

## **PORSTI-RONNBERG Satu (ENTR)**

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**Sent:** 23 October 2012 11:07  
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**Subject:** ACEA position on eco-innovations  
**Attachments:** ACEA proposal on eco-innovations\_final.pdf

Dear all, please find attached approved ACEA position on eco-innovations and simplification of the system as was discussed during the last CO2 expert group.

ACEA will follow to discuss in details also the technical guidelines and the position will come later on.

Kindest regards  
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## **ACEA proposal for changes in the implementing Regulation on eco-innovations**

6<sup>h</sup> September 2012

### **Executive summary:**

- Eco-innovations represent one of the key flexibilities to reach the CO<sub>2</sub> targets for 2015 and 2020. The framework for their implementation is set by Regulation 443/2009 and implementing Regulation 725/2001 as of 25 July 2011, together with technical implementing guidelines (last version from 11 July).
- Motivation for the implementation of Eco-Innovation was to promote the development and the early uptake of advanced vehicle technologies with CO<sub>2</sub>-reducing effect beyond the given test procedure. Therefore Regulation (EC) No 443/2009 provides manufacturers and suppliers with the possibility of applying for the approval of certain innovative technologies contributing to reducing CO<sub>2</sub> emissions from passenger cars.
- Roughly one year after implementation, ACEA acknowledges the fact that this instrument is lagging behind expectations and so far only very few applications were made. Several barriers were identified in the implementation so far that limit the use of this instrument significantly that should support innovative technologies further reducing CO<sub>2</sub>:
  - Lengthy procedures
  - Too narrow and stringent definitions (e.g. 1 g threshold or 3% market penetration)
  - Procedure does not allow needed certainty for CO<sub>2</sub> compliance planning
- Therefore there is a risk that the initial motivation for this instrument, to promote certain technologies contributing to reducing CO<sub>2</sub> emissions, can't be met.
- As a recommendation to avoid all above mentioned burdens, ACEA is proposing several changes in the implementing Regulation and technical guidelines that should streamline the process of approval of eco-innovations.
- Identified barriers might be removed by the implementation of the following key principles:
  - The procedures must be simplified
  - The whole process of approval must be quicker
  - The evaluation and calculation methodology should be streamlined and certain security bandwidth should be changed in more reasonable values.
  - Certain thresholds in the implementing Regulation must be eliminated
  - Technologies whose CO<sub>2</sub> savings can be affected by the driver's behaviour should also be accepted as eco-innovation
  - A system of "off-cycle credits" should be introduced based on a list of pre-approved technologies that can be immediately used by manufacturers and suppliers

### Key ACEA priorities:

- **“Off-cycle CO2 credits system” to be introduced** (list of pre-defined technologies with a given CO2 benefit that can be implemented immediately without standard procedure)
  - **Elimination of 1g threshold** for the approval of eco-innovation (limit for single innovation should be 0,5 g)
  - **Elimination of 3 % threshold for market penetration** (often the market penetration rate cannot be proven because there are no reliable statistics that cover all market participants)
  - Overall time for **approval** of the eco-innovation application **should be reduced from 9 to 6 months**
  - Redefinition of eco innovations as being technologies that are not fully covered in the test procedures that specifically include technologies which can be affected by the **driver’s behaviour**.
  - Simplified application process for those **eco innovations that are accepted elsewhere** (USA, South Korea, etc.) and that are eligible under EU criteria
- ACEA calls on the Commission and JRC to reconsider current system of eco-innovations and invites them to follow ACEA recommendations to improve current system.

### Specific proposals and justification:

#### i) Evidence from current experiences

After 1 year of implementation, currently set system of approval of eco-innovations shows significant constraints that limit manufacturers and suppliers to certify new technologies related to additional CO2 reduction. Therefore ACEA priority is to eliminate those constraints to provide more use-cases for the application of eco-innovations:

- a. **Procedures are lengthy and time consuming** – the Regulation sets a limit of 9 months for approval. This must be shortened and industry proposes the limit of 6 months for evaluation and approval of eco-innovation.
- b. **1g threshold seems to be too high** – ACEA understands the intention of the legislator to approve only innovations with proven and significant CO2 reductions. On the other hand, this rule disqualifies a number of technologies that have lower benefits, but these benefits cannot be certainly considered as negligible ones, especially when they are introduced as a technology package. As several technologies provide a relative improvement of Fuel Economy, the CO2-effect in g/km depends on the absolute CO2-value of the relevant vehicle. The 1g-limit therefore penalizes vehicles with already low CO2-values.
- c. **Declaration of market penetration** – implementing Regulation defines the obligation of the applicant to prove that the technology is not used in more than 3% of 2009 EU market fleet.

From the industry perspective and first assessment, the market penetration rate of maximum 3% in the 2009 EU market cannot be proven in most cases as there are no statistics on the installation rates of potential eco innovations for all market participants. Secondly, under the Commission proposal, eco innovations are made a permanent

instrument. Therefore, in a few years the market penetration rate of 2009 would not be a proof of innovation of a technology anymore.

- d. **CO2 compliance planning requires long-term certainty** – current process does not allow a reliable forecast of what the outcome of an eco-innovation application might be. Thus alternatives must be implemented in cycle plans to compensate in case an application leads to less credits than planned. Thus it is more efficient to just rely on such alternatives and shy away from the application process altogether.

ii) **“Off-cycle CO2 credit system”**

In order to simplify the whole system, establish certainty for CO2 compliance planning and to allow broader market uptake of additional number of technologies with proven CO2 benefits, ACEA suggests the inclusion of an “off-cycle credit system” to be integral part of the eco-innovation Regulation. This system is similar to the already well established and accepted US system and is based on a list of pre-defined technologies with given CO2 benefits that can be automatically granted to the manufacturer.

- a. **Description of a system**– JRC should publish a list of eco-technologies with a given CO2 credit that is regularly up-dated whenever a new off-cycle credit technology is approved. The list of technologies should be accompanied by a short description of each and individual technology and necessary conditions for implementation (for ex. third party certification). Manufacturers can implement such technologies based on the description on an individual basis for any vehicle in the fleet.

The list will focus on technologies with a proven CO2 reduction bigger than 0,3 g CO2.

- b. **Verification and approval** – the CO2 benefit should be granted immediately to the manufacturer based on the installation check by relevant type approval authority and confirming right CO2 reduction into CoC. This system should be based on individual vehicle installations.

- c. **Proposal for first set of eco-innovations (US example)**

Technology	Credit for cars (g/km)
High Efficiency Exterior Lighting	0,684
Engine Heat Recovery	0,435
Solar Roof Panels	1,865
Active Aerodynamic Improvements	0,373
Engine Start-Stop	1,802
Electric Heater Circulation Pump	0,622
Active Transmission Warm-Up	1,119
Active Engine Warm-Up	1,119
Solar Control	Up to 1,865

- d. **Review** – the list of “off-cycle CO2 credits” should be reviewed and updated by the COM/JRC on a regular basis in order to add additional technologies. On the other hand, COM/JRC has right to delete any technology form a list in case changes in the test cycle include these measures.

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