do you have any comments on the exclusion of ZE HGVs with a GVW between 3.5 tonnes and 4.25 tonnes from a future HGV regulation?

These should be excluded as these fall into the Vehicle Emissions Trading Scheme Order 2023 (VETS).

Q11 – Do you think a regulatory framework for reducing CO₂ emissions from the HGV sector should be extended to include coaches?

It's worth noting that coaches do not form part of any emissions framework.

With the growth of shared charging hubs – e-coaches will likely use these, and inclusion of coaches would help to improve the commercial case for their investment. Government should do detailed analysis on the specific challenges around coach decarbonisation, as these may differ from the specifics of HGVs. Both will require some form of charging infrastructure so should feed into strategic demand planning.

Q12 – What are your views on a future regulation including CO₂ emission reduction targets for trailers?

Approach for trailers as outlined in Q11 for coaches.

Q13 – Should a derogation or an exemption be given to smaller volume HGV manufacturers in a regulatory framework? If yes, what should that threshold be?

Government should ensure there is broader rebalancing of energy bills to encourage electrification and support UK manufacturing in the transition. This would help to ensure that we maximise the economic benefits of the energy transition, and enable operators to access affordable energy costs and transition to new ways of managing their assets.

Q14 – Should an exemption be given to smaller volume coach manufacturers? If yes, please elaborate why and explain what should that threshold be?

As outlined in Q13.

Q15 – Should a sunset clause be set for any derogation? If yes, by what year should this be set?

Member views welcome.

Q16 – Should any additional vehicles be exempt from the standards that we have not considered here?

Member views welcome.

Q17 – What criterion, or combination of criteria, should be used to set the eligibility of a ZE HGV?

As the market develops towards zero emission freight, 'engine technology-based' would exclude low-carbon hydrogen vehicles.

Where low-carbon hydrogen is an appropriate, cost-effective option to decarbonise – a metric of gCO₂ per vehicle activity would better reflect the realities of decarbonisation, and allows comparison across technology types. This can then be tightened based on vehicles delivering the highest rates of decarbonisation.

Treatment of biomethane and biofuels in the UK Emissions Trading Scheme (UK ETS) is currently being reviewed. Government should consider zero-rating biomethane/biofuels that meet the UK biomass sustainability criteria to ensure a harmonised approach with the EU, which will in turn help to ease the ETS linkage process.

Q18 – For vehicles not covered under the scope of the Certification Regulation, what criterion, or combination of criteria, should be used to set the eligibility of a ZE HGV?

Q19 – For your preferred criterion, or combination of criteria, what eligibility threshold do you propose? Why?

N/A.

Q20 – Do you agree with maintaining the VECTO vehicle category segmentation? If not, what alternative segmentation would you suggest? Q21 – What metric should be applied as a weighting system for a particular vehicle grouping?

N/A.

Q22 – Which flexibilities do you think should be established under a future HGV regulation?

Government should take the core learnings from the existing ZEV Mandate around banking, borrowing with interest, and trading credits. There should be clearly defined points where it is reviewed – and these should not be adjusted ahead of these clearly defined dates.

Policy should encourage investment into the ZEV market, rather than focusing on adjustments to non-ZEV drivetrains which make it easier for compliance.

Q23 – What is your preferred option for credit transfer? If there is an alternative option you would like to have considered, please elaborate here.

Government should ensure the credit trading mechanism rewards investment into hard-to-decarbonise vehicles.

Q24 – Do you have any comments on the level and provision of penalties and enforcement in a future HGV regulation?

Penalties should be reinvested into the sector, ensuring that the fund goes towards charging infrastructure and vehicle incentives.

Q25 – Which VECTO groups should be included in the 2035 phase out dates, and which should be included in the 2040 phase out dates?

N/A.

Q26 – For your chosen regulatory option, what target trajectory do you think should be set?

N/A.

Q27 – If a ZEV mandate is your preferred option, should a CO₂ improvement target also be set for the non-ZE HGV fleet? If so, please elaborate.

A CO₂ standard would help to ensure efficiency in the existing fleets on UK roads.