

## Rising energy costs: How will this impact EV drivers?

- **Owning an electric vehicle is a financially smart move despite the rise in energy costs**
- **Travelling 100 miles in an electric vehicle could cost as little as £5, or just 4.91p per mile**
- **Electric vehicle drivers' range per charge can be improved by adjusting driving style**

**By Becky Whitmore, Senior EV Product Owner at Volkswagen Financial Services UK**

In light of the news that energy costs are on the rise, and causing concern across the nation, it seems to have created a lingering doubt for motorists who either own or are looking to buy an electric vehicle.

Motorists have voiced apprehension that the increase in energy prices will significantly increase the cost to charge an EV and may eventually become too expensive to maintain. However, research from Volkswagen Financial Services UK (VWFS), suggests that owning an EV may still be financially smarter.

After the government regulator for the electricity and downstream natural gas markets, Ofgem, raised its energy price cap by 54%, it has been estimated that electric vehicle owners may see their home EV charging costs rise by around £200 per year (depending on their energy tariff).

With the average UK electricity price now sitting at around 17.2p per kWh and under the assumption an electric car will travel 3.5 miles per kWh on average, to travel 100 miles would cost around £5 or 4.91p per mile.

Taking into account comparative petrol and diesel costs per mile\*, the same length journey would cost approximately £15 or £13 in a petrol or diesel car respectively. At Volkswagen Financial Services UK we believe it's reassuring that electric charging remains a viable option to running an ICE (internal combustion engine) car.

While some drivers may have been put off by rising energy costs, there are various incentives to benefit from, such as government grants or schemes, Vehicle Excise Duty discounts or exemptions as well as an exclusion from Fuel Duty. Tax benefits, including lower taxes than ICE cars, as well as lower (or possibly even free) charges for Congestion Charge Zones, are also beneficial incentives that drive down the costs drivers would usually pay on petrol or diesel cars.

Recent research from EDF Energy\*\* found that electric vehicle owners could save more than £51,000 on fuel over their lifetime, compared to the cost of charging their car. Meanwhile, fully electric cars worth under £40,000 are also exempt from vehicle excise duty, saving up to £2,245 for new cars in their first year on the road, and up to £490 per year after that.

Another concern around the expenses associated with EVs is in regard to installing a home charge point. Motorists must be made aware that despite the upfront £1,000 installation cost, it is in fact cheaper to charge your car at home than at public charge points. Better yet, with the Office for Zero Emission Vehicles (OZEV) grant, electric vehicle drivers could reduce the upfront cost by up to £350 (unless you live in a flat or rental accommodation, you won't be able to claim this grant after 31st March 2022).

There are other tips and tricks to drive down costs with an EV, too. A good place to start is looking at your energy provider and how charging will impact the cost of your home electricity bill. Some providers offer off-peak prices, so when charging your car from home, it may be cheaper to plug it in during off-peak hours.

Electric vehicle owners can also improve their range per charge by making small, conscious adjustments to their driving habits, ultimately bringing costs down further. Avoiding harsh acceleration, using regenerative braking and maintaining a steadier speed, can all improve range per charge, as well as ensuring the car is not carrying unnecessary weight such as golf clubs or a boot full of other heavy items.

While driving is becoming increasingly more expensive, EVs remain a viable and cost efficient choice – not only through the lens of sustainability, but also when it comes to energy prices in 2022.

To learn more about EVs and the cost of running them, visit <https://customer.vwfs.co.uk/vwfs-uk---electric-vehicles.html>

## **ENDS**

### **Note to editors:**

\*<https://www.gov.uk/guidance/advisory-fuel-rates>

\*\*Calculations for EV assume a conversion rate of 3.5 miles per kWh, equal to 2286 kWh per year or 8000 miles and an average UK life expectancy of 81 and for fuel are based on 8000 miles per annum and a fuel consumption of 51.7 mpg (5.5 litres per 100 km) for petrol vehicles.

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