EU policy developments & CO_2 standards for cars and vans

ETERC - 10 September 2024

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EC.CLIMA.B.3 Mobility I (Road)

The European Green Deal (Dec 2019)

Mobilising research and fostering innovation

Transforming the EU's economy for a sustainable future

Increasing the EU's Climate ambition for 2030 and 2050

A zero pollution ambition for a toxic-free environment

Supplying clean, affordable and secure energy

The European Green Deal

Preserving and restoring ecosystems and biodiversity

Mobilising industry for a clean and circular economy

From 'Farm to Fork': a fair, healthy and environmentally friendly food system

Building and renovating in an energy and resource efficient way

And leave No one behind

Accelerating the shift to sustainable and smart mobility

Financing the transition

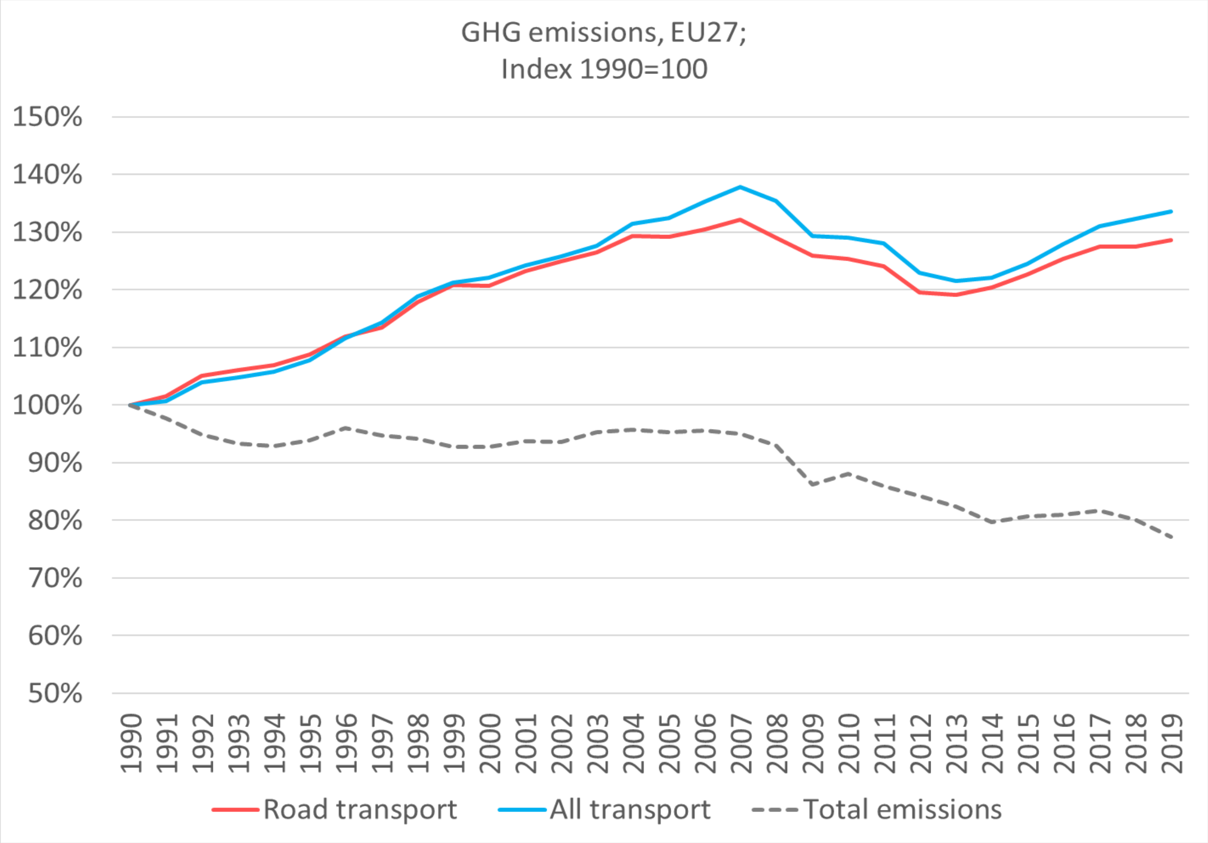
Leave no one behind (Just Transition)

The EU as a global leader

A European Climate Pact

Context - transport

- **Sustainable** and Smart Mobility Strategy
- The European Climate Law - Central element of the European Green Deal
  - Union-wide **climate-neutrality objective 2050**
  - Revised 2030 target of at least 55% net greenhouse gas emissions reduction
- Transport – key to EU's economy
  - One of the largest emitting sector in EU – emissions still above 1990 levels and not decreasing;



- To meet climate neutrality – **transport sector** needs to reduce its emissions **by 90%** by 2050!

‘Fit for 55’ package (July 2021)

European Commission

CO_2 emissions standards for cars and vans

55%

reduction of emissions from new cars by 2030

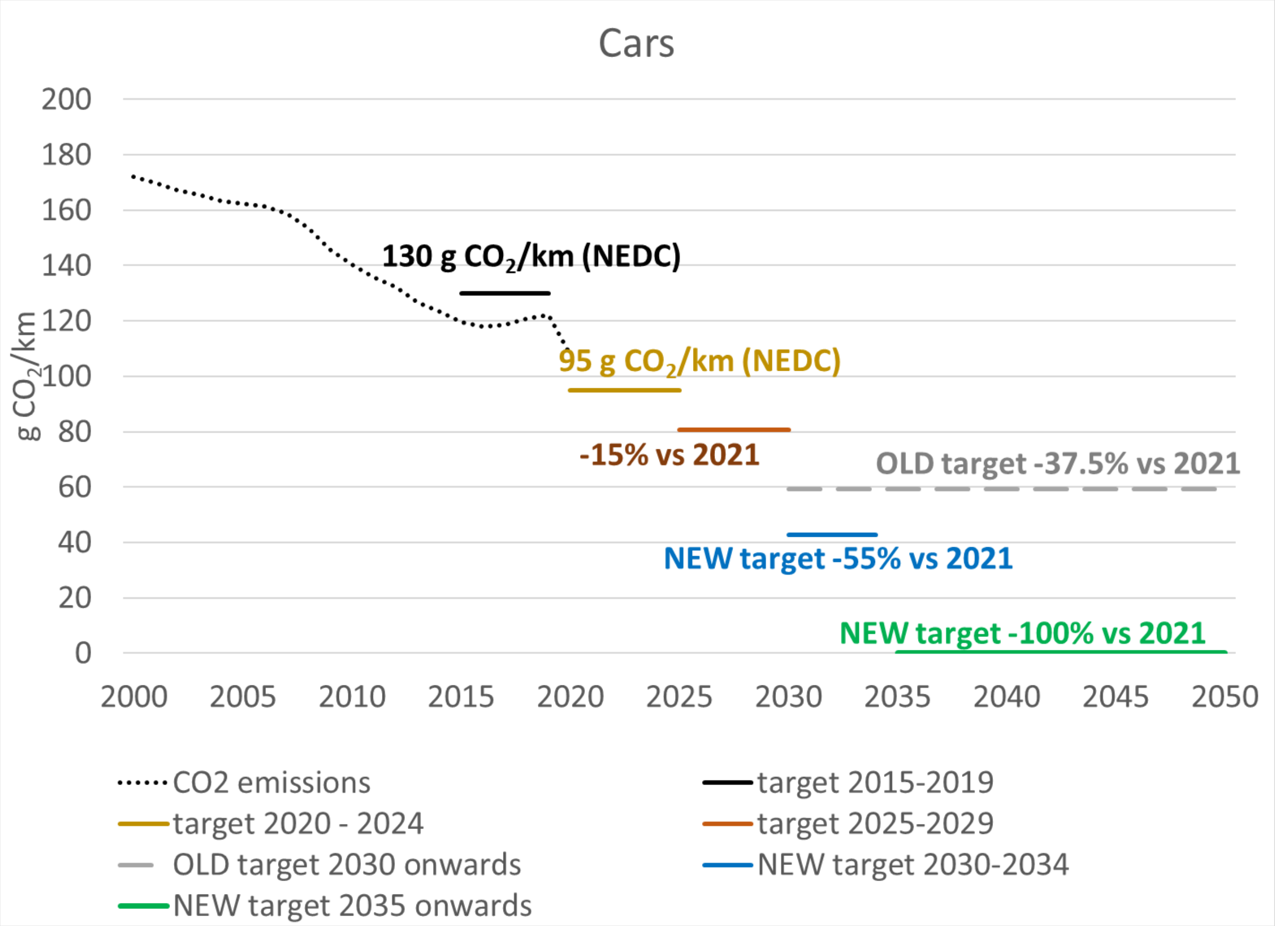
50%

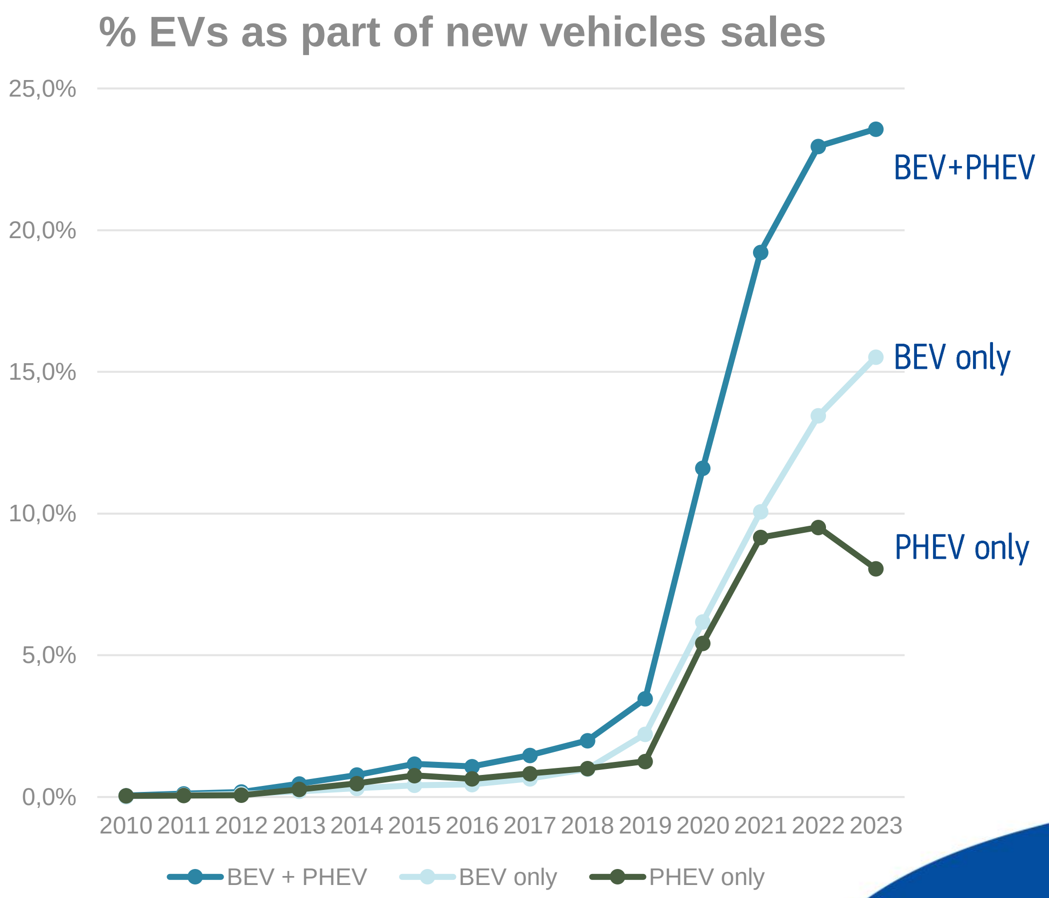
reduction of emissions from new vans by 2030

100%

new cars and vans to be zero-emission by 2035

Targets and trends





European Commission

Alternative Fuels Infrastructure Regulation (AFIR)

Recharging points for cars & vans:
- distance-based target on the TEN-T network (**every 60 km**)
- national fleet-based targets (**1.3 kW per EV** and 0.8 kW per plug-in vehicle).

Recharging points for heavy duty vehicles (HDVs): distance-based targets along TEN-T network, overnight recharging + urban nodes.

Hydrogen refuelling points for cars (& HDV): **mandatory targets** in all urban nodes and **every 200 km** on TEN-T network.

Challenges: sufficient minimum capacity requirements, grid connection (for public & private charging), …

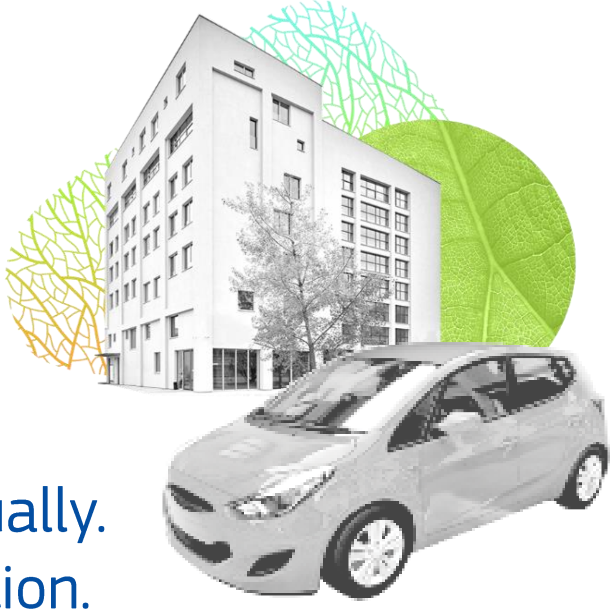
Supporting policies towards zero emission mobility

- Adopted and published (in 2023):
  - Alternative Fuel Infrastructure Regulation
  - Net Zero Industry Act
  - Critical Raw Materials Act
  - New Battery Regulation

EU ETS2 covering road transport

Emissions from buildings and road transport are responsible for **30% of EU total emissions**.

From 2027, a **new EU ETS (ETS2)** will cover CO2 emissions from **buildings, road transport, and fuels used in small emitting industry** (monitoring and reporting from 2025).



ETS2 will ensure a strong reduction of emissions by 2030.

Allocation of emissions allowances capped and auctioned annually. **Cap is decreasing** every year => forcing eventual decarbonization.

Revenues will be used to set up **Social Climate Fund** and by EU MS for climate and social purposes.

Social Climate Fund: Addressing inequalities through the green transition

The SCF will mobilise **EUR 86.7 billion** over **2026-2032** period
EUR 65 billion from the Fund + 25% national contributions from Member States.

Eligibility of expenditure as of **1 January 2026** based on auctioning of 50 million EU ETS allowances in 2026 (frontloading) & ETS2 auctioning as of 2027 (initially as external assigned revenue).

Support vulnerable households, transport users, & micro-enterprises from impact of ETS2

Support investments in energy efficiency & renovation of buildings, clean heating & cooling

Finance zero- & low-emission mobility & transport, including public transport

Provide temporary direct income support

European Commission

Next steps (1): focus on implementation

Regarding CO_2 emission standards for cars and vans:

- Follow-up on the **in-service verification** of vehicles on the road
- Monitor and assess **real-world representativeness** of the CO_2 emissions (first report published in 2024)
- Develop a methodology for **Life Cycle CO_2 emissions** (2025)
- Submit a **progress report** (2025)
- **Review** the effectiveness and impact of this Regulation, including assessing the impact of minimum **energy efficiency** thresholds (2026)

Next steps (2): monitoring progress

- monitoring progress in the **energy efficiency** and **affordability**
- impacts of CO_2 Regulation on **consumers**
- analysis of the market for **second-hand vehicles**
- **environmental/social effects** of measures aimed to **lower the average age** of the fleet, especially to phase out older vehicles
- impacts on **employment** in the automotive sector, effectiveness of measures to support retraining and upskilling of the workforce
- effectiveness of existing **financial** measures

Next step (3): political guidelines

- *This [supporting and creating the right conditions for companies] will prepare the way towards the* **90% emission-reduction target for 2040** *which we will propose to enshrine in our European Climate Law.*
- *We will put forward an* **Industrial Decarbonisation Accelerator Act** *to support industries and companies through the transition.*
- *Reaching climate neutrality by 2050 will require a wide range of innovative technologies, in areas from mobility to energy. For instance, the* **2035 climate neutrality target for cars** *creates predictability for investors and manufacturers. Getting there will require a* **technology-neutral approach***, in which e-fuels have a role to play through a targeted amendment of the regulation as part of the foreseen review.*

Thank you!

[Delivering the European Green Deal | European Commission (europa.eu)]

European Commission