Submission to Ministerial Forum on Vehicle Emissions

March 2017

Improving the Efficiency of New Light Vehicles – Draft Regulation Impact Statement

Vehicle Emission Standards for Cleaner Air - Draft Regulation Impact Statement

Better Fuel for Cleaner Air – Discussion Paper

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Executive summary

AfMA welcomes the opportunity to make this submission in response to the three consultation papers: -

- Draft Regulation Impact Statement Improving the Efficiency of New Light Vehicles
- Draft Regulation Impact Statement on Vehicle Emissions Standards for Cleaner Air and
- Discussion Paper on Better Fuel for Cleaner Air

AfMA applauds the whole-of-government approach to reducing motor vehicle emissions that harm human health and contribute to greenhouse gas emissions.

AfMA believe the timeframes considered under each regulation impact statement and discussion paper are ambitious but understandable given Australia lags behind the rest of the world in relation to emissions standards, whilst 80 per cent of the global light vehicle market already have vehicle efficiency (CO_2) targets in place.

Unfortunately fuel quality has a major impact on both draft regulation impact statements however it's only been released as a discussion paper and is out of step with the overall desired outcome.

In an attempt to fast track outcomes the Government has produced modelling for both CO_2 and stricter noxious emissions in isolation where in fact each impact the other. Further, both assume fuel quality standards remains unchanged however evidence suggests it's impossible to achieve substantial outcomes without fuel quality being addressed.

AfMA believe it's essential to combine all elements (new fuel quality standards, Euro 6 and CO_2 regulations) into one single cost-benefit analysis to ensure an effective roadmap can be designed to reduce market shocks concerning fuel supply, fuel pricing and vehicle model availability.

AfMA believe it is essential the Government update both draft regulation impact statements and upgrade the fuel quality standards discussion paper so that all three can be coordinated and harmonised. These updated documents should be released for public comment prior to any final decision being made.

1 Introduction

AfMA (Australasian Fleet Management Association) is a not for profit peak industry body for fleet management. Fleet management is a horizontal in a world of vertical industries as all require some sort of fleet management. AfMA's membership base represents around 550 members across Australia, New Zealand and Asia who are responsible for around 800,000 assets. Our members represent fleet owners and supplies with a ratio of 75/25 with the mix of corporate/not-for-profit and government organisations being evenly split 50/50.

AfMA welcomes the opportunity to make this submission in response to the three consultation papers represented by *Draft Regulation Impact Statement Improving the Efficiency of New Light Vehicles*; *Draft Regulation Impact Statement on Vehicle Emissions Standards for Cleaner Air*; and *Discussion Paper on Better Fuel for Cleaner Air*. Given all issues are interrelated, AfMA's response to all are contained in this one document.

2 Improving the Efficiency of New Light Vehicles – Draft Regulation Impact Statement

2.1 Overview

AfMA supports the Government's commitment to reduce Australia's CO_2 emissions by 26-28 per cent on 2005 levels by 2030 as part of the Paris Agreement and accept light vehicle fleet account for around 11 per cent of the Australia's CO_2 emissions. AfMA is committed to reducing the environmental impact on Australia's light vehicle fleet and supports the need to introduce CO_2 standards for light vehicles given 80 per cent of the global light vehicle market already have vehicle efficiency (CO_2) targets in place.

AfMA acknowledge CO_2 standards operating in Europe and the United States provide a guide to how and what can be achieved in Australia however ultimately proposed targets should match the vehicle mix between passenger, SUV and light commercial vehicles currently embraced in Australia.

The Government's draft regulation impact statement for a CO_2 standard outlines three proposed targets for consideration, however it's unclear on how each of the targets can be achieved as design parameters are required in order to properly cost the impact to manufacturers and fleet owners.

Whilst vehicle technologies already exist to meet the proposed targets they are designed to operate with ultra-low sulfur based fuels which are not currently available in Australia. This is a significant issue and requires substantial investment in local refineries and time to implement.

AfMA believe the Government must issue an updated draft regulation impact statement for CO_2 standards for consultation that addresses model design and incorporates issues relating to fuel quality.

2.2 International CO_2 Standards Provide a Guide

AfMA believe international CO_2 standard provide a guide to developing an Australian standard however we strongly believe specific targets must match Australia's vehicle characteristics including model segmentation, driving behaviour and conditions.

Selecting the design structure of the CO_2 target is crucial to ensuring vehicle choice for fleet owners. It's not as simple as setting a CO_2 target for light vehicles measured across the entire fleet. In Europe, each manufacturer is required to meet a specified sales-weighted CO_2 limit based on the average mass of new cars sold, with different targets for passenger cars (including SUVs) and light commercial vehicles. In the United States, the fuel consumption requirement is based on the average footprint, and has separate requirements for passenger cars and light trucks (including SUVs). In both cases, the CO_2 target is designed around the composition of their whole vehicle fleet and is not applicable to another fleet's composition.

AfMA member's fleet composition reflects its required purpose and considerations such as geography and safety and operating environment are important. Therefore adopting a target from another jurisdiction, particularly the European $C0_2$ target, may result in reduced vehicle choice as the fleet compositions are vastly different.

2.3 Suggested Timeframes versus Reality

AfMA believe the proposed timeline for the introduction of a CO_2 standard should reflect the manufacturer's product plan timelines for the Australian market. This is to give manufacturers sufficient time to incorporate new regulations into their product planning, thus minimising additional regulatory costs that are inevitably passed on to fleet owners.

The Government has proposed to implement a CO_2 standard from 2020. However, as the Federal Chamber of Automotive Industry (FCAI) has stated, car manufacturers determine their product plans five years in advance for certain markets. Based on this, and presuming regulations are in place by 2018, the earliest time manufacturers could comply with a strict CO_2 standard in Australia without attracting additional compliance costs would be 2023.

Further, whilst vehicle technologies to meet new CO_2 standards are widely available in other countries they are predicated on using ultra-low sulfur based fuel with 10 ppm. Currently Australia's sulfur content limits are 50 ppm for premium unleaded petrol (PULP) and 150 ppm for regular unleaded petrol (ULP) and whilst tests completed by the Australian Institute of Petroleum (AIP) found Australia's actual fuel quality is better than current limits, they are substantially higher than 10 ppm.

The AIP stated at the 3rd stakeholder engagement session "it will require 8 to 10 years lead time before being able to deliver the required fuel quality following substantial investment although it could be completed sooner with support from Government however there was no guarantee the refineries would be viable and may close".

For the above reasons 2020 is an unrealistic timeframe to introduce CO_2 standards.

2.4 Fuel Savings: Real-world versus the Laboratory

AfMA believe there needs to be greater transparency around vehicle compliance with emission standards and claimed fuel efficiency. The current fuel consumption information provided to fleet owners is derived in a laboratory test that is not a good representation of how vehicles perform on the road. As a result, technologies and strategies to reduce emissions and fuel consumption in the laboratory do not always provide the same level of benefit on the road.

In December 2016, the Australian Automobiles Association (AAA) released interim results of Real-world testing they commissioned. The results found that some vehicles used up to 35 per cent more fuel in the real world than the laboratory. On average, fuel consumption for the ten vehicles tested was 20 per cent higher in the real world.

The fuel saving benefits calculated in the Government's draft regulation impact statement are based on laboratory testing only, not real world testing. It appears the Government has factored in a slight divergence of 5-10 per cent between real world and lab test results in the cost-benefit analysis. However, based on AAA testing this divergence is actually between 20 and 40 per cent.

2.5 Improve Fleet Owner/Consumer Information

Australian design rules mandate that fuel consumption and emission levels information be placed on the windscreen of all new cars. However, this information is based on the standard laboratory test often performed overseas and in some cases by the manufacturer, and does not necessarily reflect real world driving conditions.

In addition, the Australian Government's Green Vehicle Guide (GVG) provides consumers with information on CO_2 emissions, fuel consumption, fuel costs and the certification level for noxious emissions. Consumers can view the best environmental performers; compare vehicles, estimate fuel costs and CO_2 emissions using a fuel calculator. However, this information is based on laboratory testing, and is not a reliable predictor of fuel consumption for vehicle buyers especially when trying to compare vehicles as real world results vary widely between vehicles.

Real-world testing conducted by ABMARC for the AAA identified that the real-world fuel consumption of 10 vehicles tested was on average 20 per cent higher than the laboratory results, with the highest measured being 35 per cent greater. This indicates that the variation between laboratory and real-world fuel consumption is not uniform for different vehicle models.

AfMA firmly believe fleet owners should be provided with fuel consumption information based on real-world testing conducted using Australian vehicles, Australian fuels and in Australian driving conditions.

AfMA believe the GVG should provide clearer guidance to fleet owners by presenting the information in a way that is easily digestible, like a star ratings system similar to energy labelling of electrical appliances and ANCAP vehicle safety ratings. Further, the GVG should consider including operating cost savings to fleet owners as included in the US and New Zealand models and leverage the successful labelling system for the energy efficiency of appliances.

2.6 Implement Real World Testing in Australia

AfMA believe that adopting UN regulations and standards is efficient and saves waste and unnecessary costs however the Real-world testing completed by ABMARC as commissioned by AAA has proven there is a vast different between laboratory tests and reality.

AfMA believe independent efficiency and emissions testing must be implemented to ensure fleet owners achieve the outcomes they paid for when purchasing their vehicle.

2.7 Driving Electric Vehicle Demand

AfMA believe that removing fringe benefits tax (FBT) on electric vehicles provides a significant opportunity to increase demand for EV's and affects two distinct sections of the market. One will cause a reduction in Government revenue whist the other has no impact on revenue and has potentially the largest impact on demand.

Broadly there are two methods of providing employees with benefit vehicles being employer controlled or novated leasing. Employer controlled benefit vehicles is where an organisation provides an employee with a vehicle for work & private use. These vehicles are either owned or leased by the organisation and they have control over the choice of vehicle and ultimate control of it. These organisations pay FBT on the private use of the benefit vehicles and any removal of FBT will result in lost revenue for the Government.

Novated lease benefit vehicles are where organisations provide employees the ability to salary package vehicles of their choice. The employee generally has total control over the vehicle and its choice. Further, there would be no loss of FBT revenue as most salary packaging companies who facilitate novated leasing use what is known as the Employee Contribution Method (ECM) for calculating FBT which allow employees to completely eliminate FBT by making contributions to the vehicles cost from post-tax contributions.

2.7.1 Size of Market

In an article in the Australian Financial Review in August 2016 Leigh Penberthy, chairman of Australian Salary Packaging Industry Association (ASPIA) estimated there were approximately 65-70,000 novated leases sold each year although 15 to 20 per cent of these are extension or renewal of existing leases and don't equate to a new vehicle sale. This equates to approximately 52,000 new vehicles sold each year through this mechanism where the government receives no FBT revenue.

Mr Penberthy also commented the "novated lease industry enjoy annual growth of 6 to 8 per cent with some business's exceeding 15 per cent". Not all salary packaging companies are members of ASPIA and others estimate the size of the annual novated lease market to be closer to 100,000 novated leases a year.

2.7.2 Driving Demand

Post-tax contributions can be thousands of dollars each year so it provides a strong motivation for novated lease drivers to select EV's however there is limited choice of vehicles under the luxury car tax (LCT) threshold. The luxury car tax is an inefficient tax which targets vehicles that are often the leaders in providing safety and environmental benefits. Removing the luxury car tax will contribute to downward pressure on EV prices.

Having few EV's to choose from is a direct reflection of the current market given there was only 219 EV's sold in Australia in 2016 (excluding Tesla who don't contribute their volumes in VFACTS data). There are no shortage of models available in overseas markets and AfMA belief the removal of FBT will create a sizable market opportunity that this will assist the likes of Hyundai and Renault to launch their Ionic and Zoe EV's sooner rather than later.

There are obviously a range of smaller incentives/policy changes to assist in driving demand such as providing special parking spaces, allowing the use of transit & bus lanes and even rebates on toll roads.

2.7.3 Infrastructure – Public Charging Stations

As with all alternative fuel types, infrastructure is the most critical aspect and is either an enabler or restrictor of take-up. Infrastructure investment can be huge and often requires the support of governments. Electrical vehicles are no different however there are a range of organisations who see opportunities to include EV charging infrastructure in their projects as an opportunity to lure customers to their business to shop whilst their vehicles are being charged.

Whilst this is great, many have chosen to defer the installation due to a lack of government direction into which plug type should be used in public charging stations. This seems ridiculous considering there is no cost to government to provide direction/guidance.

Recently the New Zealand Department of Transport issued national guidance for public electrical charging infrastructure. Given standards and stakeholders in Australia are similar to New Zealand there appears no barrier to adopting and issuing similar guidance in Australia thereby delivering certainty for the market with no economic impacts on industry players or the public.

2.8 Conclusion

AfMA support a CO_2 standard for light vehicles which is appropriate for Australian conditions ensuring vehicle choice is not eroded as many fleet owners require a broad array of vehicles to manage their transport needs.

It is essential the introduction of CO_2 standards improves transparency to fleet owners for real fuel efficiency & emissions and that meaningful information is readily available. Whilst adoption of UN regulations and standards is efficient and saves unnecessary costs it is prudent to introduce independent testing in Australia that supports improved fleet owner information.

There will be substantial delays from the proposed timing caused by manufacturer product plan timeframes and the requirement for improved fuel quality, however AfMA believe EV's hold the key in the short term to meeting Australia's 2020 CO_2 targets and making inroads into the 2030 targets.

AfMA believe this draft regulation impact statement needs to be redrafted and must incorporate the fuel quality discussion paper and the emissions draft regulation statement as each have a direct impact on the other.

3 Vehicle Emissions Standards for Cleaner Air – Draft Regulation Impact Statement

3.1 Overview

AfMA fully supports the Governments objectives to improve urban air quality and reduce the adverse impacts of urban air pollution on human health by introducing more stringent noxious emissions standards for light and heavy road vehicles. The introduction of Euro 6 will dramatically reduce emission limits for NOx for light diesel vehicles which have a substantial impact as diesel vehicles represented 31.70 per cent of new vehicles sold in 2016 excluding heavy vehicles.

AfMA is concerned the proposed timeframe for the introduction of new regulations is difficult and potentially unachievable given fuel quality and the Federal Chamber of Automotive Industries (FCAI) has stated manufacturers have at least a 5 year product planning cycle.

Whilst vehicle technologies already exist to meet the proposed targets they are designed to operate with ultra-low sulfur based fuels (10 ppm) which are not currently available in Australia. This is a significant issue and requires substantial investment in local refineries and time to implement.

Whilst some Euro 6 vehicles can operate on fuels with sulfur content exceeding 10 ppm evidence suggests it will have an impact on the vehicle emission control systems thereby reducing the overall benefit. Further, it could also affect the vehicle operation and produce warning lights on the vehicles dashboard requiring the owner to attend a repair station to have the problem rectified causing inconvenience & additional costs for fleet owners and potentially damaging the manufacturers brand and reputation.

As with the proposed introduction of vehicle efficiency standards, fuel quality will have a major impact on available vehicles and their ability to achieve Euro 6 standards. AfMA believe the Government must issue an updated regulation impact statement for vehicle emission standards for consultation that addresses fuel quality and vehicle efficiency standards as assumption in one affects the regulation impacts statement of the other.

3.2 Timeline for introduction of Euro 6

AfMA believes the introduction of Euro 6 regulations should align with the manufacturers' product plan timelines. The FCAI stated in their submission to the Government's discussion paper on vehicle emissions that manufacturers require five years to make significant change to their product plans. Based on this information, the earliest time manufacturers could ensure all models are Euro 6 compliant would be 2023, presuming regulations pass the Parliament in 2018.

Fuel availability is also an issue as the FCAI has stated that Euro 6 compliant vehicles require ultra-ultra-low sulfur levels in fuels at 10 ppm. Australian fuel standards stipulate that diesel fuels in Australia must have a limit of 10 ppm sulfur, petrol can have up to 50 ppm sulfur in 95 RON and up to 150 ppm sulfur in 91 RON. Whilst tests completed by the Australian Institute of Petroleum (AIP) found Australia's actual fuel quality is better than current limits, however they are substantially higher than 10 ppm.

To achieve the Government's proposed timelines, the Government would need to limit sulfur in petrol to 10 ppm by 2019. Mass production of this fuel quality is unachievable by this time and Australia would need to substantially increase imports. The likely outcome would be fuel price shocks and a worsening of Australia's fuel security risks.

3.3 Alternative Timing Options

As outlined above, the Governments proposed 2019 timeline will most likely result in higher petrol prices, create fuel supply issues and a worsening of our already poor fuel security issue, AfMA suggests a staged approach to the implementation of Euro 6.

There are different levels of stringency in the Euro 6 regulation - expressed as Euro 6a, Euro 6b, Euro 6c, and Euro 6d. Whilst the Government has proposed to introduce Euro 6d in the regulation impact statement it's worth noting that in Europe, Euro 6 regulation was and still is being introduced in stages.

A staged approach could provide an opportunity for the Government to realise some health benefits while appropriate petrol becomes widely available.

3.4 Assumptions for Sulfur Limits in Fuel

The regulation impact statement makes some allowances for deterioration in vehicle emission control systems, to account for higher sulfur limits in Australian petrol (as the cost benefit analysis assumes no changes to Australian fuel quality standards). However, it appears the Government has not accounted for fleet owner detriment that could arise as a result of using high sulfur petrol in Euro 6 compliant vehicles.

Whilst some Euro 6 vehicles can operate on fuels with sulfur content exceeding 10 ppm evidence suggests it will have an impact on the vehicle emission control systems thereby reducing the overall benefit. Further, it could also affect the vehicle operation and produce warning lights on the vehicles dashboard requiring the owner to attend a repair station to have the problem rectified being an unnecessary inconvenience & cost for fleet owners and potentially damaging the manufacturers brand and reputation.

3.5 Adoption of UN Regulation

AfMA supports the Government's policy of adopting UN vehicle regulations where possible. Adopting UN regulations reduces red tape and keeps compliance costs as low as possible, minimising cost of new cars. Given Australia will soon import 100 per cent of all new vehicles, it is crucial Australian Design Rules reflect international regulation.

The draft regulation impact statement proposes the adoption of Euro 6d from 2019, however the UN has not yet developed this regulation and the timeframe for the UN development of this regulation is unclear.

The Government's proposed timelines for the introduction of Euro 6d will need to align with the availability of a suitable UN Regulation which are unclear. In order to progress the Government should adopt Euro 6a, 6b or 6c as an interim step which provides an opportunity to access some of the health benefits sooner.

3.6 Real-world Emissions Testing

AfMA believe there needs to be greater transparency around vehicle compliance with emission standards. Currently, manufacturers are required to comply with emission limits during a laboratory based test only. The test is not a good representation of how vehicles are actually driven. As a result, technologies and strategies to reduce emissions in the laboratory do not always deliver the same level of benefit on the road.

In December 2016, the Australian Automobiles Association (AAA) released interim results of Real-world testing they commissioned. Results from the first ten cars tested show emissions of noxious gases are up to four times the regulatory limits. These preliminary results cast doubt over the relevance of laboratory testing and suggest fleet owners are not being provided with reliable information.

AfMA believe it is critical that real-world independent testing is introduced as part of the compliance regime to ensure fleet owners aren't asked to pay more for regulation that only delivers a health benefit in a laboratory. AfMA understands that compliance with Euro 6d will require an on-road test, in addition to the laboratory test. This should reduce the difference between real-world and laboratory results however it will not change the fact that compliance testing will occur overseas and in some cases by the manufacturer. AfMA believe it is prudent for local testing to be completed within Australia to ensure compliance with these new standards.

A local testing regime address two important matters: To ensure manufacturers are complying with Australian regulation limits, and to provide fleet owners with more information about the actual emission levels of new cars. Currently, the Australian Government's Green Vehicle Guide stipulates the emission regulation with which a car complies. However, it does not show its actual emission levels. Fleet owners should be able to compare actual emission levels of different vehicles - not just what regulation they comply with.

3.7 Conclusion

AfMA supports the introduction for more stringent emissions targets represented by Euro 6 for light vehicles and Euro VI for heavy vehicles.

AfMA believe the proposed timeline is unachievable due to manufacturer product plan cycles and availability of appropriate fuel. AfMA suggests a staged approach to implementation adopting UN

regulations but introducing independent real-world testing to ensure compliance and support transparent readily assessable information to fleet owners.

AfMA believe this draft regulation impact statement needs to be redrafted and must incorporate the fuel quality discussion paper and the CO_2 efficiency draft regulation statement as each have a direct impact on the other.

4 Better Fuels for Cleaner Air – Discussion Paper

4.1 Overview

Fuel quality is a challenging issue to address but has a direct impact on the draft regulation impact statements discussed in this document. Therefore fuel quality must be included as part of the total solution rather than be dealt with in isolation.

Addressing fuel quality includes a range of issues, such as the ability of local refineries to produce ultra-low sulfur petrol, the substantial investment required to upgrade local refineries and the potential for the refineries to become unviable leading to their closure which further impacts Australia's liquid energy security.

The Australian Institute of Petroleum (AIP) stated at the 3rd stakeholder engagement session "it will require 8 to 10 years lead time before being able to deliver the required fuel quality following substantial investment although it could be completed sooner with support from Government however there was no guarantee the refineries would be viable and may close".

Australia's liquid fuel security is already an issue as we are the only one of 28 member countries of the International Energy Agency that fail to meet its net oil import stockholding level. In fact based on the monthly statistics provided by the Department of the Environment and Energy Australia's stock of automotive gasoline, aviation turbine fuel and diesel oil is only 24, 19 and 17 days respectively as at Oct 2016.

4.2 Resolving Fuel Quality Standards First

AfMA believe changes to fuel quality standards and their timing underpins the Government's ability to introduce Euro 6 and a CO_2 standards on new cars as both require access to ultra-low sulfur petrol to progress and delivery full benefits.

4.3 Availability of 91 RON

AfMA does not support the removal of regular unleaded petrol (91 RON) as it accounts for almost 70 per cent of petrol sales in 2015-16. Its popularity is based on its affordability as it's generally 11 to 16 cents per litre cheaper than premium unleaded fuel (95 RON). With many fleet owned vehicles travelling two

or three times the distance of consumers the cost implications would be huge and amplified depending on the size of their fleet.

Currently many vehicles require premium fuel (95 RON) to achieve maximum performance and whilst consumers make their own choice many fleet owners mandate the use of 91 RON to reduce operating costs. As new fuel efficient vehicles are introduced as a result of the introduction of CO_2 standards it will be imperative to develop effective communications to all drivers around the importance of using 95 RON.

4.4 Timing of Fuel Quality Standards

AfMA support the introduction of improved fuel quality standards as they are necessary in order to introduce CO_2 standards and Euro 6. The timing needs to be carefully managed to avoid fuel price shocks due to availability of 95 Ron either from local refineries or direct imports.

Generally, operational costs are the largest expense for fleet owners and depending on the industry they operate in, such as the transport industry, they may not be able to pass cost increases on due to service contract limitations. Such price shocks could make business unviable forcing their closure or place significant pressure on others.

The AIP stated at the 3rd stakeholder engagement session "it will require 8 to 10 years lead time before being able to deliver the required fuel quality following substantial investment although it could be completed sooner with support from Government". It is essential the cost of Government support/incentives is not passed on as increased costs to fleet owners.

4.5 Australian Liquid Fuel Security

Australia's liquid fuel security is already an issue as we are only one of 28 member countries of the International Energy Agency that fail to meet its net oil import stockholding level. In fact based on the monthly statistics provided by the Department of the Environment and Energy Australia's stock of automotive gasoline, aviation turbine fuel and diesel oil is only 24, 19 and 17 days respectively as at Oct 2016.

In 2014-15 Australia imported 85 per cent of the crude oil for refinery inputs and 45 per cent of Australia's fuel is now imported. Therefore, a significant supply disruption to our shipping lanes or trade routes – which could take the form of a natural disaster, accident, commercial failure and act of terror or war could quickly halt Australia's capacity for essential everyday services.

AfMA understands including fuel quality standards with emissions standards and new vehicle efficiency standards will delay the desired outcomes hence the need for clear transitional roadmaps and complimentary measures which were omitted from the draft regulation impact statements.

AfMA believe electric vehicles (EV's) are the key to ensuring 2020 emissions targets are met and significant inroads are made on the 2030 targets whilst fuel quality, CO_2 standards and Euro 6 are implemented in an orderly manner.

4.6 **Conclusion**

AfMA supports the introduction of new fuel quality standards on the basis 91 RON continues to be available for the foreseeable future, timing reflects the availability of appropriate fuel and any financial support/incentives paid to refineries to accelerate the local product of higher quality fuels is not passed on to fleet owners.

5 **Next Steps**

Given the views outlined in this submission AfMA believes that stakeholders need to be provided an opportunity to comment on a combined cost-benefit analysis which brings together all three regulatory proposals - CO_2, noxious emissions and fuel quality.

The Ministerial Forum on Vehicle Emissions must review opportunities to accelerate the tack-up of hybrid vehicles and more importantly electric vehicles.