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MEETING DOCUMENT

From: General Secretariat of the Council
To: Working Party on the Environment

Subject: CO2 in cars: WPE meeting on 14 September 2018 - Presidency non-paper

In view of the the WPE meeting on 14 September 2018 delegations will find attached a non-paper from the Presidency on options for CO2 in cars/vans.

Presidency non-paper on options for CO₂ in cars/vans

Member States have signaled broad support to advance the discussions quickly in order to achieve a general approach in the Environment Council on 9 October. This would pave the way for swift conclusion of the file.

However, the discussions in the Environment Council on 25 June 2018 and in preceding Working Parties have shown that there are still widely diverging views among Member States, with no clear indication which direction would facilitate a compromise. This especially concerns the ambition level for the CO₂ reduction target for 2030. Several Member States ask for greater ambition, whereas several Member States are either content with the Commission proposal or would seek to lower the target. That picture was confirmed by the Working Party in July.

In order to advance the discussions and to determine what elements are required to achieve a compromise among Member States, the Presidency has prepared two options that could serve as a way forward to achieve a compromise among Member States.

These two options are put forward to delegations in view of the Working Party on 14 September. Each option will be discussed individually and based on the following two questions:

- 1) Do you consider the proposed option A or B acceptable?
- 2) If not, under which circumstances could the option A or B be considered a feasible way forward for achieving a compromise?

Option A

Option A is based on the view of several Member States that there is a link between the CO₂ target levels and the incentive mechanism for ZLEV: The greater the incentive for manufacturers to introduce a higher share of ZLEV into their fleet, the higher the level of CO₂ emission reductions achievable and thus the lower the adjustments required on the target levels will be.

This option proposes to complement the current bonus by a “malus”, thereby strengthening the effectiveness of the incentive system for ZLEVs. This means that manufacturers that meet the benchmark levels receive a bonus on their specific CO₂ target, whereas manufacturers that do not meet the benchmark level would have to fulfil a stricter specific CO₂ target. Thus this option provides a stronger incentive not to miss the benchmarks compared to the “bonus only”-based system.

In light of the view of those Member States that either see difficulties achieving the targets for 2025 and 2030 or are in principle content with the Commission proposal, these target levels are left unchanged.

Option A - consequential textual changes

Recital 17:

In determining the credits for the zero- and low-emission vehicles, it is appropriate to account for the difference in CO₂ emissions between the vehicles. The adjustment mechanism should ensure that a manufacturer exceeding the benchmark level would benefit from a higher specific CO₂ target **and that a manufacturer that does not meet the benchmark level would have to fulfil a stricter specific CO₂ target**. In order to ensure a balanced approach, limits should be set to the level of adjustment possible within that mechanism. This will provide for incentives, promoting a timely roll-out of

recharging and refuelling infrastructure and yielding high benefits for consumers, competitiveness, and the environment.

Annex 1, Part A, 6.3 The specific emissions target from 2025 onwards

ZLEV factor is $(1+y-x)$, unless this sum is larger than 1.05 or lower than ~~1.0~~ **0.95** in which case the ZLEV factor shall be set to 1.05 or ~~1.0~~ **0.95** as the case may be

Annex 1, Part B, 6.3 The specific emissions target from 2025 onwards

6.3.1 From 2025 to 2029:

ZLEV factor is $(1+y-x)$, unless this sum is larger than 1.05 or lower than ~~1.0~~ **0.95** in which case the ZLEV factor shall be set to 1.05 or ~~1.0~~ **0.95** as the case may be

6.3.2 From 2030 onwards:

ZLEV factor is $(1+y-x)$, unless this sum is larger than 1.05 or lower than ~~1.0~~ **0.95** in which case the ZLEV factor shall be set to 1.05 or ~~1.0~~ **0.95** as the case may be

Option B

Option B is based on the support by several Member States for a differentiated treatment between cars and vans arguing that it would be more difficult to achieve ambitious CO₂ emission reductions in the van-sector. Several Member States however have argued in the discussions so far that a more ambitious 2030 target for cars would in particular contribute to achieving their effort-sharing targets and thus have proposed higher reduction values.

Therefore Option B proposes to leave the target levels for vans unchanged and introduces a higher CO₂ reduction target for 2030 for cars.

The option furthermore accommodates the call of a number of Member States that PHEV should be appropriately recognized as an important transition technology. A better accounting of PHEV would also help to achieve the 2025 target as well as a more ambitious 2030 target. Therefore Option B proposes a better incorporation of low emission vehicles (e.g. PHEV) in the calculation of the ZLEV factor. Whereas the current proposal weighs e.g. a 50g CO₂/km vehicle with factor zero, Option B proposes a factor of 0,5. That means two vehicles with 50g CO₂/km therefore count as much as one vehicle with 0g CO₂/ km in this option.

Option B – consequential textual changes

Target level: Art. 1, par 5

From 1 January 2030 the following targets shall apply:

- (a) for the average emissions of the new passenger car fleet, an EU fleet-wide target equal to a ~~30%~~ **[35%]** reduction of the average of the specific emissions targets in 2021 determined in accordance with point 6.1.2 of Part A of Annex I;

- (b) for the average emissions of the new light commercial vehicles fleet, an EU fleet- wide target equal to a 30% reduction of the average of the specific emissions targets in 2021 determined in accordance with point 6.1.2 of Part B of Annex I.

Annex 1, Part A

6.3. The specific emissions target from 2025 onwards

Specific emissions target = specific emissions reference target · ZLEV factor

Where,

Specific emissions reference target is the specific emissions reference target of CO₂ determined in accordance with point 6.2.1 for the period 2025 to 2029 and 6.2.2 for 2030 onwards

ZLEV factor is (1+y-x), unless this sum is larger than 1.05 or lower than 1.0 in which case the ZLEV factor shall be set to 1.05 or 1.0 as the case may be

Where,

y is the share of zero- and low-emission vehicles in the manufacturer's fleet of newly registered passenger cars calculated as the total number of zero- and low-emission vehicles, where each of them is counted as ZLEV_{specific} in accordance with the formula below, divided by the total number of passenger cars registered in the relevant calendar year

$$ZLEV_{specific} = 1 - \left(\frac{\text{specific emissions} \cdot 0,5}{50} \right)$$

x is 15% in the years 2025 to 2029 and 30% in 2030 onwards.