

## Position on the proposed Revision of the CO<sub>2</sub> Emission Standards for Cars and Vans as well as the proposed Regulation on Clean Corporate Vehicles

The eFuel Alliance fully supports the Paris Climate Agreement and the goals implemented to become climate neutral as a continent by 2050. In times when climate policy in general is under increasing pressure, we are convinced it is even more important to underline the necessity of reducing CO<sub>2</sub> emissions caused by fossil energy carriers. The ambitious climate goals the EU has set can only be reached when all renewable energy sources and all technologies can contribute to decarbonisation. Today, CO<sub>2</sub> reduction is measured at the tailpipe, hence electrification is the only viable pathway for manufacturers to meet their CO<sub>2</sub> emission targets. However, the slower-than-expected uptake of electric vehicles, due to many reasons such as grid, roll-out of charging infrastructure or trade disputes, led to countless car manufacturers and suppliers announcing job cuts and revenue losses. In the last two years automotive suppliers have already announced 104,000 job cuts, [according to the supplier association CLEPA](#). Fundamental changes in the logic of the Regulations for Cars and Vans as well as Heavy-Duty Vehicles are therefore urgently required, moving away from tailpipe emissions towards a more holistic approach that integrates all emission-reducing technologies as a viable compliance option.

The proposed revision of the CO<sub>2</sub> Emission Standards for new Cars and Vans provides an opportunity to correct the course and to embrace a technology-neutral approach that will complement the electrification uptake by the increased use of CO<sub>2</sub> neutral fuels (CNF)<sup>1</sup>. This will help de-risking the transition to carbon neutral mobility, accelerate defossilisation as well as protect European competitiveness of one of the EU's leading industries. We therefore welcome the accelerated procedure of the European Commission that led to the presentation of the Proposal for Revision of the CO<sub>2</sub> Standards Regulation for new Cars and Vans. However, in the proposal the European Commission maintains the narrow focus on tailpipe emissions which is further extended to the proposal for clean corporate vehicles via binding purchase mandates. Technology neutrality remains mere rhetoric, as the Commission limits and complicates the contribution of CO<sub>2</sub> neutral fuels. The proposal for a new vehicle class for vehicles running on CO<sub>2</sub>-neutral fuels, which is three years overdue, has not been presented although included as political compromise during the last review, as set out in recital 11<sup>2</sup>. In the long term, a lifecycle approach (LCA) should be developed to evaluate and compare the different mobility concepts.

**We urge the European Parliament and the Council of the EU to improve the Commission Proposals on CO<sub>2</sub> Emission Standards for New Cars and Vans as well as Clean Corporate Vehicles and to truly enable all climate-friendly technologies to contribute to decarbonizing transport while protecting jobs and added value in the EU.**

In our view some key changes are needed in the further political process. We therefore propose:

- 1. Implementing a new vehicle-class for cars and vans fueled exclusively with CNFs, that are considered as zero-emission vehicle for the purpose of this regulation**, to guarantee that newly registered vehicles with an internal combustion engine do not cause additional CO<sub>2</sub> emissions. In response to the European Commission's request for industry-led solutions to track

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<sup>1</sup> CNFs are all fuels compliant with sustainability criteria of Renewable Energy Directive (EU) 2018/2001. For instance, these fuels are conventional biofuels, advanced biofuels of annex IXa, biofuels of annex IXb, hydrogen and eFuels (so-called RFNBOs) and recycled carbon fuels. These fuels are CO<sub>2</sub> neutral in the use phase like electric vehicles because the CO<sub>2</sub> emissions in the use of the vehicles have been previously bound in the production of fuels. In the [Working Group on Monitoring Methodologies \(WGMM\)](#) over 50 companies and associations have defined CNFs accordingly, which can be seen as industry consensus.

<sup>2</sup> Recital 11, Regulation (EU) 2023/851. "Following consultation with stakeholders, the Commission will make a proposal for registering after 2035 vehicles running exclusively on CO<sub>2</sub> neutral fuels in conformity with Union law, outside the scope of the fleet standards, and in conformity with the Union's climate-neutrality objective."

and verify CO<sub>2</sub>-neutral fuels in road transport, the Working Group on Monitoring Methodologies (WGMM) presented 11 solutions within their [report](#). These monitoring methodologies span from exclusive physical supply, digital fuel tracking systems, to a mass balance approach, some of which are already being implemented in practice, such as the [Swiss Crediting System](#) for eFuels based on mass balancing. The Impact Assessment of the Commission accompanying the proposal in depth analyzes this option and shows that including the vehicle class leads to a faster emission reduction. Potential reservations about the availability of CNFs can be addressed, for example, by [the new study from the WGMM](#). This demonstrates that there is sufficient sustainable feedstock potential to supply CNF for road transport through 2050, while also supplying aviation and maritime industries. The report estimates a total renewable fuel supply potential for EU transport of 238.8 to 386 Mtoe in 2050, compared to projected renewable fuel demand for transport that lies between 80 and 170 Mtoe. To make this potential available, next to the automotive package, the upcoming revision of the Renewable Energy Directive (REDIV) will be crucial to establish realistic but ambitious long-term targets for CNFs.

2. Improving the design of the newly introduced “**Fuel Credits**” (Article 5a) by:
  - a. **Removing the cap of 3%** to unlock investment into CO<sub>2</sub> neutral fuels. The fuel credit should be linked to the OEM specific 2021 target value. It’s beneficial from an industrial as well as from a climate perspective to increase the share of CO<sub>2</sub> neutral fuels in the EU’s energy mix of the road sector as much as possible.
  - b. **Applying the Fuel Credits as soon as possible**, when the Regulation enters into force, instead of starting in 2035. CO<sub>2</sub> neutral fuels are already available and should contribute to the CO<sub>2</sub> reduction with immediate effect (Article 5a, Paragraph 1; Article 4 Paragraph 1). Until the Union Database is operable the SHARES Database<sup>3</sup> shall be used.
  - c. **Widen the definition of eligible CO<sub>2</sub> neutral fuels** to fuels that meet the sustainability criteria of the Renewable Energy Directive (EU) 2018/2001. The proposed restriction (Article 5a, Paragraph 2) is not consistent with further EU climate legislation such as the European Emission Trading System.
  - d. **Allowing the application of fuel and low-carbon steel credits in the same vehicle** (Article 5b, Paragraph 2). We recommend allowing the highest share of possible emission reductions. Fuel and Low-Carbon Steel Credits are a first step to recognize emission reductions along the value chain towards life-cycle assessment and hence the usage should be encouraged.
  - e. **Remove the restriction on pooling** to reduce bureaucracy and hurdles to apply fuel credits in practice (Paragraph 4). We recommend allowing the application of fuel credits to manufacturers that form open or closed pools.
  - f. **Decreasing the underlying mileage for Cars and Vans** (Annex 7.2). 240.000 km for Cars as well as 300.000 km for vans are unrealistically high. [In Switzerland](#), a mileage of 175.000 km is applied in the Suisse fuel crediting system. According to Euro 7 ([EU2024/1257](#), Annex IV) the extended lifetime for cars and vans is set at 200.000 km (M1, N1 and M2). We recommend referring to existing legislation and reducing the mileage accordingly. In addition, some vehicles such as special purpose or sports vehicles have very low usage, leading to a significantly reduced service life. Therefore, we recommend allowing Small Volume Manufacturers to indicate a specific value for the “average lifetime mileage”, when supported by proper evidence, to adequately reflect the typical usage of such vehicles.
  - g. **Simplifying the formula** to calculate the fuel credits by merging the cars as well as the vans formula into one calculation. To our knowledge there is no official database covering the “fuelsharecars”/“fuelsharevans” separately. Therefore, we recommend using only one formula with the combined fuelshare value. Taking into account the

<sup>3</sup> The SHARES tool focuses on the harmonised calculation of the share of energy from renewable sources. The main benefit of the SHARES tool is that EU countries are committed to following the same method to calculate the indicators related to the share of energy from renewable sources. Data in SHARES is provided by Eurostat.

changed mileage, “newcars”/“newvans” can be merged into “NewcarsandVans”. All remaining parameters would be identical hence no separate calculation is needed.

3. **Objection to purchase mandates at the member state level, as proposed in the Clean Corporate Vehicle Regulation**, for Zero-Emission Vehicles as currently defined, meaning a purchase mandate for electric vehicles. These mandates are neither addressing the missing enabling conditions that currently hamper the uptake of electric vehicles nor are they designed in a technological neutral manner. In our view the legislative process of the Clean Corporate Vehicles Regulation should be delayed until the underlying definitions, currently reviewed under the CO<sub>2</sub> Emission Standards for new Cars and Vans, are finalized. It is further important to mention that all enabling conditions and instruments to incentivize zero and low-carbon emission solutions are already subject to existing EU Regulations, such as the Alternative Fuels Infrastructure Regulation AFIR, Clean Vehicles Directive, CO<sub>2</sub> Emission Standards, Renewable Energy Directive, or the proposed Energy Taxation Directive. Since the EU’s goal is to decrease bureaucracy and complexity, we believe that in principle creating new legislation to incentivize zero- and low-emission vehicles is unnecessary. Instead, the focus should be on improving existing legislation. Should the legislation be pursued, an adjustment regarding technology neutrality is needed e.g. by including the above-mentioned vehicle class as compliance option. Further clarification is needed on the “financial support” criteria (see Article 4) as there is no underlying definition provided, making judgment at this stage of the legislative process impossible. Including taxation into this provision would in our view require unanimous vote in the Council as tax questions are national competence. In general, financial support must be designed technology-neutral and should not favor any particular technology.

### Mobility of the future is versatile

The eFuel Alliance’s membership represents the whole value chain of eFuels and its off takers. We are agnostic to technology choices and working towards a level-playing field for all viable options. Many of our fuel station member companies provide not only increasing admixtures of renewable fuels, but also actively roll out charging and hydrogen infrastructure. Many of our members from the automotive and automotive supplier industry are highly invested in electric powertrains. All off-takers from hard-to-abate sectors in our membership would profit from the inclusion of renewable fuels in the CO<sub>2</sub> Emission Standards for new Cars and Vans given that a large market such as the one for passenger cars and vans provides significant economies of scale.

**While we strongly believe that electric vehicles will play a major role on the pathway to a climate-neutral transport system, these industry insights highlight: The future of mobility is versatile.**

The current tailpipe-based regulatory framework for new vehicles does not reflect this development and leads to the opposite – a ban of combustion technologies and the connected jobs and added value. At the same time, this makes investment into hard-to-abate sectors more risky and hence expensive. In addition, CNFs can be combined with other technologies, for example by using range extenders or plug-in hybrids. Substituting fossil fuels by CNFs can be a role model to demonstrate technological complementarity. In addition, to achieve the ambitious climate targets, we need solutions that work everywhere, regardless of a country’s economic power, geography or technical requirements. If emission-reduction solutions are only applicable in a few Member States that can afford a complete exchange of the current fleet stock and infrastructure, the EU risks missing out on a significant opportunity to reduce CO<sub>2</sub> emissions from the transport sector. A mix of battery electric mobility, sustainable and advanced biofuels, eFuels, fuel cells and potentially other emission-reduction technologies will not only reduce greenhouse gas emissions effectively, but it will also help to safeguard the integrity of the single market for vehicles.

### ABOUT THE eFUEL ALLIANCE

The eFuel Alliance is interest group working for the political and social acceptance of eFuels and for their approval. We represent more than 170 companies, associations and consumer organizations along the eFuel production value chain. We stand for fair competition and a level playing field for all relevant emission reduction solutions. We are clearly committed to greater climate protection and want to see the significant contribution of eFuels to sustainability and climate protection more widely recognised. Our goal is to enable the industrial production and widespread use of CO<sub>2</sub>-neutral fuels from renewable energy sources.