

## **ACS Submission - Consulting on ending the sale of new petrol, diesel and hybrid cars and vans**

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Department for Transport's consultation on ending the sale of new petrol, diesel and hybrid cars and vans. ACS is a trade association representing 33,500 convenience stores across the UK. Our members include Rontec, Motor Fuel Group, BP, Shell and thousands of independent retailers. For more information on ACS see Annex A.

There are 8,382 forecourts across the UK, trading in urban transient locations (40%), residential locations (28%), rural locations (17%), commercial or industrial locations (13%) and motorways (2%). There are a diverse group of fuel retailers operating in the UK with 17% hypermarket owned, 18% oil company-owned multiples and 65% dealer owned<sup>1</sup>.

The Government's target to end the sale of petrol, diesel and hybrid cars and vans by 2035 is ambitious and will be challenging for the UK transport network to deliver. There remains a great deal of uncertainty about future transport solutions, making it difficult for fuel retailers to invest in electric vehicle (EV) infrastructure at the scale and speed necessary to deliver an appropriate amount of infrastructure by 2035. There are currently 1,083 electric charging points currently available at a total of 334 forecourt sites in the UK.

The 2035 target brings into sharp focus the multiple uncertainties about future mobility solutions and has an impact on fuel retailers' confidence to invest in new infrastructure. The UK Government is heavily focused on EV as the mobility solution for the UK transport network, but the most likely scenario is that we will see all of these fuelling options – E10, EV, Hydrogen - progressing at the same time, meaning fuel retailers have to make multiple investments in expensive infrastructure with limited prospects for higher profitability.

### **Phase Out Date and Definition**

- The 2035 target for banning the sale of petrol, diesel and hybrid cars and vans is ambitious. We do not support shortening the target to 2032, as recommended by the Committee on Climate Change, without further government subsidies for delivering EV or alternative fuel infrastructure.
- The inclusion of hybrid vehicles within the ban could undermine consumer confidence in transitioning from petrol and diesel to full EV.

### **Barriers To Achieving The Proposals**

- Limited funding for EV charging points on fuel sites that is compatible with road users charging needs.
- Connections to the National Grid to support sufficient power supply for fast and rapid charging that consumers want when charging on the go.

### **Impact On Fuel Retailers**

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<sup>1</sup> [ACS Forecourt Report 2019](#)

- Fuel sales are an integral source of income and footfall for fuel retailers. The move away from petrol, diesel and hybrid vehicle represent a challenge for fuel retailers' existing business model in the long term.

### **Measures required by government and others to achieve the earlier phase out date**

- A focus on incentivising and supporting investment in EV infrastructure and charge points, instead of mandating the location of EV charge points based on arbitrary definitions.
- Development of the future transport solutions across the UK road network including alternative fuels and hydrogen.

### **The phase out date and definition**

We support the UK government's commitment to transition to a zero-carbon economy by 2050 and the need for all sectors of the UK economy to work towards this. We believe that the 2035 ban on the sale of petrol, diesel and hybrid vehicles is ambitious and will only be achieved through collaboration between the public and private sector and strategic planning for the roll out of EV infrastructure.

We do not support accelerating the ban of petrol, diesel and hybrid vans and cars any sooner than 2035. Whilst we disagree with the Committee on Climate Change's recommendation to bring forward the date of the ban to 2032, we support their assertion that the transition away from petrol, diesel and hybrid vehicles should be "backed by detailed policy arrangements to deliver it"<sup>2</sup>.

The inclusion of hybrid vehicles within the definition of the phase out could be counterproductive to consumers transitioning to EVs. Hybrids are a popular solution for many consumers and build confidence and understanding of low emission technologies. Hybrid vehicles represent the highest proportion of low emission vehicles in the UK with 659,000 hybrid and plug-in hybrid vehicles registered in 2019<sup>3</sup>, therefore it is counter intuitive to deter consumers from investing in hybrid vehicles.

### **Barriers to achieving the above proposals**

We welcome the recent publication of the Office for Low Emission Vehicle (OLEV) rapid charge point network strategy. This includes ambitious targets for increasing rapid charging infrastructure across the strategic road network, but this needs to be matched by grant funding for connecting fuel sites to the National Grid to expand the EV network at pace, in order to meet the 2035 target. The increase in the overall Rapid Charging Fund at the 2020 Budget was welcome, and now stands at £500 million, but more funding is needed from the Government to meet the 2035 target.

More funding is also needed to facilitate direct connections between fuel retailing sites and the National Grid. Fuel retailers and motorway service areas need to install fast and rapid charging points to meet consumers' charging needs on the go. This requires direct connections to the National Grid which are not available at UK fuel retailing sites. This often means fuel retailers must invest in new substations at fuel sites to deliver rapid charge points. The cost of installing substations can run to millions of pounds and there are limited prospects to recoup these costs. The Government needs to come forward with a programme of investment to install fast and rapid charge points at relevant locations across the strategic road network.

### **The impact of these ambitions on different sectors of industry and society**

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<sup>2</sup> [Reducing UK Emissions: 2020 progress report to parliament](#)

<sup>3</sup> [Data on all licensed and registered cars, produced by Department for Transport 2019. Table VEH0202](#)

Fuel retailers are responsible for the sale of billions of litres of petrol and diesel that underpin the movement of goods and people across the UK. The shift away from the internal combustion engine vehicles represents a significant change to the current business model of fuel retailers. As detailed below, fuel retailers are investing in EV charging points, but they cannot, at present, make the same profitability from the sale of electric to EV road users.

The Government must support and help fuel retailers to transition to zero carbon economy. The delivery of new road infrastructure cannot be achieved without close partnerships between the Government and fuel retailers. The fuel retailing sector currently provides employment to 92,000 people, represents £4.1 billion in sales from forecourt sites<sup>4</sup> and collects £28.4 billion in fuel duty, which represents 3.5% of UK tax receipts<sup>5</sup>. The Government cannot afford to ignore the impact that the transition to a zero-carbon economy will have on UK fuel retailers.

ACS' Forecourt Report 2019 found that there had been a 74% increase in the number of charging devices available at fuel retailer sites compared to the previous year, increasing from 254 to 441. The number of fuel retailer sites providing electric vehicle charging points has also increased by 70% compared to the previous year from 197 to 334 sites. Forecourts are outperforming the overall trend in the electric vehicle charging infrastructure market, making considerable investments to offer this service to their customers. Examples of fuel retailers investing in electric vehicle charging infrastructure over the last year include:

BP Chargemaster has powered up its first 150kW ultra-fast electric vehicle (EV) chargers on a BP retail site, the first in a planned network of 400 ultra-fast chargers across the UK. Two of the chargers were installed at BP's retail site at Cranford near Heathrow airport, west of London. They are the first in a planned roll-out of 400 ultra-fast chargers at BP sites across the UK by the end of 2021, with the network continuing to grow in line with new vehicle models arriving on the market that will be capable of ultra-fast charging.

Shell has the UK's first 150kW electric vehicle charger on a forecourt. The new charger is a part of Shell Recharge, Shell's on-forecourt Electric Vehicle (EV) charging service and is available for use at Shell's Battersea Service Station in London. The 150kW high-powered charger will sit alongside the current 50kW rapid chargers available via Shell Recharge. While the 50kW rapid DC chargers typically provide a 0-80% charge in approximately 30 minutes, the new 150kW high-powered charger can deliver power up to three times faster, depending on the electric vehicle model.

MFG installed 21 rapid chargers to the GeniePoint network in one month. During October, 21 rapid chargers were added to MFG's GeniePoint Network, as it works towards its target of 150 50kW+ charger locations by early 2019.

### **What measures are required by government and others to achieve the earlier phase out date**

The Government must focus on incentivising and supporting investment in EV infrastructure and charge points. The Rapid Charge Point Strategy is a good starting point but must seek to find more funds to subsidise the development of UK EV infrastructure. The Government should also do more to address how other road fuel options will work together on the path to the 2035 ban of petrol and diesel vehicles and the 2050 zero carbon targets. For example, what is the role of alternatives fuel like E10 or hydrogen?

We urge the Government not to use regulatory mechanisms to mandate the provision of EV charging points on UK fuel sites. Arbitrary definitions of large fuel sites, such as the number

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<sup>4</sup> ACS Forecourt Report 2019

<sup>5</sup> [Office for Budget Responsibility Fuel Duty Forecast 2019/20](#)

of pumps, tanks or fuel volumes, are not good proxies for the appropriate location of EV charging points across the strategic road network.

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 46,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.



Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.

WHO WE REPRESENT

INDEPENDENT RETAILERS



ACS represents almost 19,000 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

SYMBOL GROUPS AND FRANCHISES



ACS represents over 14,000 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents over 13,000 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR



In 2019, the total value of sales in the convenience sector was £40.3bn.

The average spend in a typical convenience store transaction is £6.38.



There are 46,398 convenience stores in mainland UK. 71% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 405,000 people.

18% of independent/symbol stores employ family members only.



19% of shop owners work more than 70 hours per week, while 17% take no holiday throughout the year.

70% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

78% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2018 and May 2019, the convenience sector invested over £633m in stores.

The most popular form of investment in stores is refrigeration.

OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1,200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

ACS INVESTMENT TRACKER

Regular quarterly survey of over 1,200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of around 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 7,556 stores. The Local Shop Report also draws on data from HIM, IGD, Nielsen and William Reed.

BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.

For more information and data sources, visit [www.acs.org.uk](http://www.acs.org.uk)