

## ACEA'S VIEWS ON AUSTRALIA'S NEW VEHICLE EFFICIENCY STANDARD

Brussels, 4 March 2024

Australia, distinguished among developed countries for its unique automotive landscape, stands out as an exception where vehicles are not obligated to adhere to any specific fuel efficiency standards. The proposed New Vehicle Efficiency Standard (NVES) initiative, as introduced by the Federal Government, marks a significant leap towards environmental sustainability and aligns with the global efforts to address climate change through responsible and efficient automotive practices.

ACEA members, represented through local Australian subsidiaries, have long supported the introduction of a national strategy that provides clear market direction that enables greater model availability and market investment. The introduction of vehicle emissions and transition targets will provide industry with certainty on which to base future product decisions.

The recently released "Australian New Vehicle Efficiency Standard Consultation Impact Analysis" assesses proposed NVES measures, emphasizing exhaust emissions regulation over fuel consumption. The analysis delves into the associated costs and benefits of various options, presenting three emission limit scenarios and specific standards for both "Passenger" and "Light Commercial" vehicles. Australia's approach showcases a nuanced consideration of diverse vehicle types.

ACEA acknowledges and supports Australia's commitment to a more sustainable automotive future, anticipating the positive effects of the NVES in the run up to 2030.

Nevertheless, there are several considerations that need to be taken on board when making the final decision:

- The prerequisite to achieve ambitious CO2 targets across Australia is a supporting EV ecosystem, including, as a priority, a comprehensive, interoperable and integrated charging infrastructure network. EV infrastructure roll-out and the future CO2 targets should be linked in a way that the CO2 targets and related necessary EV ramp-up form the basis for binding and similarly ambitious targets for EV infrastructure roll-out. We strongly suggest to adopt an approach following the systematics of the EU Alternative Fuel Infrastructure Regulation.
- The proposed application date of January 2025 is deemed hasty, considering the regulatory oversight mechanisms such as the management of fines and credit transfers, and the lead time required for implementing these mechanisms. Unifying exhaust gas regulations and test methods can reduce the burden on OEMs when seeking approval, eliminating the need for fuel efficiency corrections due to differences in test cycles.

- Flexibilities should be taken into account to reach given targets and to align with future economic and social development. This may include:
  - Implementation supportive measures for uptake of zero and low emission vehicles, such as super-credits or multiplier system;
  - Off-cycle credits (so called “eco-innovations” in Europe) that contribute to CO2 reduction during actual vehicle use;
  - Credit pooling and trading system;
  - Establishment of special provisions for low volume importers/manufacturers in view of their limited range of models and less capacity to develop new models to meet the standards;
  - Re-considering the penalty levels;
  - Reconsideration of the decarbonization pathway for the light commercial vehicles given their specificities and impacts on the users (especially SMEs) and dedicated needs for electrification especially with respect to the recharging and refuelling infrastructure needs.
- As a general concern, the proposed pace of implementation risks impacting consumer affordability. The required investment and lack of time to alter line-ups to avoid penalties mean that there is a high chance that increased costs will need to be reflected in higher vehicle costs.
- Establishing binding quotas for the ramp-up of electric vehicles in addition to NVES targets is not seen appropriate .

ACEA is optimistic that above mentioned considerations can be incorporated into final pathway/modified option to provide appropriate preparation time for OEMs to alter line-ups and the addition of measures that will incentivise both OEMs and consumers to invest in the latest zero- and low-emission technologies.

ACEA calls upon the Australian government to work collaboratively with local OEMs on the formulation of their New Vehicle Efficiency Standard (NVES). Collaborative efforts in adopting these suggestions will ensure the objectives of the NVES to enhance the environmental sustainability of the automotive sector whilst increasing the availability and affordability of vehicles for Australians are met most effectively. ACEA values the opportunity for continued dialogue and cooperation with Australia in striving towards a more efficient and eco-friendly future for the automotive industry, fostering a positive impact on both our regions and the planet at large.

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# Organisation questionnaire response

**Privacy Setting:** I agree for my response to be published with my name and position.

<b>What organisation do you represent?</b>  (required)	ACEA - European Automobile Manufacturers Association
<b>What is your name?</b>  (required)	Petr Dolejsi
<b>What is your position at the organisation?</b>  (required)	Director Mobility and Sustainable Transport
<b>Please rank the proposed options in order of preference.</b>  (optional)	Option A - 0th, Option B - 0th, Option C - 0th
<b>Briefly, what are your reasons for your choice?</b>  (optional, 3000 character limit)	NULL
<b>Do you support the Government's preferred option (Option B)?</b>  (optional)	NULL
<b>Do you have any feedback on the analysis approach and key assumptions used?</b>  (optional, 3000 character limit)	NULL
<b>Briefly, describe how the NVES might impact your organisation</b>  (optional, 3000 character limit)	NULL
<b>Who should the regulated entity be?</b>  (optional, 3000 character limit)	NULL