

**The purpose of this paper is to provide a response to the Economy, Infrastructure and Skills Committee report: Decarbonisation of Transport**

**Response**

The Government welcomes the draft report and thanks the committee for their work.

**Recommendation 1.** The Welsh Government should outline for the Committee what consideration it is giving to energy and grid capacity issues for running fully electric vehicle fleets in Wales and how is it building that into the Welsh planning system, and to provide assurances about its sustainability plans for managing the procurement and circular recycling of electric batteries.

**Response:** Accept

Discussions are underway with National Grid and Distribution Network Operators (DNO's) in respect of the impacts and we will also investigate how renewable generation and storage can assist with grid resilience. Investigation as to how the Welsh economy can benefit from the emerging technologies and recycling opportunities is also underway.

A written update will be provided once we have completed the consultation process outlined in the response to Recommendation 2 later this year.

**Financial Implications:** No direct financial implications at this stage.

**Recommendation 2.** The Welsh Government should update the Committee on the latest position with its plans for the EV infrastructure network and when it intends to publish its EV strategy. Alongside information on charging infrastructure the Welsh Government should also clearly set out its approach to ensuring taxi / PHV and bus operators themselves adopt EVs by the Government's target date of 2028.

**Response:** Accept

The EV Charging Strategy is in draft form and under review by the government with a view to a public consultation later this year.

A written update on the approach will be provided with respect to taxi/PHV and bus operator adoption of EV's to meet the target date of 2028 later this year.

**Financial implications:** No additional funding implications beyond what will be funded from existing budgets.

**Recommendation 3.** The Welsh Government should keep the Committee updated on the level and expected impact of its support to local authorities in response to Covid-19 for “pop-up measures” to encourage safe active travel and discourage private car use, and how it will monitor and evaluate success.

**Response:** Accept

The letter that accompanied the funding award to local authorities set out that monitoring and evaluation needs to be undertaken and reported that a percentage of the funding can be used for these purposes. Local authorities must submit quarterly claims detailing their progress. We will provide a written update to the Committee after submission of quarter 2 claims in October.

**Financial implications:** No direct financial implications.

**Recommendation 4.** Welsh Government should update the Committee on plans for, and progress with, the development of UK-wide specifications, standards and long-term cost modelling for low-emission EV technology to be deployed in Wales. The Committee would also like to be informed about how Welsh Government will share its plans with Welsh transport operators, to build confidence for investment in new technology.

**Response:** Accept

We agree that there should be a UK wide response to this matter. A written update will be provided to the Committee setting out proposals in this area by the end of the year.

**Financial Implications:** No direct financial implications at this stage.

**Recommendation 5.** The Welsh Government should outline its latest thinking on the comparative cost effectiveness of retrofitting newer diesel buses to EVs as opposed to replacing all fleet with new electric vehicles by 2028, and whether it will consider retro-fit as part of its decarbonisation plans going forward.

**Response:** Accept

Whilst retrofitting Diesel vehicles with particulate traps are beneficial to carbon reduction and local air quality, there are a number of disadvantages that need to be considered. These include:

- Requirement for additives
- Reduction in fuel efficiency
- Increased maintenance, and

- Reduced reliability

As such there is an operating cost penalty that reduces the attractiveness to the industry. We continue to work with industry stakeholders to identify opportunities.

**Financial implications:** No additional funding implications beyond what will be funded from existing budgets.

**Recommendation 6.** The Welsh Government must undertake detailed consultation with the community transport sector on its decarbonisation agenda and targets, and set out a clear plan for providing appropriate and sustainable support to the sector for vehicles, infrastructure and operations.

**Response:** Accept

Community transport has an important part to play in delivering services in parts of Wales. The new Wales Transport Strategy will set out clear policies to support community transport that ensures its sustainability and supports its transition with regard to decarbonisation.

**Financial implications:** No additional funding implications beyond what will be funded from existing budgets.

**Recommendation 7.** The Welsh Government should outline how decarbonisation targets are taken account of as part of its Covid-19 emergency response to support bus operations, and how it will capitalise on any benefits accruing from the current and future arrangements with operators and partners.

**Response:** Accept

A written update will be provided to the Committee by the end of the year in respect of this recommendation.

**Financial implications:** No direct financial implications at this stage.

**Recommendation 8.** When the Welsh Government is in a position to set out how its legislative priorities for transport will be taken forward now, in light of Covid-19, it should provide the Committee with an analysis of the implications for its decarbonisation agenda, including outlining any non-legislative measures that might be necessary.

**Response:** Accept

We are developing future legislative proposals which include provision for both taxis and bus in the light of Covid-19. We are also developing broader thinking on how to take forward the decarbonisation agenda. Proposals and the implications of these proposals should be clearer next year and we will share this with the committee at that point.

**Financial implications:** Further details will be provided in due course.

**Recommendation 9.** The Welsh Government should provide the Committee with more detail of plans and timescales for reforming the taxi/PHV licensing regime, and how it is working with local government and other partners to ensure the sector remains viable post Covid-19, and to keep decarbonisation plans on track.

**Response:** Accept

We are currently exploring ways in which to incentivise the switch to zero emission taxis and PHVs, in order to meet our target of all taxis and PHVs being zero emission by 2028.

There are a number of projects already in progress including the following:

- Merthyr Tydfil County Borough Council has on behalf of the other authorities in the South East region, submitted an application for Ultra Low Emission transformation Fund. The application is for rapid charging infrastructure for taxis (£1.04m) and non-repayable grant schemes for taxis/ PHVs.
- Welsh Government officials are working with Transport for Wales to develop a package of measures with the local authorities in the Cardiff City Region to support the taxi/ PHV industry. Intention is to roll out such measures to other parts of Wales.
- Cardiff Council have been awarded funding of over £19m to support a package of air quality measures to deliver urgent compliance with EU Directive limit values for nitrogen dioxide. The agreed package of measures includes a taxi emissions mitigation grant (£1.8m).
- Current consideration of sites for fast charging infrastructure across Wales.

It is recognised that due to the high purchase cost of zero emission vehicles, especially wheelchair accessible vehicles, that they will be unaffordable for many of the taxi and PHV industry, even after any grants have been applied. Therefore consideration of additional/alternative measures is in progress, and includes 'try before you buy schemes', vehicle lease schemes, and loans.

We will provide a further update to the Committee in March 2021.

**Financial implications:** Initially, additional funding implications will be met from existing budgets but it is anticipated further funding will be required to keep decarbonisation plan on track. Further details will be provided in due course.

**Recommendation 10.** The Welsh Government should tell the Committee what is being done to support Muslim drivers in the Taxi/PHV sector to obtain suitable Sharia-compliant loans for lower emission vehicles, whether via the Development Bank of Wales or other means.

**Response:** Accept

It is recognised that many taxi and PHV driver are Muslim and any financial incentives offered to the taxi and PHV industry to switch to zero emission vehicles will be Sharia compliant.

An update will be provided to the Committee once a financial incentive package has been identified.

**Financial implications:** Initially, additional funding implications will be met from existing budgets but it is anticipated further funding will be required to keep decarbonisation plan on track. Further details will be provided in due course.

**Recommendation 11.** The Welsh Government should provide more detail to the Committee of how it plans to address freight transport as part of its decarbonisation plans, and how it will fit into the forthcoming Wales Transport Strategy.

**Response:** Accept

Our vision is for a competitive, responsive and resilient network of freight services across Wales that reflects our ambition for a thriving, socially just economy, which drives a truly sustainable and environmentally responsible nation.

Many freight and logistics operators have faced significant challenges during the COVID19 crisis, but some elements of the system, such as last mile and express delivery, have also seen highly accelerated growth. In addition, the implications of EU Exit trading relationships on supply chains across the UK, and other UK-wide initiatives such as Freeports, suggests that the conditions within which the freight and logistics systems operates, could remain unstable for some time to come.

In this context, the Wales Transport Strategy provides the ideal opportunity to reflect on the policies that enable or regulate freight and logistics within Wales. Ensuring that we are able to deliver on our ambition with in this new and dynamic environment. We also recognise that there are substantial limitations to what could be achieved unilaterally. Collaboration with the UK Government and the other devolved nations will be an essential part of an effective approach to decarbonising freight and logistics.

That is why we have established a freight and logistics working group, comprised of a wide range of modal and cross-modal sector leads. The group will provide industry insight, advice and scrutiny of plans in respect of the Wales Transport Strategy. A core objective of this work will be to consider how to maximise opportunities to

decarbonise the freight and logistics system as part of an integrated approach to decarbonising all modes of transport.

**Financial implications:** No direct financial implications.

**Recommendation 12.** The Welsh Government should ensure that its strategy for freight includes consideration of a) pilot projects aimed at creating future-proofed low carbon distribution networks, b) how to identify and influence decision-makers to reduce emissions from cross-border road freight movements and c) how it will seek to influence consumer and e-commerce behaviour.

**Response:** Accept

The approach for freight and logistics within the Wales Transport Strategy is under development and will be subject to a substantive consultation and engagement process. Whilst it would be premature to suggest at this stage the future activity that would arise following this necessary process, the high-level measures suggested by this recommendation closely accord with early thoughts gathered from the industry.

We will therefore give these matters close consideration as the strategy develops.

**Financial implications:** No direct financial implications.

**Recommendation 13.** The Welsh Government should task Transport for Wales with providing more detail on how the goals and milestones set out in its Sustainable Development Plan and Low Carbon Impact Strategy are being monitored and how often it will be publishing progress reports.

**Response:** Accept

We will provide the Committee with further details on the proposed monitoring strategy and reporting frequency later in the year.

**Financial implications:** No direct financial implications.

**Recommendation 14.** The Welsh Government should set out how Cardiff Airport fits into its plans for a low carbon transport network, how it will be included in the Wales Transport Strategy and the next iteration of the Low Carbon Delivery Plan, and what its expectations are for the decarbonisation of the airport in the short and long-term (including any targets).

**Response:** Accept

We will provide the Committee with an update on how our ambitions to reduce the carbon footprint of transport knits together with our ambitions to support Cardiff Airport to become a prosperous and self-sustaining international airport later in the year.

We ask the Committee to note that the aviation industry is currently facing unprecedented challenges because of COVID-19. As such, Cardiff Airport's capital infrastructure projects (including the delivery of its Environmental Flight Path) have been put on hold whilst Welsh Government officials continue to work closely with the airport management team on its recovery and rebuild strategy.

**Financial implications:** No additional funding implications beyond what will be funded from existing budgets.

**Recommendation 15.** The Welsh Government should undertake further authoritative analysis of the evidence provided by Cardiff Airport about the relative benefits of flying over rail transport for domestic journeys, and explain how this fits with their plans for supporting and promoting low carbon transport modes.

**Response:** Accept

Over the coming months, Welsh Government transport officials will continue to work closely with the airport management team to recover and rebuild Cardiff Airport's business model following the impact of COVID-19. The airport's business plan is currently being reviewed.

**Financial implications:** No additional funding implications beyond what will be funded from existing budgets.