



Department
for Transport

Consultation on a new CO₂ emissions regulatory framework for all newly sold road vehicles in the UK

Introduction

Thank you for responding to our consultation on establishing a new CO₂ emissions regulatory framework for all newly sold road vehicles in the UK.

The closing date for this consultation in 23:45 on is 22nd September 2021. Please send your completed response form to CO2RegulationGP@dft.gov.uk.

Due to remote working, we strongly encourage responses by email. If you are unable to respond by email, we would invite you to please let us know by asking someone to email on your behalf.

If none of the above is possible, then we invite you to send written responses to:

CO2 Regulation Green Paper consultation
Great Minister House
33 Horseferry Road
London
SW1P 4DR

About this consultation

Background

Removing all tailpipe emissions from road vehicles is fundamental to decarbonising transport. In total, road vehicles are responsible for 91% of the UK's annual domestic transport CO₂ emissions. Cars and vans alone are responsible for 70% of that total.

In November 2020 the Prime Minister announced that we would be publishing a Green Paper on the future CO₂ regulatory framework that is to apply to new road cars, vans, and other road vehicles. This Green Paper puts forward two potential frameworks that we feel could be deployed in order to legislate for our already agreed petrol and diesel phase out dates, and to set a regulatory pathway that will lead to net zero emissions from road transport.

This Green Paper also seeks to define 'significant zero emission capability' establishing the technical requirements that vehicles will need to meet between 2030 and 2035.

Consultation proposals

We are seeking views on two regulatory frameworks that could deliver on our petrol and diesel phase out commitments, while also supporting additional carbon reductions in the lead up to those dates -

- 'tightening' the existing efficiency-based regulations, requiring the new vehicle fleet to become more efficient; and
- Deploying a Zero Emission Vehicle Mandate (ZEV Mandate) as recommended by the Climate Change Committee, alongside a CO₂ regulation.

We are also seeking views on a number of regulatory aspects that will need to be considered when developing the future framework. This includes, but is not limited to –

- The vehicle models which should be in scope;
- Whether derogations/exemptions should apply in certain cases;
- The level of fines that should be issued for non-compliance.

Finally, we are also seeking views on the definition of 'significant zero emission capability' by asking questions on –

- Eligibility metrics
- Eligibility thresholds
- Other compliance considerations

Confidentiality and data protection

The Department for Transport (DfT) is carrying out this Green Paper consultation to engage and gather views and evidence on a New Road Vehicle CO2 Emissions Regulatory Framework for the United Kingdom. This consultation and the processing of personal data that it entails is necessary for the exercise of our functions as a government department. If your answers contain any information that allows you to be identified, DfT will, under data protection law, be the Controller for this information.

As part of this consultation we're asking for your name, email address and organisation. This is in case we need to ask you follow-up questions about any of your responses. You do not have to give us this personal information. If you do provide it, we will use it only for the purpose of asking follow-up questions. We will not use your name or other personal details that could identify you when we report the results of the consultation.

[DfT's privacy policy](#) has more information about your rights in relation to your personal data, how to complain and how to contact the Data Protection Officer.

Your information will be kept securely on a secure IT system within DfT and destroyed within 12 months after the consultation has been completed.

Your details

1. Your and email address:

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

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

2. Are you responding: *

~~as an individual?~~

on behalf of an organisation

Organisation details

3. You are responding as:

a representative of a business or firm (Subaru Europe)

~~a representative for a trade body?~~

~~a representative of an academic or research organisation?~~

~~a representative of a local authority or other public body?~~

~~from a community group?~~

~~another organisation?~~

Consultation Questions

Significant Zero Emission Capability

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

Full hybrid (FHEV) technologies can bring significant zero emission capabilities and CO₂ emissions reduction, especially in urban areas. Indeed, according to DfT's statistics, average trips by car are rather short (about 8 miles and 22 minutes),¹ with about 40% of the road traffic happening on urban roads.²

Besides, WLTP represents an average driving that may not reflect the real shares of driving where FHEV technologies run in zero emission mode in these urban areas. This is why a percentage of journey time spent in zero emission mode, combined with WLTP CO₂ emissions, would be a better solution to assess the SZEC of a vehicle.

All powertrain technologies offering such capabilities should be available to UK customers between 2030 and 2035.

¹: NTS0303

²: TRA0102

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

3. What other requirements could be introduced, if any, to maximise zero emission capability?

4. What would the impact be on different sectors of industry and society in setting an SZEC requirements, using evidence where possible?

Possible Future Frameworks

5. 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?

Option 1 has the advantage of offering the highest amount of certainty for the automotive industry, as the policy framework is known. Besides, not having a ZEV mandate with this option brings additional flexibility in what powertrain technologies OEMs can use to meet the targets. However, if option 1 only includes updated CO₂ targets, option 2 can be an interesting path with flexibilities that are not currently available with option 1. More information and details about both options are needed to give a more conclusive opinion.

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

Introducing a ZEV mandate with option 2 is a very ambitious policy measure, especially for niche and small volume manufacturers for which the transition to full electrification is even more difficult. If such option is implemented, a high level of flexibility should be given to niche and small volume manufacturers to ensure that all players are able to remain on the UK market. With this perspective in mind, it is welcomed that the ZEV mandate would require holding a certain number of credits rather than being a strict market share requirement. It is important that vehicles falling under the SSEC definition can receive partial credits. Furthermore, CO₂ targets should apply to the whole fleet of new vehicles rather than only on non-SSEC vehicles. Finally, eco-innovation scheme should be kept within the option 2-policy framework, in order to take into account CO₂ savings from these technologies happening in real life.

7. Do you have any views on the Government's initial preference for the regulatory approach set out in Option 2?

The new climate policy framework in the UK is clearly one of the most ambitious. We understand the wish from the UK government for such ambition, as the fight against climate change is becoming one of the most important priorities for policy makers. This is why we are committed to do our fair share to reduce our environmental impact and the CO₂ emissions from our fleet of new vehicles over the years to come.

However, our point of view is that it is too premature to set a target for 2035 and beyond. Such decision should be made at a more appropriate time (e.g. around 2028, in the middle from now to 2035) by taking into account the ZEV penetration in the UK market.

Besides, as a niche manufacturer, this radical transition is even more difficult to tackle, compared to bigger manufacturers which have bigger technical and financial resources. It is of utmost importance that ambitious targets and objectives are balanced with a high level of flexibility (including keeping an eco-innovation scheme), to ensure that CO₂ policy measures meet their purpose, i.e. the reduction of CO₂ emissions from the whole fleet of new vehicles, rather than pushing manufacturers out of the market.

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

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

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

Additional Issues for Consideration

Stringency of CO₂ Target

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

Regarding the stringency of CO₂ targets, scenario 1 is preferred. As already underlined, complying with the phase-out dates will be a very difficult transition for niche and small volume manufacturers. Flexibility is a crucial aspect for us and scenario 1 would answer better our concerns.

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

The focus of the future framework should be to deliver the largest possible CO₂ savings rather than the quickest possible switch to zero emission mobility. The purpose of such climate policy is to ensure that CO₂ emissions from the whole fleet of new vehicles decrease through a combination of any relevant technological solution.

- 13. 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?**

Derogations and Exemptions

- 14. 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 exemptions or modified targets for niche and small volume manufacturers, at least until 2035, to reflect their low market shares in the UK. Of course, we are committed to do our fair share to reduce the CO₂ emissions from our fleet of new vehicles. However, the phase-out dates, as presented by the UK government, are a very difficult challenge for niche and small volume manufacturers, which have fewer technical and financial resources in this transition, compared to bigger car manufacturers. Exemptions or modified targets would bring more flexibility for niche and small manufacturers to prepare themselves as much as possible for the phase-out dates. Besides, given the low market shares and lower impact of niche and small volume manufacturers, such exemptions or modified

targets would not undermine the ambitious climate policies planned by the UK government.

Credit Levels

15. Should credits be awarded to vehicles that meet the SZEC definition?

Yes

~~No~~

~~Don't know~~

Please explain your answer.

Vehicles complying with the SZEC definition should receive credits, even partial ones to make a distinction between different SZEC powertrain technologies. Given the radical transition, especially for a niche manufacturer, this possibility is welcome as it is a regulatory flexibility but also an incentive for our dealer network to rather promote SZEC cars to potential customers.

16. 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?

A sliding scale is a better option than a total fixed number of credits.

Credit Banking and Trading

17. Should this be considered within the new framework?

Yes

~~No~~

~~Don't know~~

Please explain your answer.

To ensure that CO₂ policy measures are successful for both public authorities and industry, ambitious targets and objectives should be balanced with flexibilities. We see credit banking and trading as one of the most important tools to ensure that all players, including niche and small volume manufacturers, will be able to comply with the future CO₂ framework, while preparing the 2035 phase-out.

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

Credit banking and trading should be possible as soon as the new legislation enters into force and until the 2035 phase-out at least.

- 19. 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?**

~~Yes~~

No

~~Don't know~~

Please explain your answer.

The most important objective of this future policy framework is to ensure that CO₂ emissions from the whole fleet of new vehicles decrease over time. It means that car manufacturers, especially niche and small volume ones, should have the flexibility to trade and exchange as many credits as they wish, as long as the overall policy objectives are met.

- 20. 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)?**

Credit Banking and Trading

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

Target setting process

In the future UK regulatory regime, we have the opportunity to determine how far ahead we set the targets, the lead in time for any change in targets and whether the option to amend targets at shorter notice is required. We would welcome views on each of these.

Phase-out dates as presented by the UK government represent an ambitious and radical change that significantly impact engineering and manufacturing planning, especially that the design of next models and powertrains are either done or very well advanced. As already explained, this transition is even more difficult for niche and small volume manufacturers. Therefore, it is crucial to have clarity and certainty as early as possible on the future CO₂ regulation, so that the automotive industry has sufficient lead-time to be ready as possible. However, our point of view is that it is too premature to set a target for 2035 and beyond. Such decision should be made at a more appropriate time (e.g. around 2028, in the middle from now to 2035) by taking into account the ZEV penetration in the UK market.

Real-World Emissions

22. 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?

~~Yes~~

No

~~Don't know~~

Please explain your answer.

Because of data privacy, customers are in their full right to refuse to share OBFCM data with car manufacturers or public authorities. Because of this aspect that is not under the control of car manufacturers, there are significant risks that the OBFCM dataset includes only a small portion of real-world data, making the picture unrepresentative. Therefore, bringing such link between OBFCM and WLTP CO₂ data would unfairly distort the CO₂ targets car manufacturers have to meet.

Extending the Framework to all Road Vehicles

Heavy Duty Vehicles

23. For vehicle sub-categories that are not yet covered by VECTO, could a ZEV Mandate/sales target be extended before VECTO is adapted?

Yes

No

Don't know

Please explain your answer.

- 24. Would there be any unintended consequences of establishing a ZEV Mandate for certain vehicle sub-categories before a CO₂-based regulation?**

- 25. Do you have any views on imposing a CO₂ regulation on vehicle types that are not yet covered by a CO₂ test procedure, or existing regulation, particularly in light of the planned future phase out consultation for new non-zero emission buses?**

Yes

No

Don't know

Please explain your answer.

L-Category vehicles (Motorbikes, Mopeds, Quad Bikes etc)

- 26. Should the preferred regulatory approach be extended to all L-category vehicles or should the diversity of the sector (motorbikes, mopeds, motorised tricycles, quadbikes, motorised quadricycles etc) necessitate different approaches?**

Yes

No

Don't know

Please explain your answer.

Additional Issues for Consideration

As the regulations develop, all potential aspects listed in chapter 5 will need to be considered for each vehicle type. Therefore, we would welcome any additional views on the application of the variables mentioned from paragraph 5.50 onwards, in respect of new HDVs (including the adaptations that should be made for different HDV types) and L-category vehicles.

Final comments

Any other comments?

We want to thank the UK DfT to give us the opportunity to share our opinions and views about the proposal for a future car CO₂ policy framework in the UK. We are looking forward to participating to future discussions on this topic in the months to come.

As all economic actors of the automotive industry, we are committed to do our fair share to reduce the environmental impact and the CO₂ emissions of our new models, as an answer to the global fight against climate change.

However, to our point of view, it is of utmost importance that such ambitious policy framework is balanced with a high level of flexibilities, to ensure that all OEMs have a role to play during this transition on the UK market. Indeed, the overall objective of CO₂ policy measures is to decrease the CO₂ emissions from the whole fleet of new cars coming to the UK market. With this in mind, we would very welcome the introduction of credit banking and trading, which would answer the needs of the industry without compromising the UK government's policy ambition.

As a niche manufacturer, it is important that the future car CO₂ policy framework keeps derogations for smaller OEMs, as a function of their sales in the UK market, to recognise the smaller impact of such economic actors. Besides, our technical and financial resources are very limited compared to bigger OEMs, making this radical transition even more difficult and challenging.

Regardless of the option chosen by the UK government, an eco-innovation scheme should remain in place in order to take into account the CO₂ savings from technologies that are not counted during the type-approval framework but bring benefits in real life.

Finally, our point of view is that it is too premature to set a target for 2035 and beyond. Such decision should be made at a more appropriate time (e.g. around 2028, in the middle from now to 2035) by taking into account the ZEV penetration in the UK market.