

Position

The European Commission's Fit for 55 package

Position statement of the German automotive industry



#wirsindbereit

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1. Introduction

With “Fit for 55,” the European Commission has presented a comprehensive package aimed at reshaping the European Union’s climate policy. In terms of road transport, the Commission has proposed a revision of CO₂ emission standards for new passenger cars and light commercial vehicles, a revision of the Alternative Fuel Infrastructure Regulation (AFIR) and an extension of the EU Emissions Trading Scheme (ETS) to the transport sector. Other initiatives in this area include revisions of the Renewable Energy Directive (RED) and the Energy Tax Directive (ETD), as well as the proposal for a Carbon Boundary Adjustment Mechanism (CBAM). A proposal for the revision of the Energy Performance of Buildings Directive (EPBD) is set to follow in December.

The German automotive industry with its more than 800,000 employees welcomes the fact that the Commission seeks to reorganize climate policy in a holistic and comprehensive manner. We share the goal of making road transport climate-neutral by 2050 at the latest and are driving the change by focusing on innovations and technologies. However, the individual instruments are not sufficiently aligned with each other. The proposed legal framework is highly complex, and the industrial policies flanking the transformation are clearly underdeveloped. The envisaged targets are more ambitious than the frameworks and infrastructures required to achieve them, which is why considerable improvements are required.

2. Regulation of fleet emissions – the expansion of electromobility requires a clear legal framework

With the introduction of even stricter CO₂ emission standards at fleet level, the Commission has set crucial targets for the transition, and it is therefore important that the goals and instruments be carefully aligned with one another. While we welcome those elements of the proposal that support the rapid expansion of electromobility, it is still too early to set fleet targets for 2035 as long as the underlying framework remains unclear. The first priority should be the expansion of the charging infrastructure in order to scale up the use of electric vehicles to such an extent that the targets for reducing carbon emissions can be met.

Specifically, we advocate the following:

2025: Maintain the existing targets

It is a positive sign that the interim targets for 2025 will not be made more stringent, thus allowing for more predictability and sufficient lead time to achieve them.

2030: The ambitious targets can only be achieved if the underlying framework is improved – focus on expanding the charging infrastructure

The Commission plans to raise the 2030 targets for reducing CO₂ emissions, from 37.5 % to 55 % for passenger cars and from 31 % to 50 % for light commercial vehicles. The German automotive industry is aware of its responsibility and is firmly committed to the goal of climate neutrality. We thus support the introduction of fleet targets for 2030 that will pave the way to achieving this goal. However, this will only be possible if the right conditions are in place and consumers are able to switch to electromobility as quickly as possible. Particularly in view of the AFI Regulation, which is also part of the Fit for 55 package, this includes a rapid, mandatory and large-scale expansion of the public and private charging and refueling infrastructure across Europe, significant progress in the legal framework for the private charging infrastructure (EPBD), support programs for electric vehicles (BEVs, FCEVs and PHEVs) in all member states and comprehensive industrial policy measures. It is also important to tap the full technological potential of electromobility, including the wide range of applications for plug-in hybrids. The focus should be on expanding the charging infrastructure: Without a rapid and comprehensive expansion of the charging infrastructure, there will be no scaling up of electromobility and the fleet targets will not be met.

The post-2030 long-term goals require reliable progress in the expansion of the charging infrastructure – strengthen the reviews

The Commission is proposing a fleet target of 0 grams for 2035. Achieving this target would require all new cars to be battery- or fuel-cell-powered, which would effectively mean the end of the internal combustion engine – even as far as highly electrified hybrids and light commercial vehicles are concerned. The rapid roll-out of electromobility is a key element in achieving Europe's climate targets. However, the Commission's 2035 targets and the de facto ban on internal combustion engines contradict the principle of technology neutrality. The VDA rejects such technology bans.

Furthermore, it is too early to set such ambitious targets for the year 2035, as this would require the presence of an appropriate supporting framework. Some of the most important issues include the rapid and comprehensive expansion of the public and private charging infrastructure in all member states, as well as industrial policy measures including specific national support programs (for BEVs, FCEVs and PHEVs). In order to support the transition to electromobility, binding targets for the expansion of the charging infrastructure across all member states must be set within the framework of the AFIR. The reviews as currently planned fail to take this into account because they are too general in nature. Instead, the Commission should provide for a comprehensive catalog of all relevant criteria, in particular the specific interim targets for the expansion of the charging infrastructure (both public and private) and the development of the market, based on which the long-term targets for the period after 2030 should be finalized by 2028 at the latest. In addition, an instrument with direct effect should be used to ensure that the member states effectively accelerate the build-out of the charging infrastructure in the event that the expansion targets are not met. Finally, these reviews should take into account any possible linkages with the other components of the Fit for 55 package as well as the general development of the market.

3. AFIR – promote a more ambitious expansion of the charging and refueling infrastructure

In order to effectively support the rapid roll-out of electromobility, mandatory targets for the speedy and comprehensive expansion of the charging and refueling infrastructure are essential, which is where AFIR plays a key role. Against this background, the Commission rightly plans to use the legal instrument of a regulation to provide a firm footing for the accelerated expansion of the charging infrastructure for electric vehicles in the member states. We also explicitly welcome the system for determining the required expansion of the charging infrastructure in the proposed AFIR revision. However, the Commission's targets of 1 million charging points by 2025 and 3.5 million charging points by 2030 are far too low to ensure a satisfactory expansion of the public charging infrastructure from the customer's point of view.

Increase the charging capacity per BEV/PHEV

Against this background, the underlying target of 1 kilowatt per BEV and 0.66 kilowatt per PHEV must be significantly increased. Instead, scaling up the use of electromobility in order to meet the carbon reduction targets in the road transport sector requires a charging capacity of 3 kilowatts per BEV and of 2 kilowatts per PHEV.

Strengthen the charging infrastructure along the TEN-T network

The other EU proposals for ensuring the roll-out of a comprehensive charging infrastructure also need to be improved: In addition to reducing the maximum distance between charging points for passenger cars from 60 to 40 kilometers to meet the growing demand for fast charging, the capacity of charging stations should be doubled, and they should also include at least one charging point with 350 kilowatts. The large-scale expansion of the charging infrastructure for commercial vehicles and coaches is also of particular importance for ensuring the trade in goods and the transport of passengers across Europe. To this end, the network should be expanded to allow for charging stations with higher connected loads (core network: 5,000 kilowatts by 2025, 6,500 kilowatts by 2030; overall network: 1,400 kilowatts by 2027, 3,000 kilowatts by 2030, 5,000 kilowatts from 2035), shorter distances between stations (50 kilometers in the core network, 100 kilometers in the overall network), and significantly higher capacities of the individual MCS charging points (at least 700 kilowatts). At the same time, it is necessary to create a comprehensive network for overnight charging (100 kilowatts per charging point at all truck stops along highways).

Ensure a basic level of service

In order to meet the demand for a comprehensive public charging infrastructure, especially in urban areas, it is not sufficient to provide charging points based solely on the number of vehicles and to focus only on the TEN-T networks. For this reason, a minimum level of service should be established at country level, both as a whole and for metropolitan areas (for example, based on the number of inhabitants or the total number of vehicles), alongside the right for users to have access to a charging point in the vicinity of their place of residence (in kilometers or minutes).

Set up a user-oriented charging infrastructure

To ensure efficient use of the charging points and non-discriminatory access for all users, roaming should be made mandatory (similar to cell phones, where calls can be made on any network, irrespective of the user's contract). The monitoring processes required to enable the necessary follow-up measures should therefore be put in place as soon as possible. In addition, charging points should be built according to the ISO 15118 standard to ensure interoperability for the benefit of users.

Strengthen the hydrogen infrastructure along the TEN-T network

Setting up an infrastructure for the provision of hydrogen also requires improvements to the AFIR. From the start, the respective refueling stations should be designed in such a way that they can be used by all vehicle categories.

The planned targets (a minimum capacity of 2 tons per day with at least 700 bar by 2030) should be brought forward to 2027 across the entire TEN-T network. Furthermore, it would also make sense to specify a maximum distance of 100 kilometers instead of 150 kilometers and to give sufficient consideration to the supply of liquid hydrogen.

Additional requirements

In addition to the aforementioned binding requirements for the expansion of the public charging infrastructure, it is imperative that suitable funding programs be put in place, especially in countries that have so far built hardly any charging infrastructure, so that a comprehensive service, including a balance between fast and normal charging, can be offered as quickly as possible. This must also include programs for promoting private and commercial charging infrastructure solutions, for example for charging at home or at the workplace. These programs must be coordinated at the European level and implemented in all member states. In this regard, the revision of the Energy Performance of Buildings Directive (EPBD) can make an important contribution by cutting red tape and setting ambitious targets. This should also include a “right to plug,” as is already the case in Germany. Last but not least, the member states must ensure that cheap, 100 percent green electricity is available in sufficient quantities for charging electric vehicles in the future.

4. ETS-2: a new driver for GHG reductions in road transport

The Commission’s proposal also envisages the introduction of a separate emissions trading system for road transport and buildings (ETS-2), a sort of “upstream ETS” complementing the existing EU ETS for the energy and industry sectors, starting in 2026. The Commission also plans to include fuel distributors in this second ETS. It has proposed emission reduction targets of around 5 percent per year, without setting any minimum price. At the same time, it plans to set up a market stability reserve to counteract potentially disruptive price developments. Among other things, the member states would also be required to use the ETS-2 revenues to promote the purchase of electric vehicles, expand the charging infrastructure and mitigate any social impacts. In the future, it is planned to merge the new scheme with the EU ETS to form a single emissions trading system.

The main features of this proposal are in line with the VDA recommendations and are thus to be welcomed. The ETS acts as an instrument to accelerate decarbonization throughout the value chain and can serve as a market-based driver of climate neutrality in the road transport sector. In this way, ETS-2 will support efforts to scale up electromobility by creating incentives for the purchase of electric vehicles. At the same time, it ensures that production capacities for renewable fuels (advanced biofuels and eFuels) will be created. These fuels are important because they also enable existing vehicles with internal combustion engines to make a significant contribution to reducing the CO₂ emissions of the road transport sector.

In the long term, merging the two ETS emissions trading systems has the advantage that CO₂ emissions can be reduced wherever it is most cost-effective to do so. This will turn the EU ETS into a market-based driver of climate neutrality across all sectors. A binding deadline should be set for the transition to a uniform EU emissions trading system in order to prepare markets for a timely and predictable merger. The target date for merging the two systems should be the start of the fifth trading period, beginning in 2030.

5. RED – alternative fuels can contribute to achieving climate neutrality

The proposal for the revision of the Renewable Energy Directive (RED) is a step in the right direction, as it focuses, for the first time, on the reduction of greenhouse gases in fuels and in the electricity used to power electric vehicles. We welcome the switch to a GHG quota, but the draft is very cautious with regard to the specified targets and, in the view of the VDA, is not ambitious enough given the urgent need for reducing carbon emissions in the road transport sector. For example, the target to reduce GHG emissions by 13 percent by 2030 is not ambitious enough. Against this background, the proposed quota of 2.6 percent for renewable fuels of non-biological origin (RFNBO) is also far too low. We thus reiterate our demand for a quota of 30 percent renewable fuels by 2030, in particular so that existing vehicles can make a significant contribution to achieving the climate targets.

One thing is certain: Reducing carbon emissions by electrifying new vehicles alone will not be enough to achieve the goal of climate neutrality in road transport. The underambitious provisions in the RED proposal, which leave out important contributions to climate protection, greatly increase the risk that the targets for reducing the carbon emissions of the road transport sector will not be met. The potential contributions of existing vehicles to climate protection remain largely untapped, even though they are essential for achieving the EU's overarching climate targets.

6. The CBAM must promote climate protection without fueling trade conflicts

The idea of compensating for the consequences of different carbon emissions standards by means of border adjustment measures for the global trade in goods is an obvious one, particularly from the point of view of climate protection. Such a Carbon Border Adjustment Mechanism (CBAM) must therefore systematically serve the ends of climate protection and be based on the existing climate targets. To ensure that the effectiveness of the CBAM and thus the achievement of its objectives will not be impaired, it must be designed in such a way that it will not be perceived as an instrument of protectionism. The Commission's proposal is thus fundamentally a step in the right direction.

The CBAM must be implemented in close international cooperation with all of the EU's major trading partners, taking into account any concerns they may have. If possible, it must contribute to the introduction of a global carbon price. Both competitive disadvantages for European businesses and any distortions in international trade or trade conflicts must be avoided at all costs. At the same time, this mechanism will have to be practically manageable and legally sound, for both companies and government authorities alike. The next steps should therefore be directed toward an internationally agreed carbon price that is compatible with the emissions trading schemes and WTO law.

7. ETD – the proposed revision of the Energy Tax Directive

The Commission's proposal to revise the EU Energy Tax Directive (ETD), which has remained unchanged since October 2003, as part of the Fit for 55 package is to be welcomed in principle. The aim is to switch from quantity-based taxation to a uniform taxation system based on energy content and sustainability performance. The proposal would align the minimum tax rates for gasoline and diesel. To ensure that existing vehicles with internal combustion engines will also be able to meet the climate protection targets, it should be mandatory, rather than merely optional, for member states to provide tax incentives for sustainable fuels. In addition, the revised directive should also ensure that the electricity used to charge electric vehicles is always taxed at the lowest rate, so as not to jeopardize the expansion of electromobility.

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