ACEA
European
Automobile
Manufacturers
Association

ACEA Position Paper

The European Commission proposal on CO_2 standards for new heavy-duty vehicles

August 2018

European Automobile Manufacturers Association

EXECUTIVE SUMMARY

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1. AMBITION LEVEL AND TIMING

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2. ENABLERS OF DECARBONISATION

2.1 INCENTIVISING LOW- AND ZERO-EMISSION VEHICLES

The European Commission proposal includes an incentive system for low- and zero-emission heavy-duty vehicles (also known as LEVs and ZEVs) in order to support their market uptake. Simply put, when selling a LEV or ZEV, a manufacturer will be granted so-called 'super credits' that count multiple times towards achieving the manufacturer-specific CO_2 target. This is an incentive mechanism that would stimulate the market uptake of low- and zero-emission vehicles, by helping

manufacturers to develop and sell such vehicles in a market that is dominated for 96% by diesel today.

Under the Commission's current proposal, a vehicle is considered to be a LEV if it emits less than 350g CO_2/km. A ZEV is defined as a vehicle emitting less than 1g CO_2/km, which in today's context means that it has to be either a full-electric vehicle or a hydrogen one. LEVs will count as up to two vehicles, while ZEVs will be counted as two vehicles.

Finally, these LEV and ZEV super credits would be subject to a cap. This means, in practice, that even if a truck maker succeeds in developing and selling many LEVs or ZEVs, this would not be rewarded with super credits as LEVs and ZEVs cannot reduce a manufacturer's CO_2 target by more than 3%.

What does ACEA propose?

The European truck industry welcomes the Commission's proposal for a ZEV/LEV incentive system in the form of super credits. Clearly, it is necessary to reward manufacturers of heavy-duty vehicles for developing and offering alternatively-powered vehicles.

However, ACEA believes that the system will only be effective after making the following changes:

- The definition of LEVs should be improved by using the VECTO metric of g CO_2/tkm, instead of g CO_2/km as proposed by the Commission. That is because the tonne-kilometre metric better reflects the work done by a heavy-duty vehicle, ie the amount of goods transported. While bigger vehicles might emit more in absolute terms (ie in g CO_2/km), they are more efficient than smaller ones as they simply transport more goods. In other words, less trucks are needed for the same work. Hence, defining the LEV threshold in g CO_2/km is a mistake as it would favour the deployment of smaller trucks. Instead, the Regulation should specify a threshold in g CO_2/tkm, which could be different for each vehicle class and would stimulate manufacturers to introduce both small and large trucks that are cleaner.
- In addition, super credits should apply to all vehicles emitting at least 35% less CO_2 than the reference value of the vehicle sub-group concerned (derived from a 2019 baseline). Reassessment of the definition of 'low-emission vehicles' should be part of the 2022 review in order to reflect the latest technological developments.
- The method for rewarding ZEVs should be further improved by also considering the range of electric heavy-duty vehicles, which is not as much a problem for urban delivery trucks as it is for long-haul trucks. Hence, ACEA proposes that long-haul ZEVs should count three (range >100km), four (range >200km) or five (range >400km) times, based on sub-group cycle weightings. In this respect, it should be noted that under the truck CO_2 scheme of the United States, the multipliers for ZEVs are 4.5 (battery electric vehicles) and 5.5 (fuel-cell vehicles).
- To ensure that the market for LEVs and ZEVs can mature in years to come, ACEA believes that there should be no cap on super credits for 2025. A cap could be considered for 2030 to

the order of 10% instead of 3%.

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ABOUT ACEA

- ACEA represents the 15 Europe-based car, van, truck and bus manufacturers: BMW Group, DAF Trucks, Daimler, Fiat Chrysler Automobiles, Ford of Europe, Honda Motor Europe, Hyundai Motor Europe, Iveco, Jaguar Land Rover, PSA Group, Renault Group, Toyota Motor Europe, Volkswagen Group, Volvo Cars, and Volvo Group.
- More information can be found on www.acea.be or @ACEA_eu.

ABOUT THE EU AUTOMOBILE INDUSTRY

- 13.3 million people – or 6.1% of the EU employed population – work in the sector.
- The 3.4 million jobs in automotive manufacturing represent over 11% of total EU manufacturing employment.
- Motor vehicles account for some €413 billion in tax contributions in the EU15.
- The sector is also a key driver of knowledge and innovation, representing Europe's largest private contributor to R&D, with €54 billion invested annually.
- The automobile industry generates a trade surplus of €90.3 billion for the EU.

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