

PARLIAMENT STREET

partnership in policy

How to avoid a Christmas fuel crisis

Professor Peter S Hill¹

The problem

A string of news stories in September 2021 reporting that BP and Exxon Mobil had temporarily closed a small number of petrol stations in the UK due to a shortage of suitably qualified HGV (Heavy Goods Vehicles) drivers led to consumers panic buying petrol and diesel². This appears to be a classic case of a ‘bank run’³, but instead of savers withdrawing their money from banks they have lost confidence in it is drivers buying as much fuel as possible because they have lost confidence in the fuel supply chain to provide them fuel in the short-term. A range of possible policy solutions exist – some which can immediately begin to ease pressure, others which will help in the longer-term:

Short-term policy solutions

➤ **Reducing the UK National Speed Limit to 50mph.**

This short-term simple policy could reduce the overall demand for fuel by cars by as much as 20%. As the graph from the US Environmental Protection Agency (EPA) demonstrates, once cars drive above 50mph this leads to steadily decreasing fuel economy.

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² <https://www.cnbc.com/2021/09/29/petrol-crisis-why-brits-are-panic-buying-gasoline.html>

³ <https://www.investopedia.com/terms/b/bankrun.asp>



Source: EPA, 2021⁴

Obviously the most efficient speed for various types of vehicle will vary, but fundamentally the faster you go the greater the air resistance the vehicle will encounter⁵. It could be argued that 50mph will probably be most efficient for modern turbo-diesels as there is sufficient boost from the exhaust to maximise efficiency of combustion in the cylinders. The biggest challenge with this particular policy is compliance – although made slightly easier as most motorways now have speed cameras.

➤ **Driver education**

Aggressive driving can reduce fuel economy by 15-30%⁶. Public information broadcasts which provide tips on efficient driving techniques could yield dramatic increases in fuel economy and thus overall demand for fuel.

➤ **Encouraging workers to work from home (WFH)**

Covid-19 has demonstrated that many workers do not need to be in the office. The Government and companies should encourage workers to work from home until the situation eases. Companies should continue to evaluate whether workers driving into centralised expensive office space can still be justified giving that WFH has proven to be popular and equally effective as working in the office.

⁴ <https://www.fueleconomy.gov/feg/driveHabits.jsp>

⁵ <https://www.wired.com/2015/01/air-resistance-force-make-difference/>

⁶ <https://www.fueleconomy.gov/feg/driveHabits.jsp>

➤ **Rationing purchases by price or quantity**

Although some retailers have attempted to do this at an individual purchase level some kind of systematic approach to rationing may work in the longer-run. This would at least stop individuals buying excessive amounts, e.g. filling countless jerry cans in the boot of their car. However, this policy is likely to prove incredibly unpopular politically.

Long-term policy solutions

➤ **Taxing the least efficient cars off the road**

The popularity of Sports Utility Vehicles (SUVs) and tuned-up saloons has led to a dramatic increase in the number of inefficient and arguably unnecessary vehicles on the UK's roads. While 4x4 vehicles make perfect sense for those working in agriculture and construction there is little need for 'Chelsea Tractors' such as the Audi Q7 or Porsche Macan Turbo⁷. These vehicles could be punitively taxed to the point where ownership of them makes little financial sense. Local authorities, especially those in major cities could impose localised car parking/taxation policies which again, make ownership of these vehicles punitively expensive.

➤ **Imposing minimum fuel economy standards**

Although the Government has decided to ban the sale of new petrol/diesel cars from 2030 they could immediately ban the sale of new cars which fail to meet basic fuel economy standards. For example, a minimum of 30mpg combined would take the worst offending news cars off the market immediately. This could be increased by an additional 10mpg until the introduction of the petrol/diesel ban comes in. Additionally this would send a clear message to car producers that the days of the internal combustion engine are over and that there is little point developing new designs.

➤ **Having a coherent policy on electric car charging**

The UK charging network continues to be an ad-hoc mixture of standards, payment techniques, speeds and distribution. The UK Government needs to work with industry and

⁷ <https://www.whatcar.com/news/true-mpg-least-efficient-cars-revealed/n14360>

local authorities to create a clear strong supportive framework so that consumers can more easily make the switch to electric vehicles (EVs).

➤ **Incentivising the switch to electric/hydrogen vehicles**

Despite continuous improvements in the affordability of electric and hydrogen powered vehicles additional tax incentives over the next 10 years could speed up the transition for many drivers, especially if combined with increased support for home charging (most EV drivers charge at home overnight in the same way we charge our mobile phones).

➤ **Investing in public transport**

The wanton destruction of the UK's Railways by Dr Beeching at the behest of Ernest Marples⁸ has left many in the UK without any viable alternative to car ownership and transport. A public transport strategy which put public transport at the centre could allow many car owners to abandon car ownership altogether.

➤ **Creating a supportive framework for self-driving cars**

Finally, Tesla and other leading car manufacturers have developed cars capable of full-self-driving. If cars can self-drive then these same cars could be called on ride-hailing apps, thus reducing the need for car ownership entirely.

This is not an exhaustive list of possible policy solutions, but one which seeks to challenge the prevailing lack of imagination in this policy area.

Prof Peter Hill

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⁸ Marples, who just happened to be a partner in Marples Ridgeway, a major road builder. Marples eventually fled the UK due to unpaid taxes and lived the remainder of his disgraced life in France.