



The Platform's proposals to boost zero-emission vehicles in corporate and urban fleets

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Introduction and general recommendations

With the European Union agreement on -55% greenhouse gas emissions (GHG) by 2030, all economic sectors will have to pull their weight towards this goal. Unfortunately, the transport sector has a poor decarbonization track-record with emissions steadily growing since 1990.

Looking at all transport modes, road transport is still the largest emitter (71%) and will remain so in the near future^[1]. Recently adopted CO₂ emission performance standards, investment in charging infrastructure, etc. will eventually drive down emissions, but new initiatives aimed at “quick wins” are needed to fast-track decarbonization.

These initiatives should be based on the idea that when fighting against climate change and local pollution, not all vehicles are equal. Fleet vehicles (i.e. corporate fleets) drive on average 2.25 times^[2] more than private cars. Public fleets, such as urban buses which account for 8%^[3] (per passenger per km) of greenhouse gases (GHG) emitted by the transport sector, are also big players. Last but not least, as fleet vehicles are often parked in depots and large parking lots, their batteries could be used to optimise the RES integration and the use of smart charging could provide benefits to local utilities and to the whole power system^[4].

Against that background, the Platform for electromobility welcomes the European Commission’s ambition to electrify public and corporate fleets recently introduced in the Smart and Sustainable Mobility Strategy.

In this paper, we share our insight and expertise to make this a reality. We first recommend ensuring an ambitious implementation of the Clean Vehicle Directive (CVD) for public fleets in all Member States (MS). Second, new legislation dedicated to the electrification of corporate fleets should be envisaged.

In section 4 and 5, we intend to feed the reflection in order to enshrine in law and implement the EU Smart and Sustainable Mobility Strategy’s announced “actions to boost the uptake of zero-emission vehicles in corporate and urban fleets”. This commitment can be made real via a new EU legislative framework mandating the transition to ZEV for company cars¹.

¹ In the document, “company cars” are defined as any passenger cars that are part of a larger fleet within the commercial market channel. There are three common categories; i) short-term rental / rent-a-car; all registrations made by rental car companies; ii) OEMs / dealers / manufacturers – demonstrators, loan cars, one-day registration, 0km, registrations made by manufacturers against themselves; iii) true fleets - all except the above categories. DATAFORCE

https://www.transportenvironment.org/sites/te/files/publications/2020_10_Dataforce_company_car_report.pdf



1. Implementing the Clean Vehicle Directive

While at its adoption in 2019, we [expressed](#) our enthusiasm that the CVD would pave the way for a broad deployment of clean vehicles across Europe – electric buses in particular – it seems likely that few MS will transpose the directive in time.

As of April 2021, only France has implemented the directive, and only a few more MS have started the transposition process which is due to be completed by 2nd August 2021. There is a risk that an unequal transposition of the directive will lead to fragmented and non-harmonized access to clean transportation and its benefits for citizens between MS.

Recent bus registration figures also show that while the sales of electric buses are progressing, most countries are still nowhere near the CVD targets [\[6\]](#). Therefore, we call the legislators to push for a better and faster implementation of the CVD in most MS. National governments should make the best use of available funds, including national and European recovery plans, to achieve the targets of the directive.

Electrification of public fleets covered by the CVD is only one step on the road to a 90% cut in transport emissions by 2050. Electrifying corporate fleets [\[7\]](#) constitute another powerful leverage towards the decarbonation of transportation in Europe.



2. Leveraging corporate fleets to curb emissions

Corporate cars represent millions of high-mileage vehicles circulating in Europe with a high turnover. They now also represent the main part of the car market in Western Europe. According to a recent Deloitte [\[8\]](#) report, in 2010 the private and corporate market segments were almost equally large in Western Europe (respectively 7.3 million vs. 7.2 million car registrations). In 2016, the balance had already tilted in favour of corporate cars (58%), and by 2021, Deloitte forecasts a share of new car registrations of 37% for the private and 63% for the corporate channel. In countries not covered by the study like Poland, corporate cars share in a new passenger car market is even larger, reaching 75% in 2020 [\[9\]](#).

Corporate cars quickly become private cars via the second-hand market after an average ownership of 36 to 48 months. Most Europeans indeed purchase private cars after they used corporate functions [\[10\]](#). The electrification of corporate fleets is therefore key to also electrify the whole stock (owned by individuals) with a reasonable time gap.



Corporate fleets represent 20% of the total vehicle park in Europe, 40% of total driven kilometers but is responsible for half of total emissions from road transport. Starting with corporate fleets is the quickest way to reach emission cuts.^[11]

Additionally, corporate cars are highly visible in our cities. By leading by example and supplying the second-hand market, electrified corporate vehicles will increase acceptability and accessibility of electric cars for European households. The electrification of this market therefore is not only a 'low hanging fruit', it has significant indirect impacts on other markets. As such, it is a major element for the electric vehicles (EVs) market to reach a critical mass.

Yet, the electrification potential of corporate vehicles remains largely untapped, due to a lack of clear rules and incentives. Indeed, along with main files such the Eurovignette Directive currently under negotiation, and which would be an important incentive for greening fleets, a whole patchwork of initiatives is included in existing and upcoming legislations. We remind that a successful electrification of corporate fleet shall be linked with a strong roll-out of public and private of charging infrastructures. Annex 1 below outlines our positions on these legislative files and why they will suffice to yield the way to a full decarbonisation of corporate fleets.

With no legislative instrument at hand today, the European policy lacks teeth when it comes to electrification of corporate fleets. We invite policy makers to require more and more fleets such as company cars, taxis, leasing and renting companies and delivery vehicles to electrify, and support companies towards this goal.

To do so, we call for the establishment of a new single regulation dedicated to the electrification of corporate fleets.



3. Call for a new proposal on the electrification of corporate fleets

A new legislation on the electrification of corporate fleets would set a clear path and objective. This new legislation should include the following provisions:

For a start, such a legislation should equally apply across the European internal market. Therefore, we believe a regulation would be the most suitable legislative instrument to accelerate fleet electrification. -The regulation would harmonize the European market by preventing risks of increased gaps between MS during the implementation- This is particularly important for internal market cohesion and regulatory clarity for businesses owning fleet across the EU. A regulation would have the final benefit of having a direct effect.

A realistic yet ambitious mandate should be put on companies to decarbonise their vehicle fleets in accordance with the European Green Deal's objectives. Fleet electrification is a journey that requires following a roadmap and trials before scaling up in largest companies. Considering the timing of application of the regulation and the ability of companies that recently purchased vehicles or have larger fleets to react a stepwise approach is with interim targets therefore required.

We recommend setting a gradual approach to progressively but eventually reach the objective of 100% of new vehicle purchase in corporate fleets to be electrified by 2030.

To avoid imposing a heavy burden on the smallest companies, the regulation should apply to fleets above a certain size. Thresholds should be based on a robust methodology to consider the different segments, industries and MS characteristics while keeping in mind the lower the threshold, the higher the incentives should be for smaller fleets. Next to the electrification of the corporate fleets, companies should consider multimodal packages where a Zero-emission vehicle is combined with other sustainable transport solutions.



4. A consensus on a Regulation

The two following sections are intended to aid reflection on enshrining in law and implementing the EU Smart and Sustainable Mobility Strategy's "actions to boost the uptake of zero-emission vehicles in corporate and urban fleets". This commitment can be made concrete through a new EU legislative framework that mandates the transition to ZEVs (Zero Emission Vehicles) for company cars.

Although the variables of such new legislation are being debated within industries and sectors, it is certain that a Regulation, rather than a Directive, is essential for a range of reasons. A Regulation will:

- a. Stimulate deployment of electric mobility in those countries where uptake is currently slowest. The logic for better-harmonised measures at the EU level arises from the need for the same level of effort against climate change across the Union.
- b. Avoid the delays in implementation that a Directive might entail – such as can currently be seen with the Clean Vehicle Directive. With the climate change clock continuing to tick, the time needed to conclude negotiations on a Regulation would be compensated for by the inevitability of its direct implementation. A Regulation will reduce the transition time to electric mobility between those Member States that have already announced the phase-out of ICEs by 2030 (such as Sweden, Denmark, Netherlands, and Ireland) and others.
- c. Bring certainty to both EV manufacturers and those companies purchasing targeted fleets. Such certainty for manufacturers, along with ambitious CO₂ emission performance standards for new cars and vans, will ensure that the supply of EVs meets the EU climate ambitions and avoid companies competing for a limited supply of ZEVs.
- d. Introduce stronger safeguards than a Directive against potential Member State market distortions, notably in the form of unfair price increases for the private fleet owners.



5. Variables to consider within the Regulation and potential options

That said, a range of options for the Regulation mandating ZEVs for company cars can be considered. These include regulation application threshold, timeline, average fleet consumption or a mandate on new purchases, etc. Below, the Platform provides examples from the debate within certain Member States.

Application threshold

There must be a balance struck between covering a large proportion of company cars in Europe while not overly impacting smaller companies, where such a mandate could become an excessive financial and administrative burden.

The Platform proposes to target the largest companies first, as it is possible to mandate the electrification of most company cars. Table 1 shows the share of company cars in Spain managed by companies, according to the size of their fleet. For example, by mandating companies managing 20+ vehicles (i.e. medium and large companies, representing only 6.8% of the total), it would be possible to electrify 55.2% of all company cars. France has already chosen such an approach (this example is detailed in Annex I of this paper).

Table 1. Share of company cars managed by companies depending on the size of their fleet in Spain.

<i>Fleet size</i>	<i>% of companies</i>	<i>% of company cars</i>
<i>150 and over</i>	0.5	21.1
<i>50 and over</i>	2.1	37.4
<i>20 and over</i>	6.8	55.2
<i>10 and over</i>	19.6	70.5

As well as making the greatest impact with the lowest burden on the economy overall, targeting the largest fleets first would also make the implementation and enforcement of the legislation more efficient. It is easier to control and scrutinise large entities with dedicated fleet management services than it is for microenterprises. Establishing a distinction between private and business use of corporate vehicles for these smaller companies would entail onerous and disproportionate costs and an excessive administrative burden in keeping appropriate records.

Application timeline

This approach would allow the adoption rate to follow an 'S-shape' curve, with a slow increase to 2025 due to difference in the cost acquisition of ZEVs. After 2025, and with price parity between ICE vehicles and ZEVs, the adoption rate will begin to accelerate. An EU target will provide a clear threshold for companies, while leaving flexibility for those Member States that seek to move faster towards their goal. Ideally, the mandate would apply to the fleets of the largest companies before applying to smaller

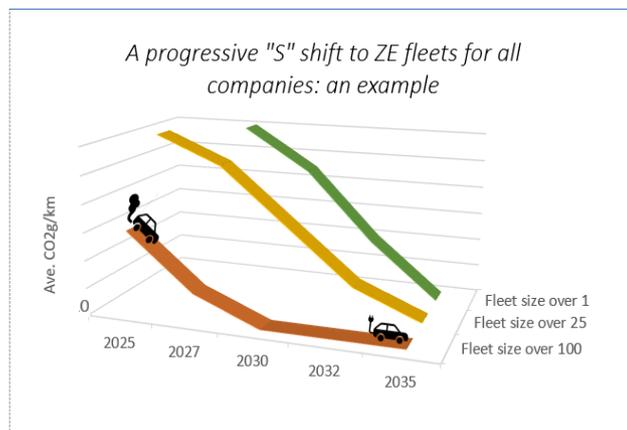


fleets, given that - as time goes on - the acquisition cost of EVs will diminish and more charging infrastructure will become available.

In order to avoid social backlash, the objectives of emission reduction for 2030 were set at a moderate level. Acting more rapidly on company cars during the period 2025-30 with more ambitious levels would allow a significant impact on decarbonisation while avoid impacting those with the lowest incomes. Small- and medium-sized enterprises should be supported during the transition, as they lack the analytics and training resources of bigger companies.

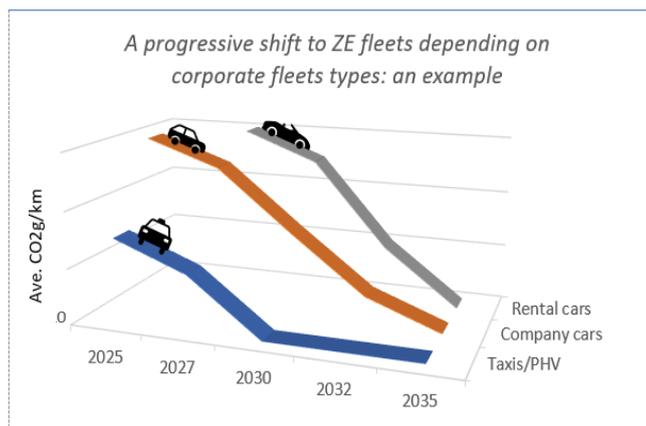
Transition pace

The steepness of the transition curve is also an element that needs to be considered. To make all newly procured corporate vehicles zero-emission by 2030 will require rapid uptake. To achieve this, there are different potential pathways (linear growth, exponential growth, ‘S-shaped’ curve, etc.), for which the efficiency, fairness and preparedness should be assessed in the impact assessment.



Types of targeted fleets

Not all types of fleets have the same level of readiness for electrification; company cars for employees – also known as ‘salary cars’ – are, for example, easier to electrify than fleets of rental cars. The Platform therefore recommends a stepwise approach, depending on the different fleets and sectors. Our proposal focuses on a mandate that first applies to those corporate fleets that meet specific thresholds (i.e. fleet size, company turnover, etc.).



The Regulation’s provisions should differentiate between fleets in their capacity to make the change based on their usual turnover and nature of the transport they perform. Some fleets should face stricter and faster pace to electrification while other could be given more time to electrify. For example, new taxis and private hire vehicles (PHV) committed to drive fully electric vehicles should be issued licences in priority over ICE drivers while fleets in specific industries with technological obstacles (e.g. logging/lumbering industry) may be given derogations.

Enforcement, incentives and penalties

In order to enforce the legislation, a first step would be to establish a clear reporting system to keep track of new procurement. As a next step, some type of incentive and/or penalties framework should be created. Belgium is an example of an early adopter of such fiscal incentives. The fiscal benefits for ICE company cars will progressively decrease in the country, ultimately disappearing by 2026. Meanwhile, the fiscal benefits for EVs will be maintained. In France, there is a bonus and a premium for conversion which apply until 2022 with potential renewal.



Along with mandatory targets and compliance mechanisms, incentives for fleet owners will also be needed at European and national levels to accompany the shift. Inspiration for positive incentives should be drawn from lessons learnt from well-designed benefit in kind systems for corporate cars across Member States. The Platform for electromobility will soon propose a document outlining such best practices.

The levels set for such variables should be discussed with industry and stakeholders throughout the legislative process and consultation phases. This political objective will be translated with specific measures in each Member State. A recent study by T&E, an environmental NGO, has shown how a wide range of measures, mostly fiscal, can be activated at national level. The study showed that, once applied, such measures are effective. If Member States decide not to enforce incentivising measures for companies, then penalties may fall on those companies that fail to comply.

^[1]<https://www.eea.europa.eu/data-and-maps/indicators/transport-emissions-of-greenhouse-gases-7/assessment>

^[2]https://www.transportenvironment.org/sites/te/files/publications/2020_10_Dataforce_company_car_report.pdf

^[3] EU Commission Expert Group on Clean Bus Deployment; D2 Procurement and Operations.

^[4] Flagship 1 – Boosting the uptake of zero-emission vehicles, renewable & low-carbon fuels and related infrastructure

^[6] https://www.acea.be/uploads/press_releases_files/ACEA_buses_by_fuel_type_full-year_2020.pdf

^[7] In this paper, we include into corporate fleets all “Vehicle owned or leased by a private a company, and used for business purposes.”

^[8] <https://www2.deloitte.com/content/dam/Deloitte/cz/Documents/consumer-and-industrial/cz-fleet-management-in-europe.pdf>.

^[9] <https://fppe.pl/>

^[10] DG Climate Action, European Commission.

https://ec.europa.eu/clima/sites/clima/files/transport/vehicles/docs/2nd_hand_cars_en.pdf

^[11] “Accelerating fleet electrification in Europe”, Eurelectric, 2021 (www.evision.eurelectric.org)

^[12] Infographic on assessing the feasibility (<https://evision.eurelectric.org/infographics/>) – with examples of several fleet use-cases / Eurelectric

Annex 1. Shortcomings of current fragmented legislative framework to promote corporate fleet electrification

The Platform for electromobility believes that while all welcome, none of the abovementioned legislations can realistically open the door to large scale fleet electrification. These measures are peppered across many legislations and therefore do not provide a clear path for transport industries and corporations with large fleet that a regularly renewed. Dispersed measures lower their efficiency and slowdown the uptake of zero-emission vehicles in corporate and urban fleets.

Urban Mobility Package

With urban areas accounting for 72% of European emissions, increasing the share of ZEV driving in our cities yields a significant potential toward climate neutrality. The revision of the Urban Mobility Package planned for 2021 can nudge local authorities to invest in and accelerate electrification of transports, through Sustainable Urban Mobility Plans and well-designed urban vehicle access regulations. To do so, it should introduce first mechanisms of dialogue between MS and local authorities to support local deployment and benefit from expertise of cities driving the change bottom-up. Second clear recommendations for local authorities shifting to electromobility, and third technical and economic assistance and corresponding financial mechanisms to local authorities. However, the scope and non-constraining nature of the Urban Mobility Package is unlikely to be sufficient to trigger widespread corporate fleets' electrification.

Trans-European Transport Network regulation (TEN-T)

The announced provisions for first and last mile solutions that include multimodal mobility hubs, park-and-ride facilities, and safe, active mobility infrastructure in the revision of the TEN-T can answer some corporations' decision-takers concerns on shifting to electric fleets. Companies therefore should consider exploring and implementing multi-modal packages for staff mobility. It is not sufficient to push fleet owners to make the shift and does not embrace the full picture.

On-demand passenger transport

Taxi fleets and private hire vehicles (PHVs) are other high-mileage fleet with high GHG emissions mostly operating in cities. Although we support any initiative promoting the use of cleaner vehicles for taxi and PHV services, a legislation limited to "On-demand passenger transport" would exclude the largest share of corporate fleets.

Energy Performance of Buildings Directive (EPBD) and Alternative Fuels Infrastructure Directive (AFID)

Understanding the potential of fleet electrification requires a thorough knowledge of charging infrastructure solutions. EV fleets require a different approach to charging due to their set patterns



and use-case differences, both from public and private charging infrastructure perspectives. These specificities ultimately determine to a big extent the feasibility and the pace of electrifying a given car park.^[11] The European Commission must integrate considerations for EV fleets with the revision of the AFID and EPBD.

Annex 2. Example: French case study on the private fleet renewal

France is already implementing a ZEV mandate for company cars; it was adopted in the law on mobilities orientation in December 2019 (Loi d'orientation des mobilités, LOM). This legislation could potentially inspire an EU mandate on ZEV for company cars. The Platform provides an overview of the available best practices and loopholes.

The French law sets an obligation for private sector companies with a fleet of more than 100 vehicles with a gross vehicle weight of less than or equal to 3.5 tonnes when renewing their fleet on an annual basis (this also takes into account - when calculating the size of the fleet - the subsidiaries headquartered in France and their establishments located in France). From 2022, these companies will have to integrate an increasing proportion of low-emission vehicles in their fleet. Companies must acquire or use a minimum share of clean vehicles when renewing the fleet, specifically:

- at least 10% from 1 January 2022 (i.e. on 100 renewals, 10 should be low-emission vehicles)
- 20% from January 2024
- 40% from January 2027
- 70% from January 2030.

The French government and public authorities have also set an example, with a 50% obligation for purchasing or renting of low-emission vehicles for the Government's public fleets and 30% for local authorities / public companies (starting July 2021).

Around 1000 French companies are likely to be impacted, representing around 900,000 company cars sold each year (2020 excluded). Among these, 14% belong to companies with a fleet size greater than 100 vehicles. The French law defines low-emission vehicles as those with emissions below 60gCO₂/km and "very low emission" as EV, H₂ and plug-in hybrid vehicles. Those definitions can be adapted to future technologies.

There are reporting obligations for all companies based in France that fall under the mandate of January 2021. Declarations are made on an annual basis and are reported on the French government's open data website. These include a CSV file with information relating to company registrations, descriptions of the fleet and descriptions of low emissions / very low emissions renewal of vehicles Y-1.

Should a company fail to comply with the mandate, there are no sanctions set in the law in the event of non-compliance; this is a weakness for enforcement. Nevertheless, the Government is betting that the "name and shame" approach, via public reporting, will ensure that every large company complies with the law. Initial feedback on the efficiency of this mechanism, and how companies are complying with it, will be available from 2022.



Our members

