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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 510/2011 to define the modalities for reaching the 2020 target to reduce CO₂ emissions from new light commercial vehicles

(Text with EEA relevance)

{SWD(2012) 213 final}
{SWD(2012) 214 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

- **General context**

The EU has a stated objective of limiting global climate change to a temperature increase of 2°C above pre-industrial levels. To achieve this, global emissions need to peak by 2020 and be reduced by at least 50% globally by 2050 compared to 1990. The European Council reconfirmed the EU target of an 80-95% reduction by 2050 compared to 1990 in the context of the necessary reductions by developed countries as a group.

Current policies would only lead to about a 40% GHG ("GHG") emission reduction by 2050. The Commission *'Roadmap for moving to a competitive low carbon economy in 2050'*¹ sets out how to meet the 2050 target of reducing domestic emissions by 80% in the most cost-effective way. The Roadmap shows that every sector of the economy must contribute and, depending on the scenario, compared to 1990 transport emissions need to be between +20 and -9% by 2030 and decrease by 54% to 67% by 2050².

While emissions from other sectors are generally falling road transport is one of the few sectors where emissions have risen rapidly: between 1990 and 2008 emissions from road transport increased by 26%. In 2008 around 70% of transport CO₂ emissions came from road transport³. As a result, it is the second biggest source of GHG emissions in the EU, and contributes about one-fifth of the EU's total emissions of CO₂.

In March 2011 the Commission adopted the *'Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system'*. It sets out a transport strategy within a frame of achieving a 60% reduction in transport GHG emissions by 2050.

- **The Regulation**

Regulation (EU) No 510/2011 sets the CO₂ reduction framework for the new van fleet to 2020. The Regulation has a two-step operation. In the first period to 2017 the modalities of compliance with the targets have been established. For the second period to 2020 the target cannot become effective without implementing the necessary modalities, which are to be determined in a review. The Commission is requested to confirm that the 2020 van target is feasible. This target was established in the co-decision process and, apart from its confirmation, is not reconsidered in the review.

Failure to determine or implement the modalities would have a detrimental effect on vehicle manufacturers and parts suppliers who need certainty with regard to the technology and vehicles that will be needed to meet the target.

Modalities are aspects of the implementation which impact on how the emission targets are achieved. Key modalities in the current Regulation include the limit value curve which is defined by the utility parameter and the function describing the relationship between the

¹ COM/2011/0112 final

² Excluding international maritime emissions

³ *EU transport in figures 2011*, European Commission

utility parameter and CO₂ emissions (setting the shape and slope). Other modalities include the excess emissions premium scheme, eco-innovations, derogations, pooling, the phasing-in of the targets and granting of super-credits for a limited period of time.

2. INTERESTED PARTIES CONSULTATIONS' AND IMPACT ASSESSMENT

Consultations with the interested parties

- *External expertise*

An external study⁴ 'Support for the revision of Regulation (EU) 510/2011 on CO₂ emissions from light commercial vehicles'⁵ has provided the main analysis underlying this proposal. It includes an evaluation of different modalities and assesses their costs. The PRIMES-TREMOVE model has been used to assess the overall impacts of the 2020 target.

- *Consultation of interested parties*

Stakeholders have been formally consulted through an on-line questionnaire and through a stakeholder meeting. Input from stakeholders has been taken into account in assessing the different possible options to regulate CO₂ emissions from light-duty vehicles (LDVs).

- Public consultation

An on-line public consultation was carried out in autumn 2011. Overall the responses give a message that regulating LDV emissions is important, should be carried out in line with long term GHG goals, be based on new vehicle average emissions and be technologically neutral. Opinion was highly divided on whether the current legislation is working well. The main reason appears to be that many think that the current legislation is not sufficiently robust. There is strong support for setting targets beyond 2020, regardless of other measures that may be implemented. The results of the public consultation have been summarised and published⁶.

- Stakeholder meeting

A stakeholder meeting was held on 6 December 2011. The preliminary conclusions of the study were presented and presentations from the meeting along with a summary of the discussion have been published⁷. Participants did not express any substantial disagreement with the analysis presented; NGOs argued that since costs are lower than had previously been thought, and emissions are substantially lower than anticipated, the targets should be tightened.

The impact assessment

A joint impact assessment supporting the current proposal and an equivalent proposal to amend Regulation (EC) No 443/2009 has been prepared. A broad approach has been taken to identifying policy options which covers issues raised in the legislation, those arising with

⁴ Under framework contract ENV.C.3/FRA/2009/0043 on vehicle emissions

⁵ http://ec.europa.eu/clima/policies/transport/vehicles/vans/studies_en.htm

⁶ http://ec.europa.eu/clima/consultations/0012/index_en.htm

⁷ http://ec.europa.eu/clima/events/0048/index_en.htm

implementation and those assessed in the studies analysing possible approaches to improve the legislation's effectiveness. The following aspects were analysed:

- a) 'Do nothing' option;
- b) Confirmation of feasibility of the 2020 target for vans;
- c) Modalities of meeting the van targets;
- d) Simplification and reduction of administrative burden;
- e) Adaptation to the new test cycle;
- f) Form and stringency of legislation beyond 2020.

Based on the analysis of the economic, environmental and social impacts of different modalities the impact assessment reached the following conclusions:

- The 2020 target of 147g/km for vans is confirmed as feasible at a lower cost.
- Utility parameter should continue to be mass; the limit value curve should continue to be linear and the slope of the curve should be set at 100%.
- Excess Emissions Premium should be maintained at €5 per g/km per vehicle.
- The derogation procedure should be simplified by introduction of a 'de-minimis' exclusion for the smallest manufacturers from the obligation of having the CO₂ target. In addition, more flexibility regarding the date of granting small-volume derogations should be allowed.

3. LEGAL ELEMENTS OF THE PROPOSAL

The EU has already acted in this area when it adopted Regulation (EU) 510/2011 based upon the environment chapter of the Treaty. The single market also provides grounds to act at EU level rather than at Member State level so as to ensure common requirements across the EU and thus minimise costs for manufacturers.

The adoption of the proposal will not lead to the repeal of existing legislation.

Summary of the proposed action

The proposal confirms the feasibility of the average target of 147 g CO₂/km for new light commercial vehicles to be reached in 2020. It proposes to define the modalities of reaching the target as follows:

- The utility parameter continues to be vehicle's mass in running order.
- The limit value curve remains linear with a slope of 100% compared to the baseline fleet.

- Manufacturers responsible for less than 500 registrations of new light commercial vehicles per year are excluded from the obligation to meet their specific emissions target.
- More flexibility is allowed in the timing of decisions granting small-volume derogations.
- Eco-innovations are retained when a revised test procedure is implemented.
- Excess Emissions Premium is maintained at €95 per g/km per vehicle.

As industry benefits from indications of the regulatory regime that would apply beyond 2020, the proposal includes a further review to take place by, at the latest, 31 December 2014.

4. BUDGETARY IMPLICATION

The proposal does not require additional financial resources.

5. OPTIONAL ELEMENTS

- Review/revision/sunset clause

The proposal includes a review clause.

- European Economic Area

The proposed act concerns an EEA matter and should therefore extend to the European Economic Area.

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee ⁽⁸⁾,

Having regard to the opinion of the Committee of the Regions ⁽⁹⁾,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Article 13(1) of Regulation (EU) No 510/2011 of the European Parliament and of the Council of 11 May 2011 setting emission performance standards for new light commercial vehicles as part of the Union's integrated approach to reduce CO₂ emissions from light-duty vehicles¹⁰ requests the Commission, subject to confirmation of its feasibility, to review the modalities of achieving the 147g/km target by 2020, including the formulae in Annex I and the derogations in Article 11. The proposal to amend the Regulation is requested to be as neutral as possible from the point of view of competition, socially equitable and sustainable.
- (2) It is appropriate to clarify that for the purpose of verifying compliance with the target of 147 g CO₂/km, CO₂ emissions should continue to be measured in accordance with Regulation (EC) No 715/2007 of the European Parliament and of the Council of 20 June 2007 on type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle

⁸ OJ C , , p. .

⁹ OJ C , , p. .

¹⁰ OJ L 145, 31.5.2011, p. 1.

repair and maintenance information¹¹ and its implementing measures and innovative technologies.

- (3) According to the technical analysis made for the impact assessment, the technologies to meet the target of 147 g CO₂/km are available and the required reductions may be achieved at a lower cost than estimated in the previous analysis carried out previous to the adoption of Regulation (EU) No 510/2011. In addition, the distance between the current average specific emissions of CO₂ from new light commercial vehicles and the target has also decreased. Therefore, the feasibility of the target of 147 g CO₂/km to be reached by 2020 is confirmed.
- (4) In recognition of the disproportionate impacts on the smallest manufacturers resulting from the compliance with the specific emissions targets defined on the basis of the utility of the vehicle, high administrative burden of the derogation procedure and only marginal benefit in terms of CO₂ reduction of the vehicles sold by these manufacturers, producers responsible annually for less than 500 new light commercial vehicles are excluded from the scope of the specific emissions target and the excess emissions premium.
- (5) The procedure to grant derogation to small-volume manufacturers shall be simplified to allow for more flexibility in terms of the timing of application for a derogation by the manufacturers and the decision to grant it by the Commission.
- (6) To enable the automotive industry to carry out long-term investments and innovation it is desirable to provide indications of how this Regulation should be amended for the period beyond 2020. These indications should be based on an assessment of the necessary rate of reduction in line with the Union's long term climate goals and the implications for the development of cost effective CO₂ reducing technology for cars. It is therefore desirable for these aspects to be reviewed, the Commission to make a report and if appropriate proposals made for targets beyond 2020.
- (7) Article 13(3) requests the Commission to publish a report on the availability of data on footprint and payload and their use as utility parameters in the formulae in Annex I. Whereas this data is available and its potential use has been assessed in the impact assessment, it has been concluded that it is more cost-effective to retain mass in running order as the utility parameter for the 2020 target for light commercial vehicles.
- (8) It is appropriate to retain the approach towards setting the target based on a linear relationship between the utility of the light commercial vehicle and its target CO₂ emissions as expressed by the formulae in Annex I, since this allows maintaining the diversity of the light commercial vehicle market and the ability of manufacturers to address different consumer needs, and thus avoiding any unjustified distortion of competition. It is however appropriate to update this approach to reflect the latest available data on registrations of new light commercial vehicles.
- (9) The Commission has assessed the availability of footprint data and its use as the utility parameter in the formulae in Annex I. This data is available and its potential use has been assessed in the impact assessment, on the basis of that assessment it is concluded that the utility parameter used in the formula for 2020 should be mass.

¹¹ OJ L 171, 29.6.2007, p.1.

- (10) The Regulation requires the Commission to carry out an impact assessment in order to review the test procedures to reflect adequately the real CO₂ emissions behaviour of cars. This work is proceeding through the development of a World Light Duty Test procedure in the framework of the United Nations Economic Commission for Europe but is not yet complete. In view of this, Annex I to Regulation (EC) No 443/2009 establishes emission limits for 2020 as measured according to Regulation (EC) No 715/2007 and Annex XII to Regulation (EC) No 692/2008. When the test procedures are amended, the limits set in Annex I should be adjusted to ensure comparable stringency for manufacturers and classes of vehicles.
- (11) Regulation (EU) No 510/2011 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 510/2011 is amended as follows:

- (1) In Article 1, paragraph 2 is replaced by the following:
- ‘2. From 2020, this Regulation sets a target of 147 g CO₂/km for the average emissions of new light commercial vehicles registered in the Union as measured in accordance with Regulation (EC) No 715/2007 and its implementing measures, and innovative technologies.’
- (2) In Article 2, the following paragraph 4 is added:
- ‘4. Article 4, Article 8(4)(b) and (c), Article 9 and Article 10(1)(a) and (c) shall not apply to a manufacturer which is responsible together with all of its connected undertakings for less than 500 new light commercial vehicles registered in the EU in the previous calendar year.’
- (3) In Article 11, paragraph 3 the last sentence is deleted.
- (4) Article 13 is amended as follows:
- (a) Paragraph 1 is replaced by the following:
- ‘By 31 December 2014, the Commission shall review the specific emissions targets, modalities and other aspects of this Regulation in order to establish the CO₂ emission targets for new light commercial vehicles for the period beyond 2020.’
- (b) Paragraph 6 is amended as follows:
- the second subparagraph is deleted;
 - the third subparagraph is replaced by the following:
- ‘In order to reflect any change in the regulatory test procedure for the measurement of specific CO₂ emissions, the Commission shall adapt the formulae set out in Annex I by means of delegated acts in accordance with Article 15, and subject to the

conditions laid down in Articles 16 and 17 while ensuring that reduction requirements of comparable stringency for manufacturers and vehicles of different utility are required under the old and new test procedures.’

(5) In point 1 of Annex I, the following point (c) is added:

‘(c) from 2020:

Indicative specific emissions of CO₂ = 147 + a × (M – M₀)

Where:

M = mass of the vehicle in kilograms (kg)

M₀ = the value adopted pursuant to Article 13(2)

a = 0,096.’

Article 2

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President