



Department  
for Transport

## **Vehicle Technology and Aviation Bill**

### **Committee Members**

From the Minister of State  
**The Rt. Hon. John Hayes MP**

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**Dear Committee Member,**

## **Vehicle Technology and Aviation Bill**

Thank you for the informative and helpful comments you made at last week's Committee Sessions.

As promised I now write to follow up on issues raised during this session:

### **The process and criteria for obtaining a Homologation Certificates**

The Vehicle Certificate Agency is an Executive Agency of the Department for Transport and the United Kingdom's national approval authority for new road vehicles, agricultural tractors and off-road vehicles. Within Europe, two systems of type approval have been in existence for over 20 years.

One is based around EC Directives and provides for the approval of whole vehicles, vehicle systems, and separate components. The other is based around United Nations (UN) Regulations (formerly known as UNECE Regulations) and provides for approval of vehicle systems and separate components i.e. not whole vehicles.

Type approval is the confirmation that production samples of a design will meet specified performance standards. The specification of the product is recorded and only that specification is approved. The Certificate of Conformity (CoC) is issued by the manufacturer with each vehicle to confirm that that vehicle is in line with the previously approved specification. It is the CoC, when presented by the person registering the vehicle that confirms the vehicle meets the necessary standards to be registered for use on the road.

Further information is available on VCA website:

<http://www.dft.gov.uk/vca/aboutvca.asp>.

## **Automated vehicles**

### Clause 2(2) – meaning of insured person and what this covers

With Clause 2, subsection 1, we have placed a first instance liability on insurers of automated vehicles to pay compensation if the automated vehicle causes a collision. Clause 2, subsection 2 places the same first instance liability on the owner of a vehicle if it is self-insured because it is a public sector vehicle, or a Crown vehicle in public service. This is necessary, because the Road Traffic Act 1988, allows some public sector bodies and the Crown to self-insure; if we didn't have this subsection, then victims of collisions involving self-insured automated public sector vehicles, or Crown automated vehicles in the public service, would not have equivalent protection to a victim of a collision caused by an insured automated vehicle

### Insurance position of prototypes of AVs

Prototypes will be treated in the same way as any other vehicle. If the vehicle falls within the definition of an automated vehicle, it will be included on the list.

### Clause 4 amendments 1-8 further information to be provided on progress

We have agreed to consider the amendments relating to this clause and are engaging with industry experts to ensure we meet our intended policy objective.

### New clause 9 + Amendment 21

We recognise the importance of proper regulation of software. As you know, the measure in the Bill deal with insurance. The requirements for system updates and software form part of the international discussions on vehicle standards that will ultimately form the basis of the type approval process that vehicles pass before they are sold in the UK, in addition to our domestic, non-insurance regulatory programme for automated vehicles. Therefore, there will be robust standards in place before these vehicles are brought to market.

### Should know versus know – Clause 4

The question was raised in Committee as to whether 'knows' ought to include reference to 'knows or should have known'. We have made the deliberate decision to use actual knowledge rather than assumed knowledge. This clause enables insurers to exclude liability; but this must be balanced to avoid being too onerous on the insured person; the aim being to strike a fair

balance between protecting both the insured person and the insurer. My team of officials will also be considering the drafting point raised with regard to the use of the word 'But' in Clause 4.

## **Electric vehicles**

### Clause 9 request for further information and indicative timings for secondary legislation

As I have made clear, this Part deliberately takes delegated powers only, as the market is developing rapidly of its own accord. I do understand, however that members would like an indicative timetable of when secondary legislation will be in place and so I will provide an indicative timeline before Report stage.

Questions were raised about the payback on charge point investment - charge point costs currently range from around £3000 for a fast chargepoint, to £20,000 for rapid charge points. Total installation costs could be more than this, and will vary from site to site, based on any necessary grid upgrades. The average costs for rapids that have been installed is around £50,000.

Following the Government's support for the early market, private investment is increasing and business models are emerging as operators and host sites move away from a "free to use" to a "pay for use" structure. Payback on capital investment can come from the charges levied on charge point users – where networks are using a number of membership schemes and tariffs – but also from associated ancillary services, such as advertising, car hire, and retail. Consumer facing businesses may be able to gain a competitive advantage by offering EV charging facilities to their customers.

Although the economics can be challenging at this early stage of the market, investors and infrastructure operators increasingly recognise that the mass-market shift of the UK car and van fleet to electric vehicles will present a huge opportunity in the years ahead. The Government's analysis also recognises the significant social and environmental benefits which the increased uptake of electric vehicles will bring, through improved provision of infrastructure.

As ever, I am happy to discuss any further questions you may have.

I am copying this letter to members of the Public Bill Committee and placing a copy in the House Library.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'John Hayes', with a horizontal line underneath.

**THE RT. HON. JOHN HAYES**