ATTN: Director, Fuel Efficiency Standards

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Submission to the Australian Government's Consultation on a Fuel Efficiency Standard

Thank you for the opportunity to provide input into the development of the Federal Government's Fuel Efficiency Standard for new light vehicles. A robust, ambitious, and globally competitive standard is critical for reducing transport emissions and providing fuel savings to Australian households and businesses by increasing the local supply of low and zero-emissions vehicles.

I support the Electric Vehicle Council's position that this regulation should be called a New Vehicle Efficiency Standard (NVES) to more accurately reflect its purpose to encourage the supply of more efficient new vehicles and to provide clarity that this standard does not apply to existing vehicles and/or fuel. Please note, the remainder of this submission adopts the term: New Vehicle Efficiency Standard.

Recognising the crucial role that all industries must play in achieving Australia's emissions reduction targets, we must adopt a comprehensive approach to addressing the transport sector's significant contribution to emissions.

With transport sector emissions already accounting for over 18% of the nation's total emissions and projected to significantly exceed 2005 levels by 2030 under business as usual, prompt action is needed to avoid further departure from our national emission reduction targets.

I support the Electric Vehicle Council (EVC)'s position that a robust, ambitious and globally competitive NVES, that aims to catch up with global markets like the US and EU by 2030, or ideally before, is a necessary prerequisite for ensuring Australia's transport sector does its fair share in reducing emissions in line with achieving an economy-wide 43% reduction in emissions by 2030, and net zero emissions by 2050 – at the latest.

The establishment of a robust, ambitious, and globally competitive NVES will play a crucial role in facilitating a greater supply of low and zero-emission vehicle models to the Australian market and is critical to accelerating the decarbonisation of Australia's transport sector.

I endorse the Electric Vehicle Council's recommendations for a New Vehicle Efficiency Standard, as outlined further in the attached document.

I encourage the government to introduce a new vehicle efficiency standard in 2024 to ensure more Australian households and businesses can start to benefit from the fuel and pollution savings of low and zero-emission vehicles.

Thank you for the opportunity to respond to this consultation.

Yours sincerely,

[redacted]

Grant Hatamosa

Recommendations for an Australian New Vehicle Efficiency Standard

ELECTRIC VEHICLE COUNCIL

1. Deliver a globally competitive standard for Australia that:

- Clearly demonstrates how the standard will support the government's legislated emissions reduction targets, and at minimum be consistent with delivering a reduction in total transport emissions approximately equal with, but preferably lower than 2005-levels by 2030[1].

- Ensures the transport sector makes an equitable contribution to emissions reduction and block efforts being made by some groups to actively shift the burden from global car makers onto Australian farmers, manufacturers, energy suppliers, households and other local businesses to cut harder and faster to meet Australia's emission reduction targets.

- Enables the achievement of the electric vehicle (EV) targets adopted in the majority of Australian states and territories i.e. at least 50% EV sales by 2030, which were recently endorsed by the Federal Government via inclusion in its National Electric Vehicle Strategy[2].

- Catches up to major global markets like the US and EU by, or ideally before 2030, in recognition of the fact that if Australia continues to remain behind, other countries will continue to be prioritised for the supply of low and zero-emissions vehicles.

- Recognises much of the technology already exists overseas but we need a standard that brings it to Australia, and therefore there is no excuse to follow a proportional reduction in emissions targets. We must aim to catchup this decade.

- Includes a penalty rate consistent with other major countries, after accounting for the broader design of the standard, including the overall stringency of targets and inclusion of any concessions/bonus credits.

[1] https://theicct.org/wp_content/uploads/2022/12/Australia_FE_standards_final.pdf
[2]https://www.dcceew.gov.au/sites/default/files/documents/national_electric_vehicle_strategy.pdf

2. Introduce a mandatory standard regulated by the Department of Transport:

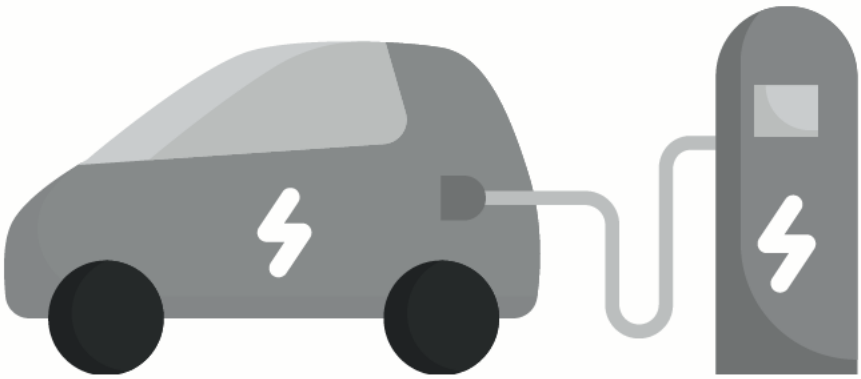
- Start during 2024 with targets set until at least 2030 to provide a clear signal to the new vehicle market.

- Allow for two reviews of the standard before 2030 in 2026 and 2029 to consider future targets, concessions/bonus credits, the penalty rate and other design features in response to emerging market conditions as well as progress against Australia's emissions reduction and EV sales targets.

- Provide certainty to the market by only varying targets three years ahead of the standard review year e.g. only targets for 2029 onwards would be reviewed in 2026; targets for 2032 onwards would be reviewed in 2029. See example outlined in the table below:

Review Year	NVES Target Period	Fixed targets (do not change)	Flexible targets (can be amended / must be set)
2023	2024-2030	2024, 2025, 2026, 2027, 2028	2029, 2030
2026	2026-2033	2026, 2027, 2028	2029, 2030, 2031, 2032, 2033
2029	2029-2036	2029, 2030, 2031	2032, 2033, 2034, 2035, 2036

- Include clear guidance on projected EV sales under the standard to inform the government's broader EV policy and confidence to secure further private investment in the EV industry.



3. Preference for a simpler, transparent standard:

- Fewer concessions/bonus credits will provide greater visibility of the true emissions rates of new vehicles for both car makers and consumers.

- A simpler design will also reduce the administrative burden for Government and car makers while accelerating the introduction of the standard.

- Car makers should be provided with the flexibility to bank, trade and pool credits with a carry-back period of two years, and a carry-forward period of three years – in line with a review of the standard taking place every three years.

- Off-cycle or air-conditioning credits should not be included. These concessions/bonus credits are largely being phased out overseas and provide free credits for features that are generally already included and/or will soon be required in Australian vehicles.

- Only consider technology super-credits where there is a clear need and justification for their inclusion to further encourage supply of low and zero-emission vehicle models in specific vehicle segments or price brackets. These credits must be minimal, temporary, capped and have a clear phase-out timeline - in line with global best practice.