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Labour's Electric Vehicle Grant Could Exclude Popular Models Over Net Zero Compliance Rules

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Several high-demand electric vehicles (EVs) may be excluded from Labour's upcoming £650 million Electric Car Grant, amid growing concerns over environmental compliance and net zero commitments. The scheme, aimed at accelerating the transition to electric motoring, is expected to launch soon and will offer discounts of up to £3,750 on eligible vehicles priced under £37,000.

Unveiled in July, the Electric Car Grant is designed to support motorists in switching from petrol and diesel cars to fully electric alternatives. However, only battery electric vehicles (BEVs) producing zero grams of carbon dioxide (CO₂) per kilometre at the tailpipe will qualify, ruling out hybrids and plug-in hybrids entirely. This approach contradicts the government's existing stance, which still allows the sale of hybrids until 2035.

Qualifying vehicles must also meet a minimum driving range of 100 miles under the Worldwide Harmonised Light Vehicles Test Procedure (WLTP) and be classed as M1 passenger cars, used for the transport of people. The highest level of grant, £3,750, will be reserved for cars with the lowest lifecycle carbon emissions, with a secondary level of £1,500 for others meeting less stringent criteria.

In addition, all eligible vehicle manufacturers must meet the Science Based Targets initiative (SBTi) environmental standards. This requirement is expected to disqualify some Chinese brands, such as BYD (Build Your Dreams), due to the high reliance on coal-powered manufacturing in their domestic factories. Lilian Greenwood MP, Labour's Future of Roads Minister, noted, "If you generate a lot of the electricity that powers your factory through coal power stations, then you are not going to be able to access this grant."

BYD, the fastest-growing Chinese EV brand in the UK, may be barred from the scheme despite nearly 20,000 new UK registrations in the first half of 2025. Executive Vice President Stella Li criticised the policy as "stupid" and warned it could damage the British car market. BYD's UK lineup includes models such as the Dolphin, Atto 3, and Seal, along with hybrid variants that will automatically be excluded from the scheme.

Similarly, multinational automaker Stellantis, which owns Vauxhall, Fiat, and Citroën, faces potential exclusion due to its manufacturing operations in Poland, where around 60% of

electricity is coal-generated, according to the International Energy Agency (IEA). Nonetheless, Stellantis stated it is submitting grant applications for models produced in the UK and Western Europe.

Some models are excluded for technical reasons. The Citroën Ami, despite its affordability at £7,695, has a WLTP range of just 46.6 miles, well below the minimum requirement. Meanwhile, the Ford Puma, the UK's best-selling car last year, will also be ineligible due to its mild hybrid status. However, Ford's upcoming all-electric Puma Gen-E may qualify if it meets the full environmental standards.

As Labour prepares to roll out the Electric Car Grant, scrutiny over the scheme's exclusions and environmental stipulations is likely to increase, especially as key players in the EV market risk being sidelined.