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Briefing

Appraisal of the Ulmer Report on cars & CO_2

Context

In July 2012 the Commission published its proposal to review Regulation 443/2009 which sets CO_2 emission targets for new passenger cars. The Environment Committee leads the deliberations in the European Parliament and Thomas Ulmer (EPP) has been appointed rapporteur. This briefing appraises proposals within his report[1] and quantifies how these could lead to a weakening of the target in excess of 10g, raising the target to more than 105g/km.

Key issues

The Ulmer report recommends three key changes to the Commission proposal:

- Significantly expanding the super credit scheme
- Postponing discussion about post 2020 targets to 2017
- Delaying the introduction of an improved test cycle.

1. Significant expansion of the super credit scheme:

The Ulmer Report proposes multiple changes (Amendment No 6) to supercredits that:

1. Give much more generous supercredits than those proposed by the Commission[2]
2. Significantly raise the number of vehicles that can receive supercredits by removing the cap proposed by the Commission and make it much easier for manufacturers to receive credits[3]
3. Allow manufacturers to use credits earned before 2020 in the period 2020-2023 (banking).

By allowing 50g vehicles or vehicles with a 40km electrical autonomy (e.g. a big plug-in-hybrid car which does not necessarily have low CO_2 emisisons) the proposed scheme will be open to many more vehicles than initially foreseen. In combination with higher multipliers, and especially the opportunity to bank the credits obtained in 2015-2020 for use in 2020-2023 this could result in a weakening of the target by around 10g – effectively raising the target from 95g to more than 105g[4].

But the weakening may well be more significant; indeed, the more effective the scheme is in promoting the sales of 'low carbon' vehicles, the more credits manufacturers will obtain and the more the 95 g/km target is weakened.

The amendments proposed in the Ulmer report should be rejected. Instead, super credits should be scrapped and a flexible mandate[5] for ultralow carbon vehicles introduced. A flexible mandate rewards manufacturers that sell more than 3% ultralow carbon cars, but requires an extra effort from manufacturers that do not. A flexible mandate encourages and rewards bigger market penetration of very efficient cars but does so in a balanced, transparent and effective manner.

2. Postpone discussion of post 2020 targets to 2017

Long term targets provide the automotive industry with planning and investment certainty and ensure that the EUs policies remain in line with its long term climate objectives. The 95g target currently being considered was originally proposed by the European Parliament that has also, in the past, called for an achieveable[6] target of 70g for 2025.

The Ulmer report (Amendment No 16) wants to postpone discussions about 2025 until the end of 2017, which is likely to lead to a new target being adopted in 2019-2020. This would give manufacturers just 5 years notice ahead of a 2025 target and result in claims that lead times are insufficient and calls to delay or weaken future targets. This would make it extremely difficult for the EU to achieve its climate goals and result in the continued vulnerability of the economy and citizens to high oil prices.

Car manufacturers demand long lead times and regulatory certainty. Internal divisions within the Commission make it unlikely a proposal will be made in 2014 as indicated, so the European Parliament should take a lead and introduce a 60g, 2025 target[7] that will drive the transition to new ultra-low carbon, cleaner vehicles.

3. Delaying the introduction of a new test procedure

The gap between real-world fuel economy and that measured in official tests is growing annually.[8] A key reason is manipulation of testing results. Such manipulation is responsible for up to 30% of the CO_2 emissions improvement measured in new cars between 2002 and 2010.[9] Further flexibilities will continue to undermine the regulation and cheat drivers of the fuel savings that the official test results promise.

The Ulmer report opposes the early introduction of the new test cycle (Amendments No 2, 5, 15, 17) and procedures designed to ensure test results match real-world performance. Instead it is suggested that there should be no improvements to the current test procedures before 2020 and that the new procedure (WLTP) should not enter into force before 2021. Amendments also suggest that deviations arising from the new test procedure must be fully adjusted – in effect ensuring future targets are weakened to account for current manipulation of test results.

A new and improved test cycle should be introduced by 2016 at the latest. Targets set by this Regulation should be translated to the new test cycle to ensure comparable stringency without rewarding current flexibilities. New procedures should be established to ensure that if future test results deviate from real-world performace, the test is updated.

Further information

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[1] http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONSGML%2bCOMPARL%2bPE-500.598%2b02%2bDOC%2bPDF%2bV0%2f%2fEN
[2] Multiplier of 2.5 in 2016-2017: multiplier of 2 in 2018-2020
[3] The Commission has set the eligibility threshold at 35g so that only truly low carbon vehicles would qualify.
[4] If all credits are used in one year; OEMs may well choose to spread their credits over a longer period so that the annual weakening is smaller but lasts longer, i.e. until 2023-2025.
[5] Transport&Environment, Ultralow carbon vehicles and supercredits, 2012.
[6] See http://www.transportenvironment.org/publications/case-2025-targets-co2-emissions-cars-and-vans-report and http://www.bosch.com/media/en/com/sustainability/current/news/2011/_co2_emissions.pdf
[7] Ibidem iii
[8] http://www.theicct.org/sites/default/files/publications/ICCT_EU_fuelconsumption2_workingpaper_2012.pdf
[9] http://ec.europa.eu/clima/policies/transport/vehicles/cars/docs/report_2012_en.pdf