

New Car and Van CO₂ Regulation Post-Transition Period Approach



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Agenda

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European Union (Withdrawal) Act

- ▶ The powers in the EU (Withdrawal) Act (EUWA) will ensure that, without prejudice to the outcome of negotiations, the statute book can continue to function.
- ▶ The EU (Withdrawal Agreement) Act ensured that the UK entered into a transition period at the point of EU Exit, ending on 31 December 2020.
- ▶ At 11pm on 31 December, the European Communities Act 1972 will be repealed, and the EU legislative acquis will be 'copied' into UK legislation, with a series of Statutory Instruments being laid immediately.
- ▶ To enable the Government to correct deficiencies in our laws arising as a result of our exit from the EU, there were a number of important provisions in the Acts that came into force at Royal Assent, including powers for UK and devolved administrations to deal with deficiencies in our law arising as a result of our exit from the EU.
- ▶ 'Clause 7 gives ministers of the Crown the power to make secondary legislation to deal with problems that would arise on exit in retained EU law...These problems, or deficiencies, must arise from the UK's withdrawal from the EU...The law is not deficient merely because a minister considers that EU law was flawed prior to exit.'



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Introduction to Approach

- ▶ If the Paragraph/Article is time limited and has expired, it has been removed. E.g. super-credits relating to 2020.
- ▶ If the Paragraph/Article does not work without alteration, it has been amended. E.g. the scope of the Regulations applying to vehicles registered within the EU being replaced with vehicles registered in the UK.
- ▶ If the Paragraph/Article does not work sensibly without alterations, it has been amended in a manner most in keeping with the intention of the Paragraph/Article. E.g. derogations thresholds of 10,000 and 300,000 being altered to reflect the UK market.
- ▶ If the Paragraph/Article functions, it has not been amended, regardless of wider UK policy/commitments. E.g. 15% reduction targets for 2025.
- ▶ (Examples are illustrative only and actual approach is subject to the consultation)

- ▶ This regulation will apply in Great Britain only – information regarding the Northern Ireland Protocol is set out in the consultation document.



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Road Vehicle Emission Performance Standards (Cars and Vans) (Amendment) (EU Exit) Regulations 2019

- ▶ Corrected for deficiencies arising as a result of retaining Regulations 443/2009; 510/2011; 6 additional delegated regulations covering data monitoring and reporting/eco-innovations/derogations; and 25 implementing decisions covering collection of excess emission premiums and eco-innovations approvals.
- ▶ Regulation 2019/631 only repealed Regulations 443/2009 and 510/2011.
- ▶ Therefore, all other amendments remain functional and remain on the statute book.
- ▶ The new SI will only cover Regulation 2019/631 and subsequent additions and amendments e.g. approved eco-innovations that have not already been legislated for; amendments to the delegated regulations etc.



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CO₂ Targets

- ▶ The 15% reduction targets in 2025; the 37.5%/31% reduction targets in 2030; and the ZLEV benchmarks of 15% in 2025 and 35%/30% in 2030 are not deficient as they can function in the UK after the transition period. These remain unchanged.
- ▶ The formulae that dictate individual manufacturer targets will also remain unchanged post transition and will continue to reference the average mass of relevant vehicles in the EU (M0) rather than in GB to maintain existing effort levels.
- ▶ The change to WLTP based targets in 2021 will remain and will use a baseline based on GB vehicle registrations only. The same formulae will be used for the transition.
- ▶ The formulae is updated every 3 years to reflect the change in the average mass of the fleet, thereby allowing the formulae to keep pace with the GB market. This will be amended at the first amendment point to reflect the average mass of the GB fleet.
 - ▶ As it currently stands, M0 values are defined for 2021 for cars and 2020 for vans. If, as expected, values are published for 2022-202X for cars and 2021-202X for vans, before the UK exits the transition period, then these will also be retained.



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Derogations

EEA registrations per calendar year	Designation	Type of CO ₂ target
<1,000 cars <1,000 vans	Out of scope	N/A
1,000-9,999 cars 1,000-22,000 vans	Small volume	Negotiate individual target with Commission, based on economic and technical ability
10,000-300,000 cars	Niche volume	Meet a fixed improvement from 2007 base if data exists or a similar improvement to similar vehicles/manufacturers over the same time period
>300,000 cars >22,000 vans	Major volume	Target based on EU fleet wide average calculation



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Derogations

- ▶ Cannot pro rata these figures directly to reflect the UK/GB share of the EU market as different manufacturers have different shares of their EU sales occurring in the UK.
- ▶ Proposed approach takes the historical share of individual manufacturer's EU sales that have occurred in the UK in 2017 and deriving individual derogation thresholds from that ratio.
- ▶ Over time we need to move to fixed derogation thresholds, subject to future consultation.
- ▶ The type of CO₂ target (out of scope/negotiated target for small volume/45% fixed reduction based on 2007 baseline for niche volume) will remain the same. The 2007 baseline will use UK CO₂ values only.
- ▶ The applications process is the subject of separate Delegated Regulations that have already been corrected for in retained legislation through the Road Vehicle Emission Performance Standards (Cars and Vans) (Amendment) (EU Exit) Regulations 2019.

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Eco-Innovations

- ▶ The Eco-Innovation approvals process is subject to separate Delegated Regulations that have already been amended for in UK legislation.
- ▶ Proposed approach is that when the transition period ends, any eco-innovations that have been approved at the point of exit will be recognised in GB.
- ▶ Going forward, any new-eco-innovations will need to be approved separately in GB.
- ▶ Caps will remain in place for the amount of CO₂ you can claim from eco-innovations.
- ▶ Eco-Innovation codes will still need to be declared upon vehicle registration.



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Super-Credits

- ▶ The EU Regulations applies for super-credits of 2x, 1.67x and 1.33x across 2020, 2021 and 2022 for vehicles with <50g CO₂/km.
- ▶ A cap of 7.5g applies cumulatively across all 3 years.
- ▶ Super-credits for 2020 will not be retained as 2020 is still within the EU framework.
- ▶ Therefore only the 1.67x and 1.33x multipliers will remain for 2021 and 2022.
- ▶ The proposal is also to reduce the cap to 3.75g to reflect the shortened time period and the reduced multipliers.
- ▶ This cap will apply to all manufacturers irrespective of EU supercredits in 2020.



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Excess Emissions Premiums

- ▶ From 2019, premiums will be €95 x excess emissions x number of relevant registrations.
- ▶ UK will be unable to reference euro amounts after exit apart from exceptional cases.
- ▶ Guidance is that the latest exchange rate is used and the final amount rounded to 2 significant figures.
- ▶ Currently, exchange rate is £1:€1.11003/€1:£0.90088. Therefore, €95 = £85.5836, which is rounded to £86 x excess emissions x number of relevant registrations.

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Northern Ireland Protocol

- ▶ Regulations 443/2009 & 510/2011 (and therefore 2019/631) are listed in Annex II to the Northern Ireland Protocol.
- ▶ Our understanding is that this means that EU Regulation 2019/631 (and all associated EU regulations and implementing decisions) will continue to have direct effect in Northern Ireland.
- ▶ In order to prevent ‘double counting’ of vehicles moving permanently between GB and NI, it is proposed that a clause be added to the GB regulation, stating that any vehicle moving permanently from GB to NI within 6 months of first registration, will not be included in the calculation of manufacturer CO₂ emissions performance in GB.
- ▶ The 3 month rule regarding a registration of a vehicle moving into GB/EU would remain in place for both sets of regulations.
- ▶ With respect to Northern Ireland, all aspects of vehicle registration and data reporting to the European Commission will remain the same.



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EU Exit – No Deal Approach

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