



## HGV road user levy

### 1. Introduction

The current UK HGV road user levy is based on the time spent on the entire UK road network. Around Europe there are other methods of charging HGVs based on a range of factors. These include:

- vehicle weight (ranging from 3.5 tonnes to 12 tonnes and above)
- Euro emission class
- distance travelled
- the number of axles

At March Budget 2017 the government announced the launch of a call for evidence on reforming the existing HGV road user levy. We committed to reviewing the scheme once operational when the original levy was announced in 2013.

We are now seeking views and want to work with industry to reform the levy in a way that rewards hauliers that plan their routes efficiently, incentivises efficient use of roads, and improves environmental performance, including air quality and carbon emissions.

It's very important that you enter your correct email address when you choose to save and continue. If you make a mistake in the email address you won't receive the link you need to return to your response.

### 2. Respondent details

1. Your contact details. We will only contact you if we need to clarify any of the answers you give us.

Name

Email

2. Are you responding: \*

☐ as an individual? (Go to 5. Efficient driving and emissions)

yes on behalf of an organisation? (Go to 3. Organisational details)

### 3. Organisational details

3. On behalf of what type of organisation are you responding?

- ☐ Haulier
- ☐ Foreign (non-UK) haulier
- ☐ Regulatory body
- ☐ Local government
- yes Trade association**
- ☐ Shipping company
- ☐ Retailer
- ☐ Non-governmental organisation
- ☐ Other (please specify):

The Renewable Transport Fuels Group of the REA has members active in the production and supply of renewable fuels including bioethanol, biodiesel, HVO, and biomethane.

4. Do you operate any heavy goods vehicles? \*

- ☐ Yes (Go to 4. Heavy goods vehicle types)

**No No (Go to 5. Efficient driving and emissions)**

### 4. Heavy goods vehicles types

5. How many heavy goods vehicles do you operate that are:

3.5 tonnes to  
below 12  
tonnes gross  
vehicle weight

12 tonnes gross  
vehicle weight  
and above

### 5. Efficient driving and emissions

**6. What changes could we make to the existing levy to deliver the UK's objectives in rewarding individual HGV operators that plan for more efficient route operation and use the most modern equipment?**

Our interest is in using the HGV levy to encourage the uptake of dedicated gas-fired HGVs, due to their superior environmental performance (GHG, NOx, particulates and noise). These vehicles are only just emerging on the market, and the pace of innovation is rapid. Already the OEMs' attention has moved from dual fuelled vehicles (which suffered from methane slip) to dedicated engines. There are both compressed and liquefied gas models available and a new technology, with a compression rather than spark ignition engine shows great promise.

Gas fired HGVs have a higher upfront capital cost than diesel equivalents. Therefore, any additional support to encourage the switch to gas, such as a reduction in the HGV road user levy, would assist uptake. This could take the form of a straight forward percentage reduction in the levy for gas-fuelled vehicles.

**7. What changes could we make to the existing levy to deliver the UK's objectives in helping to drive more efficient use of our roads?**

**8. What changes could we make to the existing levy to deliver the UK's objectives in reducing emissions which contribute to poor air quality and climate change?**

Running HGVs on natural gas reduces GHG emissions as well as improving local air quality. The Levy should be used as a means of encouraging the uptake of gas fuelled HGVs.

This sector is hard to decarbonise, and solutions such as electrification or hydrogen fuelling, which would eliminate tailpipe emissions are not market-ready.

Running HGVs on natural gas gives around a 12-15% according to the Element Energy study or according to the ETI study, the best case scenario indicates that the potential for emissions savings is very significant at 21-22% for LNG and 26-29% for CNG compared to the diesel reference<sup>1</sup>.) When running on biomethane, the Element Energy study quantified the savings at 84%.

With respect to local air quality emissions both gas fuelled vehicles have lower NOx, particulate and noise levels.

Sources

Element Energy Study –

Independent assessment of the benefits of supplying gas for road transport from the Local Transmission System, Final technical report, Cadent, Celine Cluzel, Vlad Duboviks, Sophie Lyons, 15th August 2017. [https://cadentgas.com/getattachment/About-us/Innovation/Projects/Revolutionising-Transport/Promo-Full-report-\(1\)/20170815\\_Element\\_Energy\\_Monitoring\\_of\\_Leyland\\_station\\_-\\_final\\_report.pdf](https://cadentgas.com/getattachment/About-us/Innovation/Projects/Revolutionising-Transport/Promo-Full-report-(1)/20170815_Element_Energy_Monitoring_of_Leyland_station_-_final_report.pdf)

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<sup>1</sup> Natural Gas Pathway Analysis for Heavy Duty Vehicles, Matthew Joss - Principal Engineer, Heavy Duty Vehicles, November 2017. <https://d2umxnkyjne36n.cloudfront.net/teaserImages/Natural-Gas-Pathway-Analysis-for-Heavy-Duty-Vehicles-Matthew-Joss.pdf?mtime=20171101113809>

ETI Study  
Natural Gas Pathway Analysis for Heavy Duty  
Vehicles, Matthew Joss - Principal Engineer, Heavy Duty Vehicles, November 2017.  
<https://d2umxnkyjne36n.cloudfront.net/teaserImages/Natural-Gas-Pathway-Analysis-for-Heavy-Duty-Vehicles-Matthew-Joss.pdf?mtime=20171101113809>

**9. Provide any evidence to support your views on efficient driving and emissions.**

Append your evidence to this return marking the documents with the question heading.

## **6. Scheme criteria and coverage**

The current levy already takes weight and axles into account. We are seeking views on whether other factors should be taken into account.

**10. In reforming the HGV road user levy, should the government consider a charge based on the Euro emission class?**

☐ Yes

☐ No

Why / why not?

Basing the levy on the Euro emission class does not take the upstream emissions (well-to-wheel) into account.

**11. In reforming the HGV road user levy, should the government consider a charge based on distance travelled?**

☐ Yes

NO No

Why / why not?

Not if this penalises longer distance travel. If goods are required to be transported from A – B, then nothing can be done to reduce that distance. Given that the capital cost of gas fired HGVs vehicles is currently higher, whilst the running costs are lower, fleet operators will tend to prioritise their use on longer routes, as this is where they are most cost-effectively deployed.

**12. In reforming the HGV road user levy, should the government consider a charge based on any other factors?**

YES Yes

☐ No

Why / why not?

Our interest is in using the HGV levy to encourage the uptake of gas-fired HGVs. We therefore support any levy which gives an incentive to their uptake.

This incentive could take the form of a straight-forward percentage reduction on the levy. This could also be applied for electric HGVs. Whilst their development may be some distance in the future, long term signals such as could be provided by the levy, and emission reduction directives are helpful in focusing OEMs' development strategies.

**13. The current HGV levy applies to the entire UK road network. Should changes should be made to the coverage of the scheme?**

☐ Yes

☐ No

Why / why not?

No view on this.

**14. Provide any evidence you have to support your views on scheme criteria and coverage.**

Append your evidence to this return marking the documents with the question heading.

## 7. Impact of potential changes

**15. How would changing the charge basis and / or scope of the levy affect the freight industry?**

There is already growing interest in gas fired HGVs driven by a number of factors

- More vehicles are coming to the market
- Their cost is falling
- The global and local environmental benefits including lower noise levels
- Their popularity with drivers (better refuelling experience)

However this is starting from a low base. A reduction on the HGV levy will add another incentive for fleet operators to adopt these vehicles.

For information – whilst electrification of HGVs may be a very long distance in the future the HGV levy could offer a similar reduction to EHGVS too.

We are also supportive of the use of very high blend biodiesel fuel, but recognise that the fuel duty rather than HGV levy is the place to encourage the use of higher renewable content diesel.

**16. How would changing the charge basis and / or scope of the levy affect the UK economy?**

**17. How would changing the charge basis and / or scope of the levy affect carbon emissions and air quality?**

By encouraging a growth in use of gas fired vehicles, this would result in reduced carbon emissions and improved tailpipe and noise emissions, as outlined above.

**18. How would changing the charge basis and / or scope of the levy affect the road network?**

**19. Provide any evidence you have to support your views on the impact of potential changes.**

Append your evidence to this return marking the documents with the question heading.

## 8. Technology

The existing HGV levy has made use of the advances in digital technology, and now 97% of transactions are made through an online portal using registered accounts. We want to build on this and also learn from other forms of HGV charging implemented across Europe to ensure that people's privacy and data remain protected. We are eager to learn what works, and to hear views through this call for evidence.

**20. If location and/or distance travelled formed the basis of the reformed HGV levy, technology may be required to ensure users are charged only for what they use. Do you have any views on the merits in terms of effectiveness / reliability of Automatic Number Plate Recognition technology?**

**21. If location and/or distance travelled formed the basis of the reformed HGV levy, technology may be required to ensure users are charged only for what they use. Do you have any views on the merits in terms of effectiveness / reliability of tag and beacon technology?**

**22. If location and/or distance travelled formed the basis of the reformed HGV levy, technology may be required to ensure users are charged only for what they use. Do you have any views on the merits in terms of effectiveness / reliability of an on-board unit determining the vehicle's location by tracking satellites (GPS, GNSS)?**

**23. Are there any other formats which should be considered? E.g. should we be looking at plug-in telematics technology such as that currently used to for fleet management or 'black box' insurance?**

**24. Provide evidence to support your views on the merits of these technologies.**

Append your evidence to this return marking the documents with the question heading.

**25. Using the above technology options, how could we best ensure that individual personal data and privacy remains protected?**

**26. Provide evidence to support your view on protecting individual privacy.**

Append your evidence to this return marking the documents with the question heading.

**27. Do you have any views on effective enforcement for the different technology options to apply to both UK and foreign vehicles?**

**28. Provide evidence to support your view on foreign and UK vehicles.**

Append your evidence to this return marking the documents with the question heading.

## **9. User experience and reducing regulatory burden**

We want to work with the industry to make the new scheme as user-friendly as possible. Government is mindful of the other charges in this space which affect HGVs operating in the UK, and we want to use this opportunity to reduce regulatory burden.



**29. How can we ensure that the ways of paying best reflect user needs?**

**30. How could the charge help to level the playing field for small and medium sized enterprises?**

**31. What changes should be made to the levy to reduce the administrative burden currently faced by haulage firms?**

**32. Should the users of the reformed HGV Levy be integrated with any of the following?**

	Yes	No
Existing UK vehicle charging regimes, such as toll crossings	<input type="checkbox"/>	<input type="checkbox"/>
Future regimes, such as Clean Air Zones	<input type="checkbox"/>	<input type="checkbox"/>
Other UK vehicle taxes, eg Vehicle Excise Duty	<input type="checkbox"/>	<input type="checkbox"/>

Explain why / why not.

**33. Provide evidence to support your views on user experience and reducing regulatory burden.**

Append your evidence to this return marking the documents with the question heading.

## **10. Wider economic evidence**

The government will aim to identify suitable options for improving the way the levy is charged and managed, and we welcome a wide range of evidence to support us in this task.

**34. In light of the above, please provide references to any evidence you might be aware of, on the potential impacts of different types of HGV charging scheme. In particular, any data on the following:**

- current commercial routes and travel patterns of freight operators
- impact of HGV traffic on the road network (local and strategic)
- the extent to which a change in the HGV road user levy could impact logistics decisions and route choices of freight operators
- any further data on costs incurred by freight operators as a result of different modalities of road charging and use of different technologies
- price elasticity of freight operators, or particular sectors of the road haulage industry, including how and to what extent charges are passed on to customers
- any further data on costs involved with setting up the new technical infrastructure required for certain modalities of HGV road charging

**35. If you want to provide any evidence to support your views regarding the wider economic impact you can upload files here.**

Append your evidence to this return marking the documents with the question heading.

## **11. Final comments**

**36. Any other comments?**

