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Department of Climate Change,
Energy, the Environment and Water
GPO Box 3090, Canberra ACT 2601
cleanercars@infrastructure.gov.au

Submission to the Fuel Efficiency Standard Consultation Paper

Thank you for the opportunity for Inner West Council to comment on the Fuel Efficiency Standard Consultation Paper.

Inner West Council supports the Government in developing a Fuel Efficiency Standard and the long-term vision set for the uptake of electric vehicles in Australia.

Electric vehicles are a key transport solution to reduce carbon emission and improve public health. The Inner West Council's Electric Vehicle Encouragement Vehicle is advocating for more affordable electric vehicles. A Fuel Efficiency Standard (FES) would encourage the uptake of electric vehicles by providing incentives to attract a wider variety of models, which will grow the number of electric vehicles in the secondhand vehicle market.

Council does not have the expertise to answer all the technical questions and has answered 13 of the 42 questions posed in the Consultation Paper. These are provided below. This submission has not been formally adopted by Council however it represents the combined comments of Council's Strategic Transport Planning and Sustainability Teams.

In setting this framework, Council wishes to ensure that, in encouraging EV uptake, it is also recognised that there is a need to continue encouraging active and public transport as preferred movement modes.

Principles for setting a fuel efficiency standard

Are these the right guiding principles? Are there other principles that you think we should keep in mind?

Council agrees with the guiding principles of the FES. An additional principle that should be taken into consideration is that any uplift of electric vehicles should not overtake the capacity of publicly accessible charging infrastructure. However, this emphasizes the importance of supporting the installation of public charging and assisting more people to charge at home. The rapid uptake of EVs is a critical step to address climate change and meet the National Net Zero targets. Reaching that target should not be constrained by lack of charging opportunities for EVs.

Design assumptions

Are there any design assumptions that you think will put at risk the implementation of a good FES for Australia?

Council supports the rest of the design assumptions except:

Apply to light vehicles – Other countries are currently being favoured by EV manufacturers and have faster EV uptake than Australia because of their FES. The dynamic environment of electric vehicles means that the technology will be able to make electric heavy vehicles more feasible and affordable. If Australia's FES only applies to light vehicles, we will be in the same position with heavy vehicles once the technology for electric heavy vehicle catches up. Australia should not close the door on this opportunity since road freight is the most popular form of freight in Australia.

Apply to vehicle suppliers, not motor vehicle dealers – this may cause discrepancies geographically, particularly in rural areas. The implications would be an uneven spread of charging facilities across Australia, making it difficult for EV owners to travel by car to these areas.

Are the exclusions for military, law enforcement, emergency services, agricultural equipment and motorcycles the right ones?

An Australian FES should encourage manufacturers to be innovative in delivering electric vehicles of all types. An incentive to develop electric models of vehicles that currently do not exist could encourage manufacturers to provide the right type of vehicles required in Australia. However, heavy vehicles, law enforcement, agricultural equipment and motorcycles should not be excluded as these already have electric models.

FES design features

Are there any particular FES features that you think we need to take particular care with?

When setting a CO₂ target, the FES should take into consideration the growth of electric charging infrastructure in Australia to ensure that there is adequate infrastructure to support the uptake of electric vehicle charging. The targets should aim for a staged decrease in CO₂ emissions, until it reaches net-zero in 2050. This allows for long term planning of achievable annual goals before 2050.

The FES should also commence as soon as possible, considering that most developed countries have a FES and manufacturers are familiar with the process.

The average annual emissions ceiling

What principles we should consider when setting a CO₂ target, and how far ahead targets should be set? More technically, what should the FES average annual emissions ceiling (CO₂ target) be?

Please refer to the response above.

Should the Australian FES start slow with a strong finish, start strong, or be a straight line or take a different approach?

From a strategic point of view, a slow start with a strong finish will allow for infrastructure to catch up, allow for any kinks to be worked out, and allow for community to adjust to a FES easier.

How many years ahead should the Government set emissions targets, and with what review mechanism to set limits for the following period?

The FES should set incremental milestones roughly every 5 years until net-zero 2050. The review should look at both CO₂ emissions and infrastructure growth for a seamless transition to EV.

How should the Government address the risks of the standard being found to be too weak or too strong while it is operating?

A review should be done annually once the FES has commenced to work out any risks. Flexibility mechanisms that were mentioned including credit banking, transferring and pooling should be used to average out all manufacturer's targets. To ensure the standard isn't too weak, an expiry date should be applied to credits.

Should an Australian FES adopt a mass-based or footprint-based limit curve?

BEVs are generally heavier than their ICE counterparts. A mass-based limit curve should be adopted to reduce the damage on our roads.

Should an Australian FES adopt two emissions targets for different classes of vehicles?

No, Australia has high 4WD and SUV sales. Different emissions targets for different classes of vehicles may not have the same impact environmentally as expected from implementing a FES.

Are there other policy interventions that might encourage more efficient vehicle choices?

It would be worthwhile considering encouraging the conversion of some types of popular, high emission vehicles to electric, especially for those models where there are currently few affordable EV alternatives. For example, Australia has a high proportion of utes (many diesel powered) which generally do not travel significant distances on a daily basis. There are affordable conversion options available for some of the more popular models. By converting utes to EVs, their operational life can be extended, their fuel efficiency is dramatically increased and it has the effect of

removing fossil-fuelled vehicles from the national fleet without those same vehicles cycling through the second-hand vehicle market for many more years. By supporting these conversions until affordable EV ute models become available, two objectives are achieved: more efficient vehicles and a more rapid change of the national fleet to EV. Support could be in the way of a rebate for all or part of the cost and could be limited to 5 years or so, after which more affordable ute models should be available in Australia. This measure would encourage ute owners to convert their existing vehicles rather than replace them with high emissions petrol/diesel vehicles which will persist in the second-hand market.

Bonus credits for new/innovative technologies

Should an Australian FES include multiplier credits for LZEVs?

There are potential risks in including multiplier credits for LZEVs. Many electric models are currently available internationally and not in Australia. A multiplier credit might encourage an uptake of electric vehicles that surpasses the capacity of our EV charging infrastructure.

Should an Australian FES include credits for using low global warming potential air conditioning refrigerants, and if so, for how long should this credit be available?

No. As discussed in the FES consultation paper, air conditioning refrigerants are already slated for phasedown under the Montreal Protocol. However, to aid consumers and to incentivise dealers and manufacturers, vehicles could be given a star rating, similar to appliances, that take account of the GWP of the refrigerant used with a higher star rating with those with a low GWP. Alternatively, it could be required to display on the vehicle the GWP of the refrigerant.

Note – *this submission has been prepared by Council's Strategic Transport Planning and Urban Sustainability Teams on behalf of the Inner West Council, and is in accordance with Council's strategic policies, however it should be noted that the submission has not been formally adopted by Council Resolution.*

Thank you again for the opportunity for Inner West Council to comment on the Fuel Efficiency Standard Consultation Paper.

Sincerely,

Strategic Transport Planning Team and Urban Sustainability Team

Inner West Council