



Transport Tax team  
HM Treasury

Date: 18 March 2026

Dear Transport Tax team,

**USS response: *Consultation on the Introduction of Electric Vehicle Excise Duty (eVED)***

Thank you for the opportunity to respond to your consultation on the Introduction of Electric Vehicle Excise Duty (eVED). As outlined in this letter, we are not responding directly to the questions posed in the consultation itself but welcome this opportunity to put forward our wider views on the energy transition and the policy frameworks needed, relevant to the transport sector, that could help to achieve this.

We appreciate the logic of aligning duty for electric vehicles with existing fuel duties; however, we have concerns about the implementation of the eVED and its alignment with the overarching government net zero strategy at this point in time. We believe it is important to incentivise adoption of electric vehicles (EVs) and are reluctant to endorse any initiatives that dilute the relative attractiveness of EVs vs. internal combustion engine (ICE) vehicles.

**About USS**

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We are signatories of the new Mansion House Accord and part of the Sterling 20 partnership. The UK is a key market for us, and private markets form an important part of our portfolio as we believe they can achieve beneficial investment outcomes for our members over the long term.

We also have around £2bn invested in renewable energy and clean technology, including onshore and offshore windfarms, solar farms and hydrogen gas.

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## The Policy Challenges of the Energy Transition

We are a long-term, responsible investor with a legal duty to invest in the best financial interests of our members and beneficiaries. We believe climate change is a significant financial risk that could affect our ability to pay pensions in the future, and it is a system level risk that we are exposed to as a Universal Owner<sup>1</sup>. The transition to a low carbon economy will have an impact across all the assets that we invest in, and we would like to see a rapid and orderly transition, with predictable and appropriate long-term policy to support it.

In November last year, we published a paper entitled '[The Policy Challenges of the Energy Transition](#)'. In this paper, authored by USSIM with support from Transition Risk Exeter<sup>2</sup>, we make the case for stronger action from the UK government to provide clear policy frameworks to support each stage of the transition. What is needed in the very early stages of the transition will not be the same as at later stages, nor will it be the same across different sectors.

Regulation can be powerful in driving the reallocation of investment into new technologies on a large scale. In the transport sector, zero emission vehicle mandates are extremely effective where the market for electric vehicles is growing, as seen here in the UK (one of the largest EV markets in Europe). However, challenges remain. The demand for electric cars is constrained by inadequate charging infrastructure, expensive upfront and insurance costs, and heavy road transport is further behind in the transition.

We need to make it as easy as possible for consumers and companies to change behaviour by removing barriers (both financial and non-financial) to change as far as is possible.

### Our views/key points

Please find below a summary of our views.

- **Policy consistency:** We ask that the government create a clear and consistent policy environment. One where government departments responsible for energy, transport and planning work together to implement the 'carbon budget and growth delivery plan' and create a pragmatic policy framework that aids the adoption of decarbonisation measures to support the energy transition.

USS is the majority shareholder in motorway services company, Moto. Moto set a goal of becoming the UK's number one enroute charging destination. It has invested in sustainable infrastructure, including eHGV charging capabilities and ultra-rapid vehicle chargers, and is working to expand the number of these at its sites across the UK. One of the main challenges it faces is getting power to its sites, which by their nature are not close to major conurbations, making upgrading grid connection capacity prohibitively costly and complicated at certain locations.

- **Policy certainty:** To create policy certainty, we ask that the government resist pressure to further weaken the zero-emission vehicle mandate. We ask that current targets to phase out the sale of new cars powered by ICE by 2030, with all new cars and vans being fully zero emissions by 2035 is maintained.
- **Inadequate charging infrastructure:** Our [paper](#) highlights that the demand for electric vehicles is constrained by inadequate charging infrastructure. We note and welcome the commitment

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<sup>1</sup> This means we have a highly diversified and long-term investment portfolio that, by virtue of its large size, is broadly representative of global capital markets

<sup>2</sup> **Transition Risk Exeter (Trex):** A commercial spin-out from Exeter University that bridges climate science and finance, it provides non-linear climate intelligence for financial resilience and competitive advantage.

announced as part of the Budget in November, to “reinvest the majority of money raised in the early years of the tax into specific measures” in particular “investing an additional £100m into the public charge point rollout, building on the £400m of funding announced as part of the Spending Review.” We ask that the government further strengthen its support for the motorway services sector to upgrade the capacity of grid connections to sites. Connection capacity is a significant constraining factor for delivery of rapid charging, where it is in certain areas uneconomic for motorway service area operators to upgrade existing grid connections and government supports (such as the Rapid Charging Fund) are therefore required.

- **Decarbonising transport:** In our paper we state that heavy road transport is behind in the transition and recommend that, during the middle stages of the transition, government could adopt a zero-emission vehicle mandate in heavy road transport.
- **Implementation of eVED:** If eVED is to be applied, we believe its success will depend on simplicity from an implementation perspective. We welcome the proposals for miles driven to be measured (and related charges applied) at the MOT centre. We believe this is a simple, straightforward solution leveraging existing systems & processes.

I hope you find our views on this topic helpful. Please let us know if we can provide any additional information or input.

Yours sincerely

**Simon Pilcher**  
**USSIM Chief Executive Officer**