Light vehicle CO₂ emissions standards for Australia

About Future Climate Australia
Future Climate Australia is a not-for-profit environmental organisation that specialises in promoting a rapid transition to sustainable mobility.

Through our LEV Automotive Partnership and Electric Vehicle Alliance programs we
- Promote the purchase of low emission vehicles
- Provide credible guidance for vehicle buyers
- Promote collaboration between stakeholders on sustainable mobility issues
- Raise awareness of emerging technologies and fuels
- Organise low emission vehicle Drive Days for fleet managers and the public
- Engage proactively with international organisations such as the Global Fuel Economy Initiative, Challenge Bibendum, International Transport Forum, International Energy Agency & International Council on Clean Transportation
- Bring international experts to Australia to increase awareness of international trends
- Organise conferences, roundtables, workshops & fora on matters of sustainable mobility

This submission has been prepared by:
Henry O'Clery
Director, LEV Automotive Partnership: www.greenwheels.com.au
Chair, Electric Vehicle Alliance: www.evalliance.com.au

Executive Director
Future Climate Australia
Ph. 0417 501 161
Email: henry@futureclimate.com.au
Web: www.futureclimate.com.au
Light vehicle CO$_2$ emission standards for Australia:
Comments on Discussion Paper - 2011

Single or Staged Targets?

**Q1** Do you support the setting of staged short and medium term targets? - Yes

**Q2** If yes, do you consider 2020 is the logical date for a firm second stage target? - Yes

**Q3** Do you consider it is appropriate to set a target beyond 2020 at this stage?
Yes – to align with EU

**Image 1:** Australia sells very inefficient vehicles

2005 to 2008 new vehicle fuel economy by country

Non-OECD countries have a lower average than OECD, but improved little, whereas OECD improved significantly.

Source: International Energy Agency – CB 2011

Graph shows the relative average fuel consumption of new cars – globally Australian has one of the worst profiles

What is the Appropriate Reference (Base) Year?

**Q4** Do you consider 2010 is the appropriate base year for determining the targets? - Yes

What is a Reasonable Target for Australia?
Q5 What rate of CO₂ emissions reduction do you consider is achievable by 2015 and 2020 in Australia?

4% per year up to 2015 – this matches the reductions achieved in Australia over the last three years, from 2008 to 2010

We should plan to align with the EU by 2020 for passenger vehicles

The required rate of change between 2015 and 2020 would be high, but we are starting from an extremely low base, mainly as a result of persistent resistance to change by our indigenous automotive manufacturing industry. Yet EU spec low-emission vehicles are available, and the vehicles we offer are largely made on the same production line as ‘non-regulated county’ spec vehicles.

Graph shows the dramatic difference between manufacturer’s performance in regulated and unregulated markets, and particularly highlights the disparity in average CO₂ ratings between the EU and Australian offerings of the three local manufacturers:

Average emissions from the vehicles they sell in Australia rate 60% higher than those they sell into the EU market.

Q6 What do you think is a reasonable CO₂ target for the Australian new light vehicle fleet in 2015 and 2020?

174 g/km in 2015 (passenger vehicles)
95 g/km in 2020 (passenger vehicles)

Q7 Are there any impediments to Australia achieving the more ambitious rates of reduction embodied in Scenarios 5 and 6 above?
Increasing the rate of change of the mix – the vehicles and technology are available. We would need (revenue-neutral) complementary measures to promote the purchase of low emission vehicles, such as

- Bonus malus incentives/disincentives at purchase point
- Banding annual registration charges based on CO₂ rating
- Congestion/toll revenue neutral pay more/less based on CO₂ rating
- Access to priority lanes & parking priority

Whilst this is likely to put even more pressure on the sales of large locally manufactured vehicle, it could provide the catalyst to transition the industry to a low carbon economy.

### What are the Costs and Benefits?

**Q8** Do stakeholders have any information on costs and benefits of standards which would assist the Department of Infrastructure and Transport in the preparation of the cost benefit analysis for the implementation RIS?

**No, but if we were to move to the EU standard at today’s rates, reducing average emissions from 205g/km to 140g/km for the ~1 million new vehicles sold each year we would save approximately 432 million litres of fuel p.a., offering:**

- huge no-cost efficiency gains
- energy security gains
- substantial balance-of-payments benefit
- improved air quality
- substantial cost saving to motorists

**Should the Targets be Split?**
Q9 Should Australia set a single set of CO₂ targets for all light vehicles, or is there merit in establishing separate targets for passenger vehicles (cars and SUVs) and for LCVs (utes and vans)?

Should be separate for passenger vehicles and LCVs: Suggestions above are for passenger vehicles only.

How should the Target be Calculated?

Q10 Do you support the idea of bonus credits for new technology vehicles (such as EVs), flex fuel vehicles and other technologies, or should the CO₂ standard be purely performance based, treating all vehicles on the same basis (using the CO₂ emissions result on the standard ADR test)?

No – should be purely performance based using ADR test.

Q11 If you support credits, what vehicle types do you consider qualify for a credit and why?

NA

Methodology for Setting Targets – What are the Options?

Q12 Do you support an attribute based standard? - Yes

Q13 If so, do you have a preference for mass or footprint? - Should align with EU.

If we start to ‘mix and match’ we will end up with something that is open to ongoing interpretation, argument and cheating. The EU model, though not perfect, does work, and I believe we should align all our ADRs to it.

Q14 If you do not favour an attribute based standard, what is your preferred approach and why? - NA

What are the Specific Data Requirements?

Q15 Do you consider there are any other data elements which might also be required for the standards to be effective and enforceable?

No – consider that data list suggested should be adequate

Is the Current Data Set Adequate and Appropriate?

Q16 Do you agree that the current VFACTS database (supplemented and audited as necessary) is suitable as the primary data source for assessing and reporting compliance with the standards?

Yes, but make sure that model variants are listed

Q17 Do you also agree that data collected for the purposes of the standard should be made publicly available on an annual basis? - Yes

What Legislation is Required?

Q18 Do you agree that the Motor Vehicle Standards Act is the most appropriate primary legislation under which to write appropriate CO₂ regulations? - Yes

Q19 If not, what alternative legal framework would you propose? - NA
Who is Responsible?

Q20 Do manufacturers, particularly importers, have any views regarding the identification of responsible entities under the standards? - NA

Q21 Do you consider there is merit in allowing manufacturers to pool, or is it an approach that manufactures are unlikely to pursue?

It may be that the importers (whether manufacturers or not) should be the responsible body.

This would mean that companies who import vehicles from different manufacturers would be responsible for the sum of vehicles they sell.

Thus some ‘pooling’ would automatically take place, and could be allowed ... the alternative might force unforeseen changes in the imports & distribution industry.

Is Banking and Trading Appropriate?

Q22 Do you think there is sufficient merit to warrant the inclusion of banking and trading systems as a feature of Australia’s CO2 standards? - No

Q23 Do you agree such systems are only possible where annual targets are set? - Yes

What are the Appropriate Sanctions for Non-compliance?

Q24 Do you agree that financial penalties are the most effective way to address non-compliance? - Yes

Q25 If not, what alternative would you suggest? - NA

COMMENTARY:

As Australia imports some 85% of new vehicles, and the same makes and models are sold in the EU, there is no apparent impediment to getting the EU variants onto the local market.

A number of manufacturers separate the supply of variants into ‘Regulated’ and ‘Unregulated’ markets so that Australian distributors cannot get access to EU spec vehicles. This will change once Australia introduces CO2 standards.

It can be argues that a rapid transition to a low carbon fleet such as suggested here could precipitate the end of automotive manufacturing in Australia.

However it can equally be argues that the industry is doomed unless it makes a very rapid transition – something there has so far been no sign of.

The approach suggested could be combined with very substantial R&D support for industry to transition, which should be tied to measurable outcomes.