Maranello, 21.09.2021

FERRARI RESPONSE TO THE GOVERNMENT GREEN PAPER ON A NEW ROAD VEHICLE CO2 EMISSIONS REGULATORY FRAMEWORK FOR THE UNITED KINGDOM

Ferrari fully support the transition to zero emission vehicles, welcomes the recent publication of the Transport Decarbonisation Plan, Delivery Plan together with this Green Paper, and appreciates the possibility to provide a contribution to the public consultation.

Ferrari is also well aware that, in order to transform an industrial sector by 2050 and all the value chains, decisions and actions need to be taken now.

Innovation runs within Ferrari, so the challenge of building a Ferrari for a low-emissions future is one that we are already embracing despite our negligible contribution to the total CO2 emissions due to the low volumes and typical low average annual mileage.

Please find below Ferrari response to the consultation.

Q1 - What metric, or combination of metrics should be used to set eligibility for cars and vans between 2030 and 2035?

Setting an absolute cap on CO2 g/km for an individual vehicle is unnecessary and gives no additional information in terms of either identifying zero emission capability or the impact on actual overall carbon emissions.

A metric of electric range is suitable for PHEVs to identify the best performing models. This data is readily available in the type approval documentation and also exists on the Certificate of Conformity (CoC).

As electric range does not exist for HEVs due to the difference in their operation, a metric of electric drive time over the low and medium WLTP cycles would be more appropriate. While this is not declared as a single value in the type approval documentation, it is possible to determine from the WLTP cycle results and hence would not require additional testing.

Q2 – For your chosen metric, what threshold should new cars and vans be required to meet from 2030?

Ferrari suggests to introduce a specific threshold for vehicles produced by Small Volume Manufacturers (SVMs). The real impact of SVM's fleet on CO2 emissions is negligible considering the minor contribution of high-performance vehicles registered in Europe due to the low volumes and the reduced typical average mileage (about 5 000 km / year).

(Redacted - Regulation 13 of the Environmental Information Regulations) 2004)

Therefore, an hybrid vehicle produced by a SVM can be considered to have significant zero emission capability if it has either an electric range of at least 10 miles or an electric drive time greater than 20% of low / medium WLTP phases.

Q3 - What other requirements could be introduced, if any, to maximise zero emission capability?

An extensive charging infrastructure both in public and private areas is essential to maximize the zero emission capability.

Q4 – What would the impact be on different sectors of industry and society in setting an SZEC requirement, using evidence where possible?

To comply with an SZEC requirement, small volume manufacturers must intervene on substantial elements related to primary characteristics of their vehicles. These actions shall necessarily be coherent with the business model and investments sustainability.

Q5 - Do you have any comments regarding Option 1, to replicate the current regulatory framework, albeit with strengthened targets, to meet our wider carbon reduction targets and phase out dates?

Replication of the current framework maintains alignment with the existing UK and EU frameworks is important for a European, or even global industry, even more for SVMs which does not have the possibility to differentiate their products according to the market.

With the right thresholds in the fleet regulations, a ZEV mandate is effectively implemented without the need for a separate policy.

Q6 - Do you have any comments regarding Option 2, to introduce a ZEV Mandate or sales target alongside a CO2 regulation?

A sales target should not be introduced, because it can cause changes in the market that do not correspond to the actual customer demand. In other countries, all over the world, ZEV mandates have been adopted, but they were accompanying by incentives. If it will be applied, SVMs should be exempted from any ZEV mandate, consistent with the approach adopted in territories worldwide where such a mandate has been enforced (i.e. California and China, where independent OEMs selling less than 4,500 and 30,000 vehicles per year in the country, respectively, are exempt from the mandate).

Q7 - Do you have any views on the government's initial preference for the regulatory approach set out in Option 2?

Double regulation on the same fleet should be avoided.

Q8 - Are there alternative approaches that could deliver on the government's carbon budget and 2030/2035 commitments?

Proportional targets based on actual car usage should be introduced to take into account the negligible environmental impact of cars with a low average annual mileage.

The introduction of a well to wheel approach should be considered as well, especially for high performance sports cars that are not intended as means of transport.

Q9 - Do you have any views on how either, or both, of the options could be implemented?

No specific comments.

Q10 - Do you have any further comments or evidence which could inform the development of the new framework?

No specific comments.

Q11 - If deploying a combined ZEV Mandate and CO2 regulatory framework, how should the CO2 element be set?

No specific comments.

Q12 - Should the focus be on delivering the largest possible CO2 savings, or the quickest possible switch to zero emission mobility?

The goal should be to have the largest possible CO2 savings. If measures are applied only to respect a timeline they could be not cost-effective and they could not use the best available technology with further improvements in the long period.

Q13 - How do we ensure that the target allows for sufficient supply of low and zero emission vehicles; supports investment in the UK; and delivers our carbon reduction commitments?

No specific comments.

Q14 - Should the new regulatory framework include exemptions or modified targets for certain specialist vehicles and/or niche and small volume manufacturers?

The new regulatory framework should include special provision for SVMs as it is not appropriate to use the same method to determine the CO2 emissions reduction targets for large-volume manufacturers as for small-volume manufacturers that are considered as independent. Therefore, the CO2 emissions derogation scheme should be maintained as is.

As already mentioned, SVMs should be exempted from any ZEV mandate, consistent with the approach adopted in territories worldwide where such a mandate has been enforced (i.e. California and China, where independent OEMs selling less than 4,500 and 30,000 vehicles per year in the country, respectively, are exempt from the mandate).

Moreover, Ferrari suggests to introduce a specific SZEC threshold for vehicles produced by SVMs. The real impact of SVM's fleet on CO2 emissions is negligible considering the minor contribution of high-performance vehicles registered in Europe due to the low volumes and the reduced typical average mileage (about 5 000 km / year).

Finally, at least 5 years of additional lead-time with respect to the phase-out dates should be considered for vehicles produced by SVMs.

Q15 - Should credits be awarded to vehicles that meet the SZEC definition?

Credits should be awarded to vehicles that meet the SZEC definition but that it would be appropriate to have different credits available for different technologies to reflect the different zero emission capabilities.

Q16 - If so, should this be a fixed number of credits, or should there be a sliding scale that recognises the difference in CO2 efficiency of various SZEC-compliant vehicles?

It would be appropriate to have different credits available for different levels of CO2 or energy efficiency, but without creating an unnecessarily complicated system.

Q17 - Should this be considered within the new framework?

Credit banking and trading should be included in the new framework as it allows an increased flexibility in how individual vehicle manufacturers achieve their targets, while ensuring that the overall new vehicle fleet meets designated targets at specified times.

Q18 - If so, over what timeframe should they remain usable and should credits and debits be treated the same or differently?

Carry forward of credits should be allowed beyond 2035 for at least 5 years. This mechanism could incentivize the overachievement of some manufacturers who could sell the credits earned.

Q19 - Within the trading element of the new scheme, should there be limits on the number of certificates/grams of CO2 that can be bought or sold?

There should be no limits on the trading scheme to allow maximum flexibility of the market transition while maintaining the desired performance across the overall new vehicle fleet.

Q20 - Should such a market cover the whole of road transport or should there be some constraints imposed on trading across manufacturing sectors (e.g. cars and Heavy Duty Vehicles)?

No constraints should be imposed.

Q21 - How, and at what level, should fines be set in the new UK regulatory framework and should this vary for different vehicle types?

The current penalty level and scheme should be maintained beyond 2035.

Q22 - Would there be benefits in seeking to ensure any CO2 targets in the new UK regulatory framework take into account real-world emissions data alongside the lab-tested WLTP CO2 emissions figures? If so, how might the two be linked?

Maintaining alignment with the European WLTP test procedures is crucial for SVMs in order to do not exacerbate the workload in type approval activities.