

July 2023

## UFE's position paper on the [recast of the Regulation on Performance Standards for Heavy-Duty Vehicles, Buses, and Coaches](#)

UFE, the association representing the French Electricity Industry welcomes the European Commission's proposal to revise the Regulation on Performance Standards for Heavy-Duty Vehicles, also called CO2 Performance standards for heavy-duty vehicles. This sends a positive signal to accelerate the decarbonisation of the transport sector. While heavy-duty trucks represent only 2% of the vehicles on European roads, their climate emissions account for more than a quarter of the EU's road transport emissions and have been increasing continuously over the past decade.<sup>1</sup> Road transport and heavy-duty vehicles are also one of largest sources of particulate matter (PM) and nitrogen oxides (NOx) emissions, which the European Environment Agency estimates to cause 350,000 premature deaths per year in the EU<sup>2</sup>. With regard to this, it is crucial to ensure that the revision of the Regulation conciliates the heavy-duty transport segment with the goal set by the European Green Deal to reach climate neutrality by 2050.

### **The Regulation must provide a clearly defined pathway to the full decarbonisation of the sector**

The Commission proposal sets CO2 performance requirements for new heavy-duty vehicles as follows:

- A reduction of 15% between 2025 and 2029 compared to the reference period.
- A reduction of 45% between 2030 and 2034 compared to the reference period.
- A reduction of 65% between 2035 and 2039 compared to the reference period.
- A reduction of 90% after 2040 compared to the reference period.

With Europe aiming to be the first climate neutral continent, the ambition of the regulation must be enhanced. In other words, a defined pathway towards the complete decarbonisation of the heavy segment

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<sup>1</sup> UNFCCC (2019). GHG data from UNFCCC. [Link](#).

<sup>2</sup> EEA (2021). Sources and emissions of air pollutants in Europe. [Link](#). Health impacts of air pollution in Europe. [Link](#).

of the transport sector must be part of the revision of the Regulation. This would accelerate the rollout of decarbonised solutions, consistently with the pace of decarbonation of electricity, in a context of energy crisis. Technology improvements and existing mechanisms and regulatory flexibility will enable truck manufacturers to overachieve the 15% reduction set for 2025<sup>3</sup>. Given the short timeline, the target set for 2025 should be preserved.

**The Commission proposal to achieve a 90 % GHG emission reduction by 2040 for all vehicles targeted by the Regulation shows a significant lower level of ambition than previously announced, which risks deviating the sector from the target set by the Green Deal.** The announcements made by the main heavy-duty vehicle manufacturers<sup>45</sup> (Renault Trucks<sup>6</sup>, IVECO, Scania, Volvo Group<sup>7</sup>...) to reach carbon neutrality by 2040 send a positive signal which should be acknowledged and pushed further by the revised Regulation.

**Indeed, knowing that the average lifespan of a heavy-duty vehicle is 14 years, all trucks registered after 2035 should be zero-emission in order to ensure climate neutrality at the European level by 2050, in line with the European Green Deal.** Therefore, the current target set for 2030 should be increased to avoid any significant gap between the goal set for 2030 and 2035. This would also provide manufacturers predictability and sufficient incentives to accelerate the deployment of less polluting trucks. **UFE recommends that the revised Regulation includes the following calendar and the following targets:**

- **By 2028, heavy-duty vehicles should emit 30% less CO2 emissions than the reference period.**
- **By 2030, heavy-duty vehicles should emit 65% less CO2 emissions than the reference period.**
- **By 2035, all newly registered heavy-duty vehicles should emit 90% less CO2 emissions than the reference period.**

This new calendar would secure a linear CO2 emission reduction pathway.

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<sup>3</sup> Transport & Environment. “Easy Ride: why the EU truck CO2 targets are unfit for the 2020s”. October 2021. [Link](#)

<sup>4</sup> ACEA. “All new trucks sold must be fossil free by 2040”. December 2020. [Link](#)

<sup>5</sup> The International Council On Clean Transportation. « THE EUROPEAN HEAVY-DUTY VEHICLE MARKET UNTIL 2040: ANALYSIS OF DECARBONIZATION PATHWAYS ». January 2023. [Link](#)

<sup>6</sup> Renault. « Nos engagements pour réduire les émissions de CO2 ». March 2022. [Link](#)

<sup>7</sup> Volvo. « Volvo leads the booming market for electric trucks ». February 2023. [Link](#)

### **The target set for urban buses should be reached earlier owing to mature technology**

The previous Regulation established CO<sub>2</sub> performance standards for four different groups of heavy-duty vehicles that account for around 65% to 70% of all CO<sub>2</sub> emissions from the Union fleet of heavy-duty vehicles. The French Electricity Industry welcomes the inclusion of buses and coaches within the scope of the revised Regulation. As the decarbonised technology are becoming more mature, **UFE recommends the following targets:**

- **Urban buses should reach a 100% CO<sub>2</sub> emission reduction by 2028 instead of 2030 as proposed by the Commission.**
- **Coaches should reach a 90% CO<sub>2</sub> emission reduction by 2035 instead of 90% by 2040 as proposed by the commission.**

While reducing the CO<sub>2</sub> emissions of those groups of vehicles, such a provision would also bring substantial public health benefits by lowering the amount of particulate matters (PM) emitted.

### **Zero-emission heavy-duty vehicles should be considered as the sole technology to reach the carbon neutrality of the sector**

Before the new proposal from the Commission, zero-emission heavy-duty vehicles were defined as heavy-duty vehicles without an internal combustion engine or with an ICE that emits less than 1g CO<sub>2</sub>/kWh. The new proposal of Regulation suggests that zero-emission trucks shall include trailers with a device that supports their propulsion without or with a combustion engine that emits less than 5g CO<sub>2</sub>/kWh. **The French Electricity Industry regrets this broader definition as polluting technologies could be considered as zero-emission heavy-duty vehicles.**

On the other hand, low-emission heavy-duty vehicles encompass all types of heavy-duty vehicles that emit *at least* twice as less CO<sub>2</sub> emissions as the categories of vehicles they belong to in the Regulation. These low-emission heavy-duty vehicles would slow down the transition to a more electrified transport system which represents one of the most efficient technologies to decarbonise the transport sector. The recognition of low-emission heavy-duty vehicles as a solution to decarbonise the sector would put in competition different technologies which have different abilities to decarbonise the sector. For instance, an electrified truck using decarbonised electricity will contribute more to the decarbonisation of the sector than a low-emission heavy-duty vehicle.

If the revised Regulation includes higher targets and a new calendar, the low-emission heavy-duty vehicles should not be considered as a transitional technology given the short timeline. By recognizing a middle-step solution that should be restricted before 2035, the inclusion of low-emission heavy-duty

vehicles in the revised Regulation would send a negative signal to industrial manufacturers which should prioritize right now the most efficient technologies to decarbonise the transport sector. In other words, by 2035, those vehicles would turn into stranded assets owing to their lower capacity to decarbonise the transport sector compared to zero-emission heavy-duty vehicles. **UFE recommends to include within the Regulation a calendar to gradually phase out low-emission heavy-duty vehicles with an objective of 90% CO2 emission reduction by 2035 for all newly registered heavy-duty vehicles. This would give predictability and incentivise manufacturers to sell zero-emission heavy-duty vehicles after 2035 and would also account for a regulatory coherence with the CO2 Standards for cars and vans file that set an objective of 100% CO2 emission by 2035.**

To reach those new targets, UFE recalls however that the Union needs **further ambition and investments in the electrification of mobility**, in particular for heavy-duty vehicles. The Union shall notably make sure that:

- The ongoing revision of the electricity market design creates an adequate framework to incentivise all types of low-carbon electricity production;
- Transporters have sufficient capacity or are supported to buy the corresponding equipment and;
- Distribution operators benefit from a regulatory framework that take into account the investments to reinforce the grid.

In order to bring more consistency with the climate neutrality objective, the technology neutrality principle must also be coupled with an energy efficiency first principle to acknowledge the most mature and efficient technologies.

### **The Energy Efficiency First principle must be recognized within the Regulation**

The Regulation is currently based on the technology neutrality principle and equally recognizes heavy-duty-vehicles with or without an internal combustion engine. This implies that electrified batteries and other technologies such as hydrogen and carbon neutral fuels are equally contributing to the reduction of the dioxide carbon emitted per tonne-kilometre. However, electrified trucks come with substantial benefits that go beyond the sole decarbonation of the transport sector. Indeed, the rollout of electrified heavy-duty vehicles will require the deployment of charging infrastructures which could contribute to the flexibility of the electricity grid owing to the vehicle-to-grid technology (V2G). As the Alternative Fuels Infrastructure Regulation, currently under negotiations, is providing requirements for heavy-duty vehicle charging points, smart and bidirectional charging, it is worth noted that the grid will be able to provide decarbonised and renewable electricity to the transport sector.

**The fuel credit-mechanism should progressively disappear to incentivize all manufacturers to decarbonise their fleet**

Article 7 of the Regulation provides a disposition regarding the fuel credit and debt mechanism. This allows manufacturers who are more ambitious than their respective initial CO2 emission reduction trajectory to be rewarded for their additional efforts with credits that can be sold to manufacturers underperforming in their CO2 emission reduction trajectory. **UFE advocates for a removal of this mechanism as this could encourage manufacturers to rely on it instead of deploying decarbonised solutions.** The efforts to reach a fully decarbonised heavy-duty segment of the transport sector should be collectively pursued.