

Consultation on the HGV levy

RTFA response

Gaynor Hartnell, gaynor@rtfa.org.uk

Answering within the UK

Renewable Transport Fuel Association

A representative organisation

The RTFA is a Trade Association with 36 corporate members (list appended). We represent producers of renewable and low carbon transport fuels. This response was developed by an initial set of phone calls amongst members that most closely deal with HGV fleet operators; followed by the circulation of a draft response with an invitation to comment.

This response is not confidential.

Overview

A point we have made repeatedly is that zero emissions at the tailpipe does not equate to a zero-emission vehicle. The HGV levy is about the physical damage HGVs do to the roads. It is not an environmental policy and does not lend itself to sending an environmental message or influencing purchasing decisions. The challenges of other drivetrains are on a much greater scale than the levy. Renewable fuels are the quickest, most cost-effective and most generally applicable way to reduce CO₂ emissions for the HGV fleet. Tinkering with the levy won't get operators to switch unless they have a satisfactory and affordable alternative, with adequate performance characteristics and infrastructure provision.

The proposed change has minimal impact and goes against the polluter pays principle. The first phase of changes results in a less cost-reflective set of charges, and the envisaged adjustments to cater for zero tailpipe HGVs will exacerbate this further. There are far more effective policies for targeting the environmental performance of HGVs, and far more important priorities for the Department for Transport.

Questions relating to the proposal to reform the levy to align it more closely with environmental performance (as outlined in Part 1)

Question 1: Do you support or oppose the government's proposal to reform the levy to align it more closely with the environmental performance of the vehicle?

We oppose the proposal on the basis that the levy was designed to deal with the damage done by vehicles to the road, and - in dealing with both weight and how that weight is distributed - it looks at the right parameters. **The proposal is a backward step, as the charge becomes less reflective of the damage done to roads.** Plus the proposal does not actually align the levy more closely with the environmental performance, and there are already far more effective policies covering environmental performance;

- Carbon emissions are dealt with by the Renewable Transport Fuel Obligation, and
- air quality exhaust emissions are covered by regulations on the manufacture of the vehicle, as well as by geographical measures such as air quality zones.

The only pricing signal sent by the Levy is that a lighter HGV incurs lower costs and on this basis is not meaningful for the owner / fleet operator as a lighter HGV per se is not necessarily a better environmental option.

Non-exhaust emissions (i.e. tyre wear) is a growing air quality issue, which is not addressed by any policy mechanism. A vehicle's weight and its distribution is a key factor governing these emissions, and the proposal to move away from this basis for charging, and then later perhaps excluding zero tailpipe CO₂ vehicles from the levy (Question 10) goes completely counter to the polluter pays principle.

Question 2: Do you support or oppose the proposed reformed levy having three levy bands and rates?

We oppose the move from the current banding arrangement based on weight and its distribution to the proposed alternative on the basis that

- it moves away from the principle of charging according to impact
- overall weight is not a good proxy for CO₂ emissions (and it will become even less so in the transition to zero tailpipe HGVs, as described above)

The work has already been done with respect to the banding arrangements, and has been accepted by the haulage industry. There is no merit in "simplifying" it with the end result being to make it less cost reflective and less fit for purpose.

Question 3: Do you have any concerns relating to specific vehicle types or circumstances (such as particular business requirements or use cases) for the proposed reformed levy?

No, as we do not support the proposed change.

Question 4: Do you have any other thoughts on the proposed reformed levy?

No.

Questions relating to the proposal to reform the scope of the HGV levy (as outlined in Part 2)

We do not have strong views on questions 5 & 6, nor more to add on the proposed reform.

Question 8: Would any of the proposed reforms to the levy result in administrative or enforcement difficulties distinct from the previous levy?

Possibly not, but the mere act of changing it would involve work, and given that it is a detrimental step in policy terms there would inevitably be pressure to tweak it, given its significant shortcomings as means of delivering an incentive to improve environmental performance.

Question 9: Would you support or oppose zero-emission HGVs paying a reduced rate of HGV levy under the proposed reformed levy?

We would oppose this. We subscribe to the polluter pays principle and of charging according to impact.

Question 10: What suggestions do you have for how the HGV levy should treat HGVs with alternative drivetrains or fuels, such as battery electric, fuel cell or natural gas powered vehicles?

As set out above, we think **the charge should be on the basis of weight and its distribution alone** therefore there should be no different treatment for different drive trains.