



Commissioner Adina-Ioana Vălean

**[REDACTED] BMW Group
Meeting on CO2 standards and AFID**

Date 30/06/2021

Brussels

Member of Cabinet responsible: [REDACTED]

Member accompanying: [REDACTED]

DG participant(s): [REDACTED]

Scene Setter

You will meet [REDACTED] BMW Group,
[REDACTED]
Affairs, [REDACTED]
[REDACTED]

The delegation will meet [REDACTED] and the cabinet of the President after your meeting with them.

ACEA's and BMW's position

ACEA supports the transition to zero-emission mobility by 2050.

ACEA sees the availability of sufficient and adequate recharging/refuelling infrastructure as the main barrier for the market uptake of zero-emission vehicles. They call for an ambitious revision of the Alternative Fuels Infrastructure Directive (AFID) to become a Regulation setting binding Member State targets, as well as of the Energy Performance of Buildings Directive (EPBD).

ACEA calls for no change to the CO₂ targets for passenger cars and vans that apply until 2030 to provide sufficient lead time to adjust production. They are open to a stricter CO₂ target for 2030, provided that this is directly linked to the number of available public charging points. Also for the target levels to be set beyond 2030 ACEA calls for such conditionality with the number of charging points.

ACEA calls for targets remaining applicable for 5 years before being strengthened (in line with the current approach).

According to BMW's e-mobility strategy from 2019, BMW plans to sell 33% electric vehicles (BEV and PHEV) in 2025 and 50% in 2030. BMW plans to offer 13 battery electric vehicles by 2023. However, BMW also focuses largely on plug in hybrid vehicles in particular [strategy that could potentially become threatened by very high CO₂ emission performance standards]. As such, BMW may not be supportive of stricter targets [see background].

Agenda: Exchange of views on

- future **CO₂ emission standards** (current proposal at 60% in 2030 as leaked by Politico and 100% by 2035 = end of combustion engine) and
- **AFID legislation** (binding targets for electricity, hydrogen and LNG, depending on the needs proposing fleet-based target and distance-based target; outstanding issues: regulation/directive, minimum targets, LNG)

Objectives

- Highlight that the proposals under the Fit for 55% Package will simultaneously tackle stimulating innovation of zero-emission technologies (revision of the CO₂ emission standards), the deployment of the necessary recharging/refuelling infrastructure (revision of the Alternative Fuel Infrastructure Directive) and the further promotion of decarbonised fuels (emission trading for road transport and revision of the Renewable Energy Directive).
- Get feedback from BMW as to how higher CO₂ fleet reductions expected under the revised regulation on CO₂ emission standards can be met by BMW, in particular considering the high share of plug in hybrid vehicles.

Speaking Points

EUROPE'S CLIMATE AMBITION

- To deliver on the climate objectives the EU has committed to, the Commission is working on a comprehensive policy framework to ensure a swift and sufficient decrease in emissions from the transport sector and its road segment.
- Currently, we have around 2.1 million electric and plug in hybrid vehicles on the road. 260,000 publicly accessible recharging infrastructure are installed in the EU with approx. 30,000 being fast rechargers. With an increase of 40.000 over the last 3-4 months, it's going in the right direction, but we are far from the pace we need to have to get to 1 million recharging points by 2025.
- We also see an accelerated uptake of electric vehicles. In 2019 the share of electric vehicles in total car sales was 3.3% but it has increased to more than 10% in 2020. We expect this trend to continue, with more electric vehicle models coming into the market.
- The Climate Target Plan outlines the amount of zero-emission vehicles we need to have on the road by 2030 to be compliant with the 55% CO2 emission reaction target by 2030. Depending on the scenario this could be up to 48 million electric cars and vans alone.

CO2 emission performance standards

- CO2 standards have proven to be a key driver to decarbonise the EU's light-duty vehicle fleet as seen from the spectacular surge in 2020 with the uptake of battery electric and plug-in hybrid cars across Europe. To ensure that this trend continues and that a clear pathway is set out towards zero-emission light-duty mobility, we will propose to set a new ambitious target for the Regulation on CO2 standards for cars and vans (as part of the Fit for 55% Package). But the question at what level?
- The impact assessment accompanying the revision has outlined different options of CO2 target levels in light of the 2030 and 2050 climate objectives, and I am sure you have heard or read in the news that the proposed target from DG CLIMA now lies at 60% for 2030, which effectively would make only hybrid models applicable by 2030.
- **Would BMW be able to support and meet such a target? How long are the production cycles to take into account?**
- **What is your stance on the discussion of the end of the combustion engine?**
- **How do you see the impact of such a potential phase out date on the global car manufacturing markets. How would this impact the second hand car markets share in lower income regions?**

Revision of the Alternative Fuels Infrastructure Directive (AFID)

- I am very conscious that the deployment of infrastructure needs to keep pace. The number of rechargers has been increasing by around 20% in 2020 and hence at a much slower rate than the vehicle uptake. This is why with the AFID proposal we must ensure that the roll out of infrastructure goes hand in hand with the vehicle uptake. As a benchmark, the EGD and the SSMS set the objective of having 1 million recharging points by 2025 and around 3 million by 2030.
- With the revision of AFID, we will be proposing clear and binding targets at Member State level for electricity, hydrogen and LNG, and depending on the maturity of each fuel and vehicle segment, we will be proposing target based on the national fleet sizes and distance-based target by 2025 and 2030.

- These targets will be dynamic in order to adapt to the local needs in terms of normal, fast or ultrafast rechargers.
- More broadly speaking, these targets are meant to ensure a sufficient coverage of recharging and refuelling infrastructure across Europe, for light and heavy duty vehicles in line with the 2030 climate target plan ambition
- I want this proposal to be a market based proposal, supporting and incentivising industry, all while boosting real market developments. We cannot deploy the needed infrastructure without private actors support and investment.
- In addition, the revision will also focus on the following core aspects:
 - Ensure technical interoperability, by further standardising physical interfaces, e.g. for heavy duty vehicles, but also by addressing communication protocols
 - Improve the user experience by ensuring that users can find rechargers, be informed about the prices before the charge and have easy payment solutions available

Defensive Points

On the conditionality principle: How could you ensure that the CO₂ targets are linked to the infrastructure available, which is an essential condition for the ramp-up of e-mobility?

- The spectacular surge of electric vehicles in 2020 has proven that ambitious CO₂ targets are an effective way of ensuring the ramp-up of zero-emission vehicles. Such targets send a clear signal to vehicle manufacturers and their suppliers, but equally to those ready to invest in the necessary recharging and refuelling infrastructure.
- Additional well-aligned targets as regards enabling measures, in particular on the infrastructure side, will strengthen this signal and facilitate reaching our objectives.
- However, introducing a conditionality between targets would bear the risk of blurring the picture and weakening the investment signal on both sides. That is a high risk strategy from any political or business perspective. It should be clear that we cannot afford to wait for others to act. Instead, all stakeholders should take up their role and move forward at the same time.

What is your view on a possible link between CO₂ standards for vehicles and fuels?

- The core objective of our policy regarding transport fuels is to reduce their greenhouse gas intensity and we need to do so by the most effective means.
- Decarbonised fuels (e-fuels, hydrogen, advanced biofuels) need to be developed at scale. We need to create lead markets for such fuels, in particular in sectors such as aviation and maritime where other decarbonisation technologies are not available. Specific policy instruments will focus on this issue, in particular the Renewable Energy Directive and initiatives for fuels used in aviation and maritime.
- Therefore, following the calls from stakeholders, the DGs will carefully assess if and how to account for the contribution of advanced biofuels and e-fuels when assessing compliance of vehicle manufacturers with their CO₂ targets. The Impact Assessment will analyse this issue and assess the associated costs and benefits.

Will there be funding from the EU to support the roll-out of infrastructure?

A number of EU funding and financing instruments are available to support this roll out, e.g. Connecting Europe Facility (CEF and CEF blending), European Structural and Investment Funds (ESIF) and InvestEU. We also expect Member States to make use of the recovery and resilience facility to massively support the roll out of infrastructure.

Background Notes

1. BMW's e-mobility Strategy

The BMW Group focuses increasingly on electric mobility. BMW's eDrive technology, can be flexibly integrated into different vehicle architectures. In this way, the BMW aims to implement a "Power of Choice" approach that meets different customer demands around the world. In 2020, the BMW X3 became the first model to offer a choice between petrol and diesel engines, a plug-in hybrid system and, in the BMW iX3, a pure electric drive train. The BMW Group has more than 600,000 vehicles with electrified drive trains on roads around the world. Recent models with electrified drive trains include the pure electric MINI Cooper SE, the BMW iX3, 17 plug-in hybrid models, the BMW iX and BMW i4.

On 12 May 2021 (Annual General Meeting, Munich), the company announced the following key milestones of decarbonising BMW vehicles portfolio:

- The company will offer five fully-electric models by the end of 2021.
- Until 2025, BMW Group will increase its sales of fully-electric models by an average of well over 50 percent per year.
- Fully electric models to account for at least 50 percent of global deliveries by 2030. MINI brand to become fully electric by the early 2030s. This in line with the medium ambition levels for the future review of the CO2 performance standards for cars.
- Over the next ten years, BMW Group to release about ten million fully-electric vehicles onto the roads.

2. BMW position on the revision of CO₂ standards for cars and vans

- BMW is supportive of the objective to promote the uptake of zero-emission vehicles as of 2030 (not before) and again despite its public scepticism, its announcements correspond to the medium level ambition for the review of the CO2 performance standards.
- They do, however, insist that the ambition level of targets should be dependent on securing the necessary recharging/refuelling infrastructure.
- They support maintaining the incentive system for zero- and low-emission vehicles both pre- and post-2030, with only zero-emission vehicles eligible post-2030.
- According to their reply to the open public consultation, they do not support the introduction of a mechanism to account renewable and low-carbon fuels in the compliance mechanism of manufacturers, and prefer to keep the legal instruments regulating vehicle emissions and fuel decarbonisation separate.
- BMW highlights significant employment impacts of higher CO₂ emission standards.
- BMW supports the extension of emissions trading to road transport.

Contact: [REDACTED] (DG MOVE), tel.: [REDACTED], [REDACTED] tel.:

Annex: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]