EU cars CO₂ law: Carmakers' performance so far and way forward - T&E webinar

15/11/2021
T&E: WHO WE ARE

Europe's leading clean transport campaign group

26 Countries
63 Members
6 National experts
AGENDA

- 14.00 - 14.05: Welcome by Alex Keynes, Clean Vehicles Manager

- 14.05 - 14.20: Presentation of key results by Lucien Mathieu, Road vehicles and E-Mobility Analysis Manager / Interim Freight Director

- 14.20 - 14.35 What this means for the Cars CO₂ review: policy recommendations by Alex Keynes, Clean Vehicles Manager

- 14.35 - 15.00 Discussion and questions moderated by Cecilia Mattea, Clean Vehicles Officer
New CO₂ emission standards are finally curbing emissions

CO₂ emissions from new cars dropped by almost one fifth from 2019 thanks to a five-fold increase in sales of plug-ins
Around half of carmakers already compliant (as of July ‘21)

As a result of the widespread exploitation of flexibilities, most manufacturers are on track to comply with EU CO₂ targets this year.
18% plug-ins (9% BEV) expected in 2021

Conventional cars still emit as much as 5 years ago!

Volvo, Daimler and JLR have higher conventional car emissions than five years ago.
CO₂ targets are weakened by regulatory loopholes

**BEV sales share reach 17%** without the flexibilities and with the real world emissions for PHEVs. Overall, around **840,000 BEVs are missing** due to these flexibilities which weaken the regulation.
Carmakers exploiting flexibilities to meet CO₂ targets

Widespread exploitation of flexibilities and loopholes has helped put all manufacturers on track to comply with the 2021 target

Would not comply without regulatory flexibilities

What does this mean for post-2021 targets?
Weakening of the targets will get worse in the 2020s

6% weakening of targets due to regulatory flexibilities on average over the decade
Targets are lagging behind carmakers’ emobility potential

The ambition of EU climate standards for carmakers is so weak that their 2025 target will actually be realised two years earlier.
Weak CO₂ targets in the 2020s are the biggest threat

What could happen if carmakers did the minimum to comply with the targets?

Case 1: Focus on business-as-usual BEV sales
Conventional car emissions could be 60% higher over 2025-2029 than in 2021

Case 2: Focus on business-as-usual improvement of conventional cars
Carmakers could comply in 2029 with the same BEV sales as today - or less than 10% of sales
- 18 million BEVs would be missing (compared to industry trend scenario) - or a 75% reduction in BEV sales (2025-29)
- + 55 Mt CO₂ (more than the annual emissions of all the cars in Spain)

Weak target will not require carmakers to deliver on their EV plans and Europe’s electric car boom is at risk of stalling
Recommendations for the revision of the EU car CO$_2$ standards
100% ZEV sales by 2035 at the latest

Source: Bloomberg NEF (2021), Hitting the EV Inflection Point - accelerated scenario
Higher and more regular targets needed in the 2020s

T&E proposes:
- **At least a 30% CO₂ reduction from 2025** (compared to 30-35% industry baseline)

Adding an intermediate target to bring forward investments & cheaper EVs:
- **At least 45% CO₂ reduction from 2027**

Align 2030 target with cost-effective potential to reach 100% ZEVs by 2035:
- **At least 80% CO₂ reduction from 2030**

**Emission reduction forecast**

- CO2 emissions (industry commitments)
- 2025 target (with flexibilities)
- Commission proposed 2030 target (with flexibilities)
- T&E proposed targets

Source: T&E modelling of carmakers emissions in the 2020s
Polluting ICEs need to be banned as soon as 2030

Stronger measures needed to ensure both increased ZEV sales and ICE improvement

→ Ban sales of conventional models with CO₂ emissions above 120g/km (mostly SUVs) as of 2030

Scenario 2: The plug-in sales share is calculated based on current production trends adjusted to expected 2021 sales and OEM sales targets. Maximum ICE and HEV emissions increase under a compliance scenario.

Source: T&E modelling of carmakers’ compliance in the 2025-2029 period.
Stop carmakers getting an easy ride - close the regulatory loopholes

- Stop giving heavier cars a free CO₂ pass: **remove the mass adjustment factor**

- Decrease the CO₂ savings carmakers can claim from eco-innovations (in line with the proposed CO₂ targets): 5g/km in 2025, 4g/km in 2027, and 2g/km in 2030

- Reform WLTP to account for **real world PHEV emissions** (using FCM data)

- Remove the ZLEV benchmark and CO₂ bonus from 2025
Remove the ZLEV benchmark from 2025

ZLEV benchmark = free lunch for OEMs

- All carmakers (besides Ford and Toyota) would reach the full ZLEV bonus in 2025
- Removing the PHEV 0.7 multiplier, or PHEVs altogether, would not change the outcome that much

Source: T&E’s plug-in vehicles sales forecast modelled from passenger car registration data from the first half of 2021 from Dataforce, carmakers’ 2030 sales targets, and EU production data.
No e-fuels credits in the CO₂ regulation

Cars on e-petrol emit 40% more CO₂ over lifetime than battery electric

e-fuels would place a cost burden on drivers
## T&E recommendations - summary

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<th>Increase the 2025 target to 30% &amp; set a 2027 target of 45% CO₂ reduction</th>
<th>Increase the proposed 2030 CO₂ reduction target to -80% and confirm EU-wide ICE phase out by 2035</th>
<th>Ban sales of ICE models with CO₂ emissions above 120g/km (mostly SUVs) as of 2030</th>
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<tr>
<td>Remove ZLEV credits from 2025 &amp; tighten WLTP tests using fuel consumption meters</td>
<td>No CO₂ credits for advanced or synthetic fuels in vehicle regs</td>
<td>Tighten loopholes including eco innovations, mass adjustment, &amp; pooling</td>
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