

Context

Fuel is an important and rising business cost. At the same time vans are one of the fastest growing sources of transport CO₂ emissions, increasing by 26% between 1995 and 2010 and now accounting for 8% of EU's total road transport emissions.¹ To reduce van fuel consumption and counter rising emissions, binding CO₂ standards were introduced in 2011, setting a 2017 fleetwide target of 175 CO₂ g/km. For 2020 a target of 147 g/km was agreed. In its review proposal, which is currently under discussion in the European Parliament, the Commission confirmed the 147 g/km target.

This briefing summarises the most recent evidence and outlines 5 compelling reasons to strengthen the vans target to at least 118 g/km. It is largely based upon a study undertaken by consultants TNO.² More detailed information can be found in T&E's position paper.³

1. Fuel efficient vans reduce costs for businesses improving the competitiveness of European companies

Operating a van typically costs around €2,400 a year in diesel alone⁴ and fuel bills represent around a third of the total costs of ownership.⁵ Ambitious CO₂ standards for vans reduce fuel bills and, therefore, save costs for van owners.



The 2017 CO₂ target of 175 g/km is essentially redundant because in 2010 average emissions already stood at 181 g/km.⁶ The Commission's proposed target for 2020 of 147 g/km requires a fuel economy improvement of less than 2% per annum, hardly better than could be expected through business as usual.⁷ The most recent evidence demonstrates that an emissions level of 110 g/km is technically feasible and would pay back within the first period of ownership of a typical van (around 5 years – see the table over page).

2. The target agreed for 2020 (147 g/km) and now confirmed by the Commission was based on flawed evidence

The information which was available when the 147 g/km target was adopted suggested that improving fuel economy to this level would cost between €2,000 and €8,800. At the same time it was also assumed that the average emissions of vans were around 203 g/km. We now know that average emissions in 2010 were 181 g/km and the most recent estimates put the retail price increase for achieving 147g/km at just €605, 3-15 times lower than originally foreseen.

¹ CE Delft, *Are trucks taking their toll*, 2009, p2; CE Delft, *Speed Limiters for vans. Environmental and Safety Impacts*, 2010, p4.

² TNO 2012, *Assessment of alternative modalities and targets for LCVs*, study for T&E.

³ <http://www.transportenvironment.org/publications/stricter-van-fuel-standards-business-case>

⁴ Assumes average fuel consumption 8.28 l/100km (6.9 l/100k + 20% real world use correction); mileage of new vans 23,500 km; diesel price €1.25 per litre (excl. VAT)

⁵ Department for Transport, *Ultralow emission vans study*, 2012.

⁶ ICCT 2012, *Pocketbook European Vehicle Market Statistics*

⁷ 2.2% p.a between 2011 (179 g/km) and 2020 (147 g/km).

The original decision was distorted by the flawed evidence and target should therefore be revised.

	Proposed Target	Original Commission proposal	Equivalent to cars 95 g/km	Equivalent to cars 80 g/km
Average CO ₂ emissions from vans in 2020	147 g/km	135g/km	118 g/km	110 g/km
Price increase	€ 605	€ 1,064	€ 2,000	€ 2,787
Annual fuel savings (excl. VAT)	€ 440	€ 597	€ 825	€ 927
Payback period ⁸	1.5 years	2.0 years	2.8 years	3.6 years
Lifetime fuel savings (over 13 years)	€ 3,478	€ 4,720	€ 6,521	€ 7,328

3. Tighter targets extend the market for low carbon technologies reducing costs, creating jobs and developing export opportunities

The current proposal could lead to a “technology graveyard” for vans as manufacturers reduce investment and fail to deploy available technology despite low carbon technologies for vans being effectively the same as those used in cars. Setting tighter targets would have the opposite effect and drive the uptake of innovative, low carbon solutions in the vans market, and increase the economy of scale for low-carbon technologies, reducing their costs.

4. Parity between targets for cars and vans would avoid potential “leakage” inadvertently weakening the cars target

The CO₂ standards for vans are significantly less ambitious than those for cars. A vans target equivalent to the cars target would have to be set at 118 g/km, not 147 g/km as proposed by the Commission. This discrepancy could create an incentive to sell and register cars as vans as this would lower overall compliance costs. The effect would be to introduce market distortions to the disadvantage of manufacturers that only make cars, not vans, and to weaken the CO₂ standards for cars.

5. Tighter fuel economy standards are needed to offset rising emissions from increasing numbers of vans

The market for vans is growing rapidly with further growth forecast since the legal framework for vans is very favourable compared to that for light trucks (> 3,5t). Setting a target of 118 g/km would counter the rising emissions from vans and double CO₂ savings compared to 147 g/km.

A vans target of 118g/km is cost-effective; for 2025 a target of below 100 g/km is needed

Whilst the 147 g/km proposal would turn vans into a technology graveyard and deny van owners better fuel economy, a target of 118 g/km would save van owners €825 per year and would pay back relatively quickly, even at low future oil prices. For 2025, a sub 100 g/km target is needed to ensure the uptake of more advanced technologies and new powertrains as well as setting us on the path towards decarbonizing road transport by 2050.

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⁸ The net present value of fuel cost savings is used to determine the payback period