

Response

of 26. November 2020 to

**the Inception Impact Assessment on the
Amendment of the Regulation setting CO₂
emission standards for cars and vans**

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Introduction

The European Commission (hereafter “the Commission”) has proposed a set of policy initiatives under the European Green Deal, to make Europe the first climate neutral continent in the world by 2050. This includes the proposal for an increased 2030 climate policy target, with emission reductions of at least 55 % compared to 1990. The Commission has also proposed to amend current legislation on climate protection, including emission standards for cars, to reach these newly proposed climate targets. On 29 October 2020, the Commission published the inception impact assessment (IIA) on the amendment of the EU regulation setting CO₂ emission standards for cars and vans. In the IIA, the Commission states four options that will be explored in an impact assessment:

- 1) the levels of stringency of the CO₂ emission targets for cars and vans, including options to define new stricter target levels and their timing
- 2) the specific mechanism to incentivise and preferences zero- and low-emission vehicles, including the type of mechanism and its elements, as well as the type of vehicles to be targeted
- 3) the appropriateness of a new mechanism to take into account the potential contribution of renewable and low-carbon fuel when determining manufacturers compliance with their targets, including the option of voluntary crediting mechanism and in view of other EU policies and measures to decarbonise fuels
- 4) the possibility to assign potential revenues from fines to a specific fund or programme

The DVGW welcomes the opportunity to comment on this IIA and the four options.

1) the levels of stringency of the CO₂ emission targets for cars and vans, including options to define new stricter target levels and their timing

Stricter target levels and more ambitious climate targets for 2030 and 2050 will only be achieved if the EU implements a technology-open approach that supports the development of natural-gas powered vehicles, battery-electric vehicles (BEV), and fuel cell vehicles (FCV) in equal measure. In addition to BEV an FCV, Natural-gas powered vehicles that use CNG (Compressed Natural Gas) and LNG (Liquid Natural Gas) are an established way of reducing CO₂ emissions in road traffic (private, light- and heavy-duty transport) very quickly and significantly. This is especially the case if climate neutral CNG and LNG (based on bio-methane or synthetic from power-to-gas) are used as fuel in so-called “green combustion engines”.¹

2) the specific mechanism to incentivise and preferences zero- and low-emission vehicles, including the type of mechanism and its elements, as well as the type of vehicles to be targeted

As of 2021, vehicle manufacturers (OEMs) must comply with a fleet limit of 95 gCO₂/km that will be reduced to approx. 60 gCO₂/km by 2030. Under the current legislative framework, the used "tank-to-wheel" approach considers tailpipe emissions to determine the fleet average but does not differentiate between fossil fuels and synthetic and advanced alternative fuels.

OEMs have therefore not been able to use the emission reduction potential of climate-neutral fuels such as biomethane and advanced, renewable gaseous or liquid fuels used in green combustion engines to meet the EU requirements for fleet targets – a major obstacle to clean mobility and the EU's climate targets:

OEMs do not have sufficient incentives to develop and market vehicles able to use climate-neutral fuels. This means that in the medium term there will be no market for such climate-neutral fuels in

¹ DVGW (2019): Bewertung von Gasbussen für den öffentlichen Personennahverkehr und Vergleich mit Alternativkonzepten (Busstudie); DVGW (2020): Wasserstoffmobilität: Stand, Trends, Perspektiven.

road transport and an important option for large scale CO₂ reduction in the mobility sector will be lost.

Allowing OEMs to count additional renewable, gaseous and liquid fuels in their fleet limits on a voluntary basis, would provide the necessary incentive to further develop the market for climate-neutral vehicles that use such fuels. A target-oriented and fair crediting mechanism for emission reductions is needed that includes passenger cars as well as light and heavy-duty vehicles. Central elements of a crediting system are:

- **Level playing field:** a crediting system for advanced, renewable gaseous and liquid fuels creates a level playing field for alternative drive technologies providing an incentive for OEMs to bring vehicles for these fuels to the market.
- **Permitted fuels:** building on the existing sustainability certification system for fuels under the Renewable Energy Directive 2 (RED II) ensures that strict sustainability criteria are met. When implementing a crediting system, it must be ensured that fuels financed by OEMs are additional and are not counted towards the fuel quota under the RED II.
- **Tradability of evidence:** sustainability certificates for advanced, renewable gaseous and liquid fuels should be traded. OEMs are not supposed to become fuel providers themselves, but rather finance additional fuel quantities for their own account, which fuel providers then bring into the market.
- **Effective contribution to climate change in the transport sector:** the voluntary crediting system offers OEMs an additional alternative to reduce their fleet emissions, contribute to the ramp-up of climate-neutral fuels and an incentive to continue the development of efficient vehicles.²

3) the appropriateness of a new mechanism to take into account the potential contribution of renewable and low-carbon fuel when determining manufacturers compliance with their targets, including the option of voluntary crediting mechanism and in view of other EU policies and measures to decarbonise fuels:

To achieve EU CO₂ reduction targets in the mobility sector quickly and efficiently and whilst enabling affordable mobility, a crediting mechanism needs to be included in the EU regulation. Such a mechanism will also lower the economic costs of meeting GHG reduction targets in especially the transport sector and create an economical, low-emission mobility option, especially for heavy road or long-distance transport.

4) the possibility to assign potential revenues from fines to a specific fund or programme:

Any potential revenues from fines must be assigned to theme-specific funding programmes related to road transport. This includes European Partnerships in Horizon Europe that support the development of low-carbon vehicles such as the European Partnership – Towards zero-emission road transport (2ZERO) and the European Partnership on Clean Hydrogen.

² The development of a more efficient natural-gas powered passenger car engine is for example one objective under the project MethQuest. For more information please visit: <https://www.methquest.de/en/about-methquest/methcar/>. Substituting compressed or liquefied climate-neutral methane for compressed or liquefied natural gas (CNG/LNG) creates no technical problems so that existing combustion units and engines can continue in operation.