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AUSTRALIA

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

The University of Queensland welcomes the opportunity to provide input into the development of the Federal Government's Fuel Efficiency Standard for new light vehicles, which will be critical to reducing emissions and providing fuel savings by increasing the supply of low and zero-emissions vehicles in Australia.

We support the Electric Vehicle Council's position that this regulation should be called a New Vehicle Efficiency Standard (NVES) to more accurately reflect the intention of the policy and provide clarity that it does not apply to existing vehicles and/or fuel. Please note the remainder of our 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 acknowledge the necessity of adopting a comprehensive approach to address 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 targets.

The University of Queensland supports the Electric Vehicle Council (EVC)'s position that a robust, credible and globally competitive NVES, that aims to catch up with global markets like the EU, US and NZ 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.

We welcome the Federal Government's development of an ambitious NVES, and outline in this submission our key recommendations for consideration when designing this standard.

Key recommendations for an Australian New Vehicle Efficiency Standard

A central measure of the recently released National Electric Vehicle Strategy is a commitment to the introduction of a NVES for light vehicles which is consistent with standards in advanced markets and makes a strong contribution to meeting Australia's emission reduction targets.[1]

An ambitious NVES would encourage manufacturers to introduce more fuel-efficient vehicles into the Australian market, including a greater number of EV models. This measure is an essential requirement for expanding the availability of fuel-efficient and EV models for Australian businesses and households, in both our regions and urban settings.'

In developing a NVES, we propose the following be considered:

1. **Deliver a globally competitive standard for Australia:**

   - Develop a globally competitive standard for Australia that supports the government's emissions reduction targets by reducing transport emissions approximately equal with, but preferably lower than 2005-levels by 2030.

[1] https://www.dcceew.gov.au/s tes/defau t/f es/documents/nat ona e ectr c veh c e strategy.pdf

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- Ensure that the transport sector plays an equitable role in emissions reduction, rather than shifting the burden onto other sectors, local businesses, and households.
- Enables the achievement of EV targets in Australian states and territories, including at least 50% EV sales by 2030, which were recently endorsed in the National Electric Vehicle Strategy.
- Catch up with major global markets by, or ideally before 2030, to ensure Australia is not left behind in the supply of low and zero-emissions vehicles. The longer Australia takes to catchup, the longer our market will remain a lower priority for the supply of these vehicles.
- Include a penalty rate consistent with other major countries, based on the standard's design, the stringency of targets, and any concessions/bonus credits included.

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

- The Department of Transport should introduce a mandatory NVES in 2024.
- The standard should have targets set until at least 2030 and be subject to two reviews before 2030 – nominally in 2026 and 2029.
- Targets for the standard should only be varied three years ahead of the standard review year to provide market certainty.
- The government should provide clear guidance on projected EV sales under the proposed NVES to inform broader EV policy and secure further private investment in the EV industry.

3. Preference for a simpler, transparent standard:

- A simpler and transparent standard for new vehicles is preferred with fewer concessions/ bonus credits.
- This will provide better visibility of emissions rates for car makers and consumers, reduce the administrative burden and speed up the introduction of the standard.
- Provide the ability for car makers 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, and technology super-credits should only be used when necessary.
- Any concessions/bonus credits should be minimal, temporary, capped, and have a clear phase-out timeline – in line with global best practice.

4. Recognise Australia is a dynamic and attractive new vehicle market:

- Many new car makers have entered the market to meet the increasing demand for low and zero-emission vehicles.
- The market is expected to change significantly in the future, regardless of the standard design.
- The standard must be designed around the ability of the market as a whole to meet the government’s annual targets, not catering to the needs of individual car makers.
- The government should strive for an ambitious New Vehicle Efficiency Standard (NVES) that reduces fuel costs and enhances national security by reducing dependency on foreign fuel.

5. **Acknowledge different segments of the new vehicle market are likely to transition at different rates but should aim to reach the same end goal by:**

   - Setting one set of targets for passenger cars (MA) and another set for off-road SUVs (MC) and light commercial vehicles (NA).
   - Setting different targets for different size vehicles via a mass limit curve.
   - Ensuring the use of a mass limit curve does not incentivise supply of heavier vehicles or disincentivise the supply of light vehicles by setting relatively flat slopes.
   - Minimising the difference between the two sets of targets to prevent a shift towards larger, less efficient, and generally less safe vehicles.
   - Ensuring that both sets of targets adopt an overall trajectory consistent with the same end goal of over 95% of new vehicles sold being EVs by the mid-2030's to support the achievement of the government's net zero target by 2050 – in line with recommendations by the International Energy Agency[2], Energy Transitions Commission[3], International Council on Clean Transportation[Error Bookmark not defined.], and other experts[4].

6. **Government should establish a reporting framework that reduces administrative burden by:**

   - An independent source of new vehicle sales data that is managed by the government is critical to the integrity and auditability of an Australian NVES.
   - This database could be used by government to provide transparent, publicly available new vehicle sales data, to enable emissions tracking, and to inform broader EV policy.
   - Providing car makers with real-time clarity on their progress against targets, similar to New Zealand's Clean Car Standard System.[5]

7. **Be complemented by other policy measures that:**

   - Harmonise Australian vehicle standards with international standards to facilitate the importing of new vehicles at a lower cost. This includes updating Vehicle Type Approval requirements in Australia to allow direct acceptance of type-approved vehicles from global major markets in full volume supply under the Road Vehicle Standards Act (RVSA).
   - Accelerate the adoption of low and zero-emission vehicles in fleets to create a strong, second-hand market of affordable options.
   - Increase the number of new vehicles sold in Australia to accelerate fleet turnover, further reduce transport emissions, and lead to a greater number of models for all Australians.
   - Consider targeted incentives for farmers, tradies, remote communities and other groups with specific transport requirements to support and facilitate the adoption of low and zero-emission vehicles nationally.

The establishment of a robust, credible and globally-competitive NVES will play a crucial role in facilitating the transition to electric vehicles (EVs) and ultimately achieving the decarbonisation of Australia's transport sector.

We look forward to the Australian Government working towards the introduction of this critical standard by 2024.

If you have any questions on this submission, please do not hesitate to contact Dr Kai Li Lim (St Baker Fellow in E-Mobility) [redacted]

[2] https:// ea.b ob.core.w ndows.net/assets/dacf14d2 eabc 498a 8263 9f97fd5dc327/GEVO2023.pdf
[3] https://www.energy trans t ons.org/wp content/up oads/2020/09/Mak ng M ss on Poss b e Fu Report.pdf
[4] https://transportfacts.org/
[5] https://www.nzta.govt.nz/assets/resources/c ean car standard ccs user gu des/C ean Car Standard system Veh c e management gu de.pdf

Yours sincerely,

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