

# European Commission proposal for a Regulation setting emission performance standards for new heavy-duty vehicles

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Eurelectric amendments

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

## We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

**investing** in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

**transforming** the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

**accelerating** the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

**embedding** sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

**innovating** to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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WG E-mobility

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## Introduction

Europe is at a crucial moment in time, where – in order to deliver on the Paris Agreement – the power sector is committed to becoming carbon - neutral well before 2050, the transport has to drastically increase emission reduction efforts. Emissions from transport are both in absolute and in relative terms higher than in 1990.

Electrification is one major driver to reduce energy consumption in road transport. Electrified transport will have to be integrated in the wider power system. If this is done well, electric vehicles can provide a valuable resource for the power system. This holds especially true for the heavy-duty vehicle sector and this is why Eurelectric warmly welcomes its proposal for emission performance standards for heavy-duty vehicles in May 2018.

Heavy-duty vehicles (HDVs) represent about 6% of all road vehicles in the EU, yet they produce about 25% of all CO<sub>2</sub> emissions from road transport. What is more, HDV emissions are projected to grow by 9% between 2010 and 2030 due to increased transport activities. This led to the European Commission proposal for new emission standards for 4 out of 17 HDV types, as defined in EU's CO<sub>2</sub> emission and fuel consumption certification regulation. According to Commission estimates, these four groups altogether account for about 70% of all CO<sub>2</sub> emissions from EU's heavy-duty fleet.

Being the first of their kind in Europe, the HDV standards provide an opportunity to clearly define the direction the sector is going. On the industry side of things, binding standards would increase competitiveness, as other main world markets such as US, China, and Japan have already put emissions or fuel consumption standards in place. At the same time, transport operators and consumers alike will stop missing out on potential savings from cost-efficient technologies that are already available. The requirements of the standards will allow to incorporate and widely spread such technologies on the market.

The amendments presented below are tackling the key shortcomings of the Commission's proposal and seek to move Europe forward towards a trajectory in which the transport sector can successfully play its part in achieving the EU's ambitions for the Paris Agreement.

## Amendment Proposals

### Amendment 1

*Text proposed by Commission*

*Amendment proposal by EURELECTRIC*

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#### **Article 1 – Subject matter and objective**

In order to contribute to fulfilling the Union’s target of reducing its greenhouse gas emissions by 30% below 2005 levels in 2030 in the sectors covered by Article 2 of Regulation (EU) No 2018/...[Effort Sharing Regulation], and to achieving the objectives of the Paris Agreement and to ensure the proper functioning of the internal market, this Regulation sets CO2 emission performance standards for new heavy-duty vehicles whereby the specific CO2 emissions of the Union's fleet of new heavy-duty vehicles shall be reduced compared to the reference CO2 emissions as follows:

- (a) From 1 January 2025 to 31 December 2029 by 15%;
- (b) From 1 January 2030 onwards by at least 30% subject to the review pursuant to Article 13.

The reference CO2 emissions shall be based on the 2019 monitoring data reported pursuant to Regulation (EU) No .../2018 [HDV M&R], excluding vocational vehicles, and shall be calculated in accordance with Point 3 of Annex I.

In order to contribute to fulfilling the Union’s target of reducing its greenhouse gas emissions by 30% below 2005 levels in 2030 in the sectors covered by Article 2 of Regulation (EU) No 2018/...[Effort Sharing Regulation], and to achieving the objectives of the Paris Agreement and to ensure the proper functioning of the internal market, this Regulation sets CO2 emission performance standards for new heavy-duty vehicles whereby the specific CO2 emissions of the Union's fleet of new heavy-duty vehicles shall be reduced compared to the reference CO2 emissions as follows:

- (a) From 1 January 2025 to 31 December 2029 **by 20%**;
- (b) From 1 January 2030 onwards **by at least 40%** subject to the review pursuant to Article 13.

The reference CO2 emissions shall be based on the 2019 monitoring data reported pursuant to Regulation (EU) No .../2018 [HDV M&R], excluding vocational vehicles, and shall be calculated in accordance with Point 3 of Annex I.

#### *Justification*

eurelectric is concerned that the ambition level proposed by the Commission is insufficient to drive decarbonisation of heavy-duty road transport at the necessary speed. In order to reach the goal of 60% EU transport sector emission reductions in 2050 (compared to 1990 levels), trucks need to decarbonise at a way faster pace. Achieving a 20% reduction by the end of 2029 compared to a 2019 emissions baseline provides sufficient lead time for manufacturers to shape their new production cycles. This assumption is supported both by the Commission Impact Assessment and other studies which deem this plausible with existing technology. Such ambitious approach would also set their path to pursue a further 40% reduction through innovation and development of even

more efficient technologies.

#### Amendment 2

*Text proposed by Commission*

*Amendment proposal by EURELECTRIC*

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#### **Article 2 - Scope**

***(new) 3. Following the review pursuant to Article 13, the scope of the Regulation should be extended to cover newly certified vehicle groups under the Certification Regulation (EU) 2017/2400.***

#### *Justification*

*Extending the scope would be logical, cost-efficient and economically viable for the manufacturers, as lighter trucks under vehicle groups 1, 2 and 3 would reach cost-parity with their combustion engine counterparts by 2021. Such approach is greatly supported by the up-and coming market reality and recent models announcements by leading manufacturers and start-ups alike.*

#### Amendment 3

*Text proposed by Commission*

*Amendment proposal by EURELECTRIC*

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#### **Article 5 - Supercredits**

Zero- and low-emission heavy-duty vehicles

***deleted***

1. Starting from 2020 and for each subsequent calendar year, the Commission shall, by means of implementing acts referred to in Article 10(1), determine for each manufacturer the zero- and low-emission factor referred to in Article 4(b) for the preceding calendar year.

The zero- and low-emission factor shall take into account the number and the CO<sub>2</sub> emissions of zero- and low-emission heavy-duty vehicles in the manufacturer's fleet in a calendar year, including zero- emission vehicles of the categories referred to in the second sub-paragraph of Article 2(1), as well as zero- and low-emission vocational vehicles.

The zero- and low-emission factor shall be calculated in accordance with point 2.3 of Annex I.

2. For the purpose of paragraph 1, the zero- and low-emission heavy-duty vehicles shall be counted as follows:

(a) a zero-emission heavy-duty vehicle shall be counted as 2 vehicles;

(b) a low-emission heavy-duty vehicle shall be counted as up to 2 vehicles according to a function of its specific CO<sub>2</sub> emissions and the threshold emission level of 350 g CO<sub>2</sub>/km.

3. The zero- and low-emission factor shall reduce the average specific emissions of a manufacturer by a maximum of 3% . The contribution of zero-emission heavy-duty vehicles of the categories referred to in the second sub-paragraph of Article 2(1) to that factor shall reduce the average specific emissions of a manufacturer by a maximum of 1.5%.

#### Justification

Supercredits allow for vehicle manufacturer to artificially lower their emission average and therefore decrease the value of the standards. Supercredit-related amendments will be needed throughout the proposal.

#### Amendment 4

*Text proposed by Commission*

*Amendment proposal by EURELECTRIC*

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#### **Article 5a (new) – ZLEV mandate**

***For the purpose of ensuring zero-emission mobility as well as market certainty for vehicle manufacturers, fleet operators and infrastructure providers, a binding minimum fleet-wide share of zero- and low-emission vehicles for new heavy-duty vehicles is to be established as follows:***

***(a) 10% as of 1 January 2025***

**(b) 25% as of 1 January 2030, to be reviewed in 2022 in accordance with Article 13.**

**The Commission shall adopt implementing acts in accordance with this regulation in order to design flexible mandate that differentiates between zero and low-emission vehicles and allows trading among manufacturers strictly between same vehicle categories. It shall both encourage early adopters and determine penalties to be applied to manufacturers failing to meet minimum shares without jeopardising their market roles.**

*Justification*

*This provision ensures investment security, while at the same time it encourages over-achievers to continue their efforts and provides market players with the needed flexibility. Such action falls in line with the revision of the 'Eurovignette' Directive, which further supports decarbonising the HDV sector by introducing differentiation of road charges according to CO2 emissions.*

Amendment 5

*Text proposed by Commission*

*Amendment proposal by EURELECTRIC*

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**Article 8 – Compliance with the specific emission targets**

**(new) 2a. The Commission shall ensure the excess emission premium exceeds the costs by manufacturers to meet the targets referred to in Article 1(1).**

*Justification*

In order to truly serve its purpose, the excess emission premium should remain as proposed by the Commission. This would incentivise manufacturers to adopt innovative solutions instead of settling down for paying their way out as a cheaper way to apply the Regulation.

## Amendment 6

*Text proposed by Commission*

*Amendment proposal by EURELECTRIC*

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### **Article 9 – Verification of the monitoring data**

3. The Commission shall adopt detailed rules on the procedures for reporting such deviations and for taking them into account in the calculation of the average specific emissions. Those procedures shall be adopted by way of implementing acts in accordance with the examination procedure referred to in Article 14(2).

3. The Commission shall adopt detailed rules on the procedures for reporting such deviations and for taking them into account in the calculation of the average specific emissions ***as well as the 2019 reference CO<sub>2</sub> baseline***. Those procedures shall be adopted by way of implementing acts in accordance with the examination procedure referred to in Article 14(2).

#### *Justification*

The 2019 reference baseline is a sensitive element of this Regulation and a deviation from this baseline needs to be avoided by all means before setting the standards.

## Amendment 7

*Text proposed by Commission*

*Amendment proposal by EURELECTRIC*

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### **Article 11 – Compliance with the specific emission targets**

***(new) 3. The Commission shall adopt, no later than 31 December 2019, delegated acts in accordance with Article 15 to introduce an in-service conformity test for ensuring on-road CO<sub>2</sub> emissions and fuel consumption to do not exceed the monitoring data reported pursuant to Regulation (EU) 2018/956 by more than maximum 10%.***

***The Commission shall take any deviation exceeding that threshold into account for the purpose of calculating the average specific CO<sub>2</sub> emissions of a manufacturer and adapting where appropriate the 2019 reference CO<sub>2</sub> emissions.***

### *Justification*

By introducing conformity checks and a correction mechanism, the Commission will ensure that the ambition of the standards is in line with the data reported under the Monitoring and Reporting Regulation. Such governance mechanism will bring more transparency and will stimulate the effectiveness of the targets.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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