Union Française de l'Électricité

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Position Paper

Mobility Packages I and II

Today, greenhouse gas emissions from the transport sector account for almost a quarter of European emissions, almost three-quarters of which are emitted by road transport. The transportation sector is the only one whose emissions have increased steadily since 1990[1]. At the local level, air pollution, a problem that European cities are increasingly tackling, is responsible for 400,000 premature deaths per year[2]. Some other health consequences due to the transport sector, such as noise, are also often neglected, estimated at 40 billion euros per year by the European Environment Agency. Now more than ever, Europe must resolve this triple equation in order to reconcile mobility and environment.

[1] Source : Eurostat, Climate change – driving forces, 2017
[2] Source : European Environment Agency

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Nevertheless, positive signals have emerged in recent years to encourage the development of more environmentally-friendly mobility (climate, air and noise). Electric mobility is now identified as a solution of the future for several reasons:

1. At the tail-pipe, electric vehicles emit neither CO2 nor particles. In addition, they are very quiet and, in terms of energy, the electric traction chain is more efficient than the thermal chain.

2. With regard to electricity generation, the European electricity industry has committed to become carbon-neutral well before mid-century[3];

3.The fast-pace decrease in battery costs[4] and the first positive feedback on battery life expectancy give rise to the expectation that electric vehicles will be cheaper than their thermal counterparts in the near future;

4. The French electricity industry has already stated on several occasions that the electrical system is able to integrate the development of electric mobility[5];

5. Finally, the significant development of electromobility in certain parts of the world, particularly in China and Scandinavian countries, has given credibility to a policy of massive electrification of transport in Europe.

To meet these challenges, Europe published in 2017 the "Europe on the move" and the “Clean Mobility” legislative packages, which must accompany with ambition the transformation of the transport sector in order to shift transport towards a low-carbon approach. **This is why Europe's signals for low GHG and low-particle mobility need to be strong**. In particular, the CO2 reduction targets for transport must be consistent with the ambition of carbon neutrality in 2050. Demand and supply must also be stimulated at the same time: while car manufacturers must be encouraged to develop low-emission vehicles, public authorities must set an example with targets for purchasing clean vehicles that drive the market upwards. Low-emitting vehicles must be given advantages in use. To achieve this, Europe must give cities and territories the means to achieve their mobility ambitions. Finally, the European network of electricity charging point infrastructures, which has a collective interest for the society but which is not necessarily profitable from a private point of view, must be encouraged by dedicated funding.

[3] Source : Eurelectric, Vision of the European Electricity industry, 2017

[4] The cost of lithium-ion batteries decreased by about 20% each year between 2010 and 2016. Source: Bloomberg, Lithium-ion battery costs and market, 2017.

[5] *"Excessively pessimistic visions about the ability of networks to support the development of electric vehicles are sometimes put forward. These visions do not seem to be confirmed: if it is efficiently piloted, the rise in electric mobility is "manageable" for the electrical system according to the desired timetable."* RTE, Forecast Balance Sheet 2017.

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Eurovignette Directive

In its first package on road transport (May, 31st 2017), the Commission published its proposal for a revision of the Directive on the charging of heavy goods vehicles for the use of certain infrastructures (2017/0114 (COD)), known as the "Eurovignette Directive". The revision of the Eurovignette Directive is a structuring legislative proposal for the electricity sector as it seeks to promote the use of vehicles with low negative externalities.

UFE welcomes the European Commission's proposal to extend the scope of this directive to all types of vehicles, whereas until now they only concerned heavy duty vehicles. UFE also welcomes the Commission's proposal to correlate toll pricing with the level of CO2 emissions and pollutants from vehicles. Zero emission vehicles would in particular benefit from a discount of at least 75% off the maximum price. The European Commission's proposal also allows Member States to include other negative externalities in their charging mechanisms (noise pollution, infrastructure congestion, etc.), which UFE supports.

Furthermore, the Commission proposes to earmark revenues related to congestion taxation (i. e. congestion in road networks) to alleviate congestion, for instance through the promotion of public transport and the development of alternative transport infrastructure. Following the earmarking of revenues linked to congestion taxation, **UFE suggests allowing Member States to earmark revenues from the taxation of air pollution as well as revenues from the taxation of noise pollution towards the promotion of public transport and the development of alternative infrastructures**.

Finally, in line with the "polluter pays" principle, **UFE also recommends making it mandatory to tax the negative externalities of heavy goods vehicles**.

Clean Vehicles Directive

In its second package (November 9th, 2017), the Commission published its proposal for a revision of the Clean Vehicles Directive. The aim of this text is to increase the share of low-emission vehicles in public tenders.

However, as it stands, this draft directive will probably neither enable the market for low-emission vehicles to take off by providing an ambitious long-term signal to transport operators, nor improve air quality in urban areas through the promotion of low-emission vehicles. Indeed, while the Directive's low-emission vehicle acquisition targets are supposed to drive the market upwards (35% for France in 2030)[6], they are below certain market forecasts[7] and insufficient to achieve the European decarbonisation targets for 2030. At best, governments would therefore not be in a position to initiate the market for low-emission vehicles, and at worst, governments would be lagging behind in the market. The value of the directive is therefore greatly diminished. **For this reason, UFE recommends at least doubling the targets for public procurement of low-emission vehicles, which would represent a 70%-target for France**.

[6] France has already set the target of 50% of low-carbon vehicle acquisitions in 2030.

[7] For example, ING forcasts more than 50% market share for electric vehicles in 2030. ING, Breakthrough of electric vehicle threatens European car industry, 2017

In particular, the development of the electric bus market, which is essential for improving air quality in urban areas, is mainly initiated by public procurement.

The development of a European market for low-emission buses is therefore directly correlated with the acquisition decisions of public authorities. The need to improve air quality in urban areas and the need to transform the supply of electric buses requires an increase in bus acquisition targets by 2030. European electric bus market is lagging behind the Chinese one: in 2016, 160,000 electric buses were sold in China, compared to a total of 1,273 units in Europe. Finally, mobility automation depends first and foremost on autonomous electric buses, as they are economical to use and often use the same routes. A strong signal on low emission buses could thus accelerate the development of autonomous buses. **UFE therefore recommends that the targets for the acquisition of low emission buses by public authorities in 2030 should be increased to 100%**.
In addition, although UFE welcomes the extension of the scope of the Directive (in particular to leased or rented vehicles), **UFE also recommends that taxi services and households little collection be included**.

Regulation on CO2 standards for light duty vehicles

This text, also published in the second package of November 2017, aims at facilitating the reduction of unitary CO2 emissions from vehicles and to set up support mechanisms for zero-emission vehicles.
In general, UFE regrets the low targets and mechanisms proposed: the Commission's project aims at reducing the average CO2 emissions of the European car fleet (passenger cars and new light commercial vehicles) by 30% between 2021 and 2030. This objective is not ambitious enough to put the European automotive sector on the path of carbon neutrality in 2050. Indeed, it must be remembered that, while average vehicle emissions have decreased in recent years, the number of vehicles on the road has kept increasing. Every year, CO2 emissions from the transport sector in Europe increase. **This is why UFE recommends significantly increasing the fleet's CO2 emission reduction targets**.
The Commission wants to set a target for car manufacturers to reduce CO2 emissions by 30% on the fleet of new vehicles by 2030. If a manufacturer achieves this target, the European Commission proposes to grant it a 5% CO2 emission bonus for its remaining sales (art. 4), which is not in line with the EU's climate ambition. **UFE is therefore opposed to this bonus system**.

As CO2 emission standards are calculated on the basis of the average fleet of new vehicles, the sale of low-emission vehicles is an important lever for achieving the average CO2 emission targets. **Instead of this measure, UFE proposes to introduce ambitious sales quotas for low-CO2 emission and air pollutants vehicles by car manufacturers, as well as penalties when these quotas are not met**. This system would make it possible to boost and give credibility to the supply of low-emission vehicles from European manufacturers, which is currently not the case, as there are no penalty for manufacturers that do not meet their sales targets for low-emission vehicles.