

21 March 2024

## **Supplementary forecast information release**

### **Car engine types in the fuel duty forecast**

- 1.1 The OBR is releasing this information following a request for further detail in respect of our March 2024 *Economic and fiscal outlook (EFO)* concerning the OBR's forecast of car engine types in the fuel duty forecast. We will, as far as possible, meet any requests to release supplementary forecast information where this will improve the quality of public debate on the public finances. Our full release policy is available on our website.

#### **Background**

- 1.2 Recent years have seen significant increases to the electric vehicle share of new car sales. However, there is uncertainty around the future path of these sales. Our current approach to forecasting electric vehicle sales is to assume they follow the path of the Government's Zero Emission Vehicle mandate, as explained in Box 4.2 of the November 2023 *EFO*.
- 1.3 The electric share of total car mileage is an input to the fuel duty forecast, as mileage from electric cars does not consume fuel and so is not liable to pay any fuel duty. This electric share of total car mileage is a function of the total stock of cars by engine type, for which new car sales are an in-flow and cars taken off the road are an out-flow. An adjustment is also made to reflect average electric car mileage relative to that of internal combustion engine (ICE) cars.
- 1.4 Paragraph 4.28 of the March 2024 *EFO* sets out that we assume electric car mileage rises from 6 per cent of total car mileage in 2023-24, to 21 per cent in 2028-29. In Table 1.1 below, we share the full annual car mileage split by engine type between petrol cars, diesel cars, and electric cars from 2022-23 to 2028-29 used in our forecast. Prior to 2022-23, the numbers used are the DfT's estimates found in table A.1.3.9 of their Transport Analysis Guidance (TAG).
- 1.5 In line with the DfT's approach in their TAG, plug-in hybrid cars have their mileage split between electric and petrol or diesel. We also project petrol and diesel fuel efficiencies in line with the DfT's assumed efficiency improvements found in Table A1.3.10 of their TAG publication.

Table 1.1: Car mileage by engine type

	Per cent of total car mileage		
	Petrol	Diesel	Electric
2022-23	52.2	43.3	4.5
2023-24	52.4	41.4	6.2
2024-25	52.5	39.4	8.0
2025-26	52.3	37.2	10.5
2026-27	51.9	34.7	13.4
2027-28	51.1	32.2	16.7
2028-29	49.7	29.3	21.0