

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The automotive sector is of particular importance for the EU, providing jobs for more than 12 million people in manufacturing, sales, maintenance and transport. The EU car industry as part of the global automotive sector is currently facing fundamental transformations. Digitalization and automation are altering traditional manufacturing processes. Innovation in electrified power trains, autonomous driving and connected vehicles constitute major challenges which may fundamentally transform the sector. In addition, the share of the EU car market in global sales has declined in the last decade from around a third to around 20%, putting additional pressure on EU industry to reach out to new markets.

Following the Paris Agreement[[1]](#footnote-2), the world has committed to move towards a low-carbon economy. Many countries are now implementing policies for low-carbon transport, including vehicle standards, often in combination with measures to improve air quality. Until now, the CO2 emission reduction standards for cars and vans in place in Europe have represented a fundamental tool to push for innovation and investments in low carbon technologies. But today, in the absence of tighter standards for the period beyond 2020, the EU risks losing its technological leadership in particular with respect to zero/low emission vehicles, with the US, Japan, South Korea and China moving ahead very quickly.

China has just introduced mandatory quotas for zero/low-emission vehicles for car manufacturers from 2019 on. In the US, California and nine other States have successfully established a regulatory instrument to enhance the uptake of zero/low-emission vehicles. The strategic importance of zero/low emission vehicles for car manufacturers is underpinned by numerous recent announcements that the share of electrified powertrains in their global sales will significantly increase in the coming years. The EU automotive industry must become a global leader in these new technologies, as is currently the case with conventional car technologies.

Consumers in the EU miss out on possible fuel savings under the current regulatory framework. According to the evaluation of the current CO2 Regulations, the fuel savings resulting from the CO2 standards significantly outweigh the additional purchase cost but lifetime fuel expenditure savings have been lower than anticipated, primarily because of the increasing divergence between test cycle and real world emissions performance. If the 'emissions gap' is reduced and technologies delivering fuel savings under real world conditions are fitted to new vehicles, consumers would benefit even more.

The Commission's European Strategy for Low-Emission mobility[[2]](#footnote-3), published in July 2016, sets the ambition that by 2050 greenhouse gas (GHG) emissions from transport will need to be at least 60% lower than in 1990 and firmly on the path towards zero. Air pollutant emissions from transport need to be drastically reduced without delay. The Strategy also made clear that the deployment of low- and zero-emission vehicles would need to increase in order to gain significant market share by 2030 and set the EU firmly on the long-term trajectory towards zero-emission mobility.

The Strategy was, in a first step, implemented by the May 2017 Communication 'Europe on the Move: An agenda for a socially fair transition towards clean, competitive and connected mobility for all'[[3]](#footnote-4). It makes clear that the EU aims for the best low-emission, connected and automated mobility solutions, equipment and vehicles to be developed, offered and manufactured in Europe and to have in place the most modern infrastructure to support them. The Communication underlines that the EU must be a leader in shaping on-going changes in the automotive sector at a global level, building on the key progress already made.

The current CO2 emission standards for cars and vans until 2020/21 have contributed to significantly reduce CO2 emissions from light duty vehicles.[[4]](#footnote-5) However, with current implemented policies GHG emissions are not expected to sufficiently decrease to reach the 2030 EU target of at least 40% emission reduction compared to 1990. Road transport was responsible for 22% of EU GHG emissions in 2015 with a steady increase of this share since 1990. Cars and vans accounted for 73% of road transport GHG emissions in 2015.

While the transport sector has considerably reduced its emissions of air pollutants in the EU over the last decades, it remains the largest contributor to NOx emissions. Zero-emission vehicles do not only contribute to the reduction of CO2 emissions from road transport, but also deliver benefits in terms of air pollutant emission free transport.

This proposal sets cost-effective CO2 emission reduction targets for new light-duty vehicles up to 2030 combined with a dedicated incentive mechanism to increase the share of zero/low-emission vehicles. This will ensure that the EU automotive industry maintains its technological leadership, thus strengthening its competitiveness, and stimulate employment. It will also reduce fuel consumption costs for consumers. It will at the same time contribute to the achievement of the EU's commitments under the Paris Agreement. The incentive mechanism to increase the share of zero/low-emission vehicles will in particular contribute to the reduction of air pollutants and in turn increase air quality with public health benefits. It complements on-going efforts to address air quality problems at urban, regional, and national level.

More specifically, it will provide a clear signal and predictability for industry to invest, stimulate employment, foster innovation and competitiveness. In addition, it will accelerate the deployment of zero/low-emission vehicles and the development of fuel efficient technologies in the EU and thus provide the basis for maintaining the EU automotive industry's success in global markets. Supported by the necessary flanking measures at EU and national levels, investments in charging infrastructures are expected to take place.

New dedicated governance mechanisms will ensure that CO2 emission and fuel consumption values remain representative of the values experienced by consumers on the road. The proposal also ensures that efforts among the manufacturers are fairly distributed.

This proposal is part of a broader mobility package which includes demand-side actions supporting the supply-side measures of this proposal. Directive 2009/33/EC on the promotion of clean, energy-efficient road vehicles seeks to stimulate the market for clean, energy-efficient vehicles. The proposed amendment ensures that the Directive covers all relevant procurement practices, that it provides clear, long-term market signals and that its provisions are simplified and effective to use. It should improve the contribution from the transport sector to the reduction of CO2 and air pollutant emissions and to competitiveness and growth of the sector.

The Alternative Fuels Infrastructure Directive addresses the provision of common standards on the internal market, requirements for appropriate minimum infrastructure, to be developed through national policy frameworks, and consumer information on the compatibility of fuels and vehicles. The Action Plan on Alternative Fuels Infrastructure outlines a set of recommendations to reinforce implementation of National Policy Frameworks (NPFs) under the Directive and improve planning and financing of inter-operable fuels infrastructure.

A battery initiative shall help to establish a complete value-chain for the development and manufacturing of batteries in the EU.

In addition, in the first half of 2018, the Commission planned to table CO2 emission reduction targets for new heavy-duty vehicles.

• Consistency with existing policy provisions in the policy area

This proposal will contribute to the Energy Union Framework Strategy[[5]](#footnote-6) goal to bring about the transition to a low-carbon, secure and competitive economy. It will help to meet the objectives set out in the EU 2030 framework for climate and energy, which includes targets of an at least 40% cut in domestic EU GHG emissions compared to 1990 levels. The GHG emission reductions in the non-ETS sectors, which include road transport, will have to amount to at least 30% by 2030 compared to 2005. The Commission has proposed 2030 GHG emission reduction targets for Member States under the Effort Sharing Regulation[[6]](#footnote-7) covering the non-ETS sectors. CO2 standards for light-duty vehicles for the period after 2020 will help Member States to achieve those targets.

Moreover, the Emissions Trading System (ETS) as a cornerstone of the EU's climate policy contributes to decarbonise the power sector which will play an increasing role in road transport with a higher share of electrified vehicles.

FP7 and Horizon 2020 have provided a total funding of more than EUR 1.5 billion to support research and development of batteries, alternative fuels and all aspects of vehicle electrification.

The Commission's 2016 proposal for a revised Renewable Energy Directive (RED II)[[7]](#footnote-8) seeks to reduce GHG emissions in fuels through the introduction of an EU-level obligation for fuel suppliers to provide by 2030 a 6.8% minimum share of low-emission and renewable fuels including renewable electricity and advanced biofuels.

The proposed revision of the Eurovignette Directive foresees charges based on emissions performance which will make it possible to reward the most environmentally-friendly vehicles and incentivise the renewal of the vehicle fleet[[8]](#footnote-9).

• Consistency with other Union policies

As highlighted in the recently adopted Renewed Industrial Policy Strategy[[9]](#footnote-10),a modern and competitive automotive industry is key for the EU economy. However, for the sector to maintain its technological leadership and thrive in global markets, it will have to accelerate the transition towards more sustainable technologies and new business models. Only this will ensure that Europe will have the most competitive, innovative and sustainable industry for 2030 and beyond.

In addition, the Commission's Blueprint initiative for Sectoral Cooperation on Skills[[10]](#footnote-11) launched in May 2016 includes the automotive sector as one of the sectors targeted. It offers the possibility for project applications to bring together key stakeholders from the social partners to identify qualification and skills challenges combined with the roll-out of tailored strategies at national or regional level to address these challenges.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The legal basis for this proposal is Article 192 TFEU. In accordance with Article 191 and 192(1) TFEU, the European Union shall contribute to the pursuit, *inter alia*, of the following objectives: preserving, protecting and improving the quality of the environment; promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.

• Subsidiarity (for non-exclusive competence)

CO2 emission standards for cars and vans have been in place at EU level since 2009 and 2011 respectively setting targets until 2020/21. Without further EU action in this field it is likely there would be little additional substantial CO2 reduction from new light-duty vehicles, as seen in the EU in the period between 1995 and 2006 for cars. Some reduction in emissions would still be expected beyond 2021 due to the continuing renewal of the existing fleet with newer cars and vans meeting the 2020/21 CO2 standards. However, with transport activity expected to further increase, the overall CO2 reductions would not be sufficient to reach the 2030 GHG reduction target and the commitments under the Paris Agreement.

EU action is justified in view of both the cross-border impact of climate change and the need to safeguard single markets in vehicles. Without EU level action there would be a risk of a range of national schemes to reduce light duty vehicle CO2 emissions. If this were to happen it would result in differing ambition levels and design parameters which would require a range of technology options and vehicle configurations, diminishing economies of scale. National and local initiatives alone are likely to be less effective as they risk being incoherent, thus fragmenting the internal market.

Since manufacturers hold differing shares of the vehicle market in different Member States they would therefore be differentially impacted by various national legislations potentially causing competitive distortions. This would raise compliance costs for manufacturers as well as weaken the incentive to design fuel efficient cars and vans because of the fragmentation of the European market.

The additional costs which would arise from the lack of common standards and common technical solutions would be incurred by both component suppliers and vehicle manufacturers. However, they ultimately would be passed on to consumers who would face higher vehicle costs for the same level of greenhouse gas reduction without coordinated EU action.

• Proportionality

This proposal complies with the proportionality principle because it does not go beyond what is necessary in order to achieve the objectives set. The proposal sets new standards in a cost-effective manner in order to achieve the required CO2 emissions reductions from cars and vans in line with the agreed EU 2030 climate and energy framework while at the same ensuring a fair distribution of efforts among manufacturers.

• Choice of the instrument

Since this proposal is a recast of two existing Regulations, a Regulation is the only appropriate instrument.

The recast technique allows in this case the merger of the two largely similar earlier Regulations into a single legislative text which makes the desired amendments, codifies those amendments with the unchanged provisions of the earlier acts, and repeals those acts. The proposed recast Regulation is in line with the Commission's commitment under the interinstitutional agreement on better law-making[[11]](#footnote-12).

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

• Ex-post evaluations/fitness checks of existing legislation

An extensive evaluation of the existing regulations was carried out as part of the Regulatory Fitness Programme (REFIT). This was completed in April 2015 and the final report of the consultants has been published[[12]](#footnote-13).

The evaluation report assessed the regulations against the objectives set in the original legislation. It concluded that the regulations were still relevant, broadly coherent, and had generated significant emissions savings, while being more cost-effective than originally anticipated for meeting the targets set. They also generated significant EU added value that could not have been achieved to the same extent through national measures.

Key conclusions of the evaluation were as follows:

* The Regulations are still valid and will remain so for the period beyond 2020.
* The Regulations have been more successful in reducing CO2 than previous voluntary agreements with industry.
* The passenger car CO2 Regulation is likely to have accounted for 65-85% of the reductions in tailpipe emissions achieved following its introduction. For light commercial vehicles (LCVs), the Regulation had an important role in speeding up emissions reductions.
* Impacts on competitiveness and innovation appear generally positive with no signs of competitive distortion.
* The evaluation report highlighted the following weaknesses:
* The NEDC test cycle does not adequately reflect real-world emissions and there is an increasing discrepancy between test cycle and real-world emissions performance which has eroded the benefits of the Regulations.
* The Regulations do not consider emissions due to the production of fuels or associated with vehicle production and disposal.
* Some design elements (modalities) of the Regulations are likely to have had an impact on the efficiency of the Regulations. In particular, the use of mass as the utility parameter penalises the mass reduction as an emissions abatement option.
* The Regulations have generated net economic benefits to society.
* Costs to manufacturers have been much lower than originally anticipated as emissions abatement technologies have, in general, proved less costly than expected.
* Lifetime fuel expenditure savings exceed upfront manufacturing costs, but have been lower than anticipated, primarily because of the increasing divergence between test cycle and real world emissions performance.
* The Regulations are largely coherent internally and with each other.
* Modalities potentially weakening the Regulations, albeit with limited impacts, are the derogation for niche manufacturers, super-credits and the phase-in period (cars).
* The harmonisation of the market is the most crucial aspect of EU added-value and it is unlikely that uncoordinated action would have been as efficient. The Regulations ensure common requirements, thus minimising costs for manufacturers, and provide regulatory certainty.

• Stakeholder consultations

The Commission sought feedback from stakeholders through the following elements:

* a public on-line consultation between 20 July and 28 October 2016;
* a stakeholder workshop (24 March 2017) to present the results of the public consultation;
* a stakeholder workshop dedicated to jobs and skills (26 June 2017);
* meetings with relevant industry associations representing car manufacturers, components and materials suppliers, fuel suppliers;
* bilateral meetings with Member State authorities, vehicle manufacturers, suppliers, social partners and NGOs;
* position papers submitted by stakeholders or Member States.

A synopsis of the stakeholder consultation is provided in Annex 2 of the Impact Assessment for this proposal.

The main outcomes of the stakeholder consultations can be summarised as follows. Concerning target levels, cars and vans manufacturers in general support less ambitious target levels for 2030 compared to environment and transport NGOs as well as consumer organisations that are in favour of more ambitious target levels for both 2025 and 2030. As regards the distribution of efforts, manufacturers support a limit value curve based on mass, whereas environment and transport NGOs as well as consumer organisations prefer footprint as utility parameter. While the automotive industry is mostly against a LEV/ZEV mandate, battery and electricity producers, and infrastructure investors, many European cities facing air quality problems, as well as most environment and transport NGOs call for such an approach. Consumer organisations take a neutral position on LEV/ZEV incentives.

• Collection and use of expertise

The Impact Assessment draws on evidence from the evaluation of the existing Regulations[[13]](#footnote-14).

For the quantitative assessment of the economic, social and environmental impacts, the Impact Assessment report relies on a dedicated set of cost curves, covering a broad range of up-to-date technologies for reducing CO2 emissions from cars and vans, and a suite of models. A range of scenarios was developed through the PRIMES-TREMOVE model, projecting the evolution of the road transport sector. This analysis was complemented by applying other modelling tools, such as GEM-E3 and E3ME (for the macro-economic impacts) and the JRC DIONE model, with newly developed features to assess impacts at manufacturer (category) level.

Data on greenhouse gas emissions and other characteristics of the new light-duty vehicle fleet was sourced from the annual monitoring data reported by Member States and collected by the European Environment Agency (EEA) under Regulations 443/2009 and 510/2011 on CO2 emissions from light-duty vehicles.

In addition to the stakeholder consultations, further information was gathered through several support studies commissioned from external contractors, in particular addressing the following issues:

* the available technologies that can be deployed in the relevant time period to reduce new LDV CO2 emissions, as well as their effectiveness and cost;
* elements potentially impacting industrial competitiveness and employment;
* growing gap between test and real driving emissions and the factors contributing to this;
* the impact of different regulatory approaches, regulatory metrics and possible design elements (modalities);
* impacts on GHG and pollutant emissions.

A list of studies is provided in Annex 1 of the Impact Assessment for this proposal.

• Impact assessment

The Impact Assessment accompanying this proposal has been prepared and developed in line with the applicable Better Regulation guidance, and the Regulatory Scrutiny Board has issued a positive opinion with reservations on 13 October 2017.

Improvements as recommended by the Board have been incorporated in the final version. This concerns the following: (1) description of the links with other EU policy initiatives, in particular the broader mobility packages presented by the Commission; (2) explanation of the main bottlenecks hampering the uptake of zero- and low-emission vehicles and how the proposed Regulation would contribute to addressing them; (3) clarification of the competitiveness challenge for the EU industry, in particular in terms of the risk of losing technological leadership and how the proposed Regulation can address it; (4) identification of the key trade-offs for the political decision; (5) assessment of the regulatory burden and the potential for simplification.

*Policy options*

The policy options considered in the impact assessment are grouped into five key elements which are to address the identified problems and achieve the policy objectives.

**1) Targets (level, timing and metric)**

Different target levels were assessed for the period until 2030, ranging from 10% to 40% reduction in 2030 compared to the 2021 EU fleet-average target for cars and the 2020 target for vans. Two options reflecting the target levels indicated by the European Parliament, which the Commission committed to assess during the 2014 negotiations, were also assessed.

Concerning the timing of the targets, the options considered included setting a target for 2030 only, setting targets for 2025 and 2030 as well as setting annual targets for each of the years 2022-2030. As for the metric for expressing the target, options considered included the current approach based on tailpipe emissions ("tank to wheel") as well as alternative options ("well to wheel", "embedded emissions", "mileage weighting").

The preferred option for the target levels is to set new EU fleet-wide CO2 targets equal to a 30% reduction in 2030 compared to the 2021 targets, both for cars and for vans.

The preferred option for the emission target metric is to maintain the Tank-to-Wheel (TTW) approach with targets set in g CO2/km for the sales-weighted average of the fleet because this approach is fully consistent with other policy instruments and changing the metric would not have delivered major benefits. The preferred option for the timing of the targets is to set new CO2 targets for cars and vans applying from 2025 and stricter targets applying from 2030 on in order to ensure that required cumulative CO2 emission reductions are achieved by 2030 to help meeting the targets set under the Effort Sharing Regulation. Such an approach will also provide a clear and early signal for the investment in low- and zero-emission vehicles.

**2) Distribution of effort**

Under the current Regulations, a limit value line is used to define the specific emission targets for individual manufacturers, starting from the EU-wide fleet targets. This linear curve defines the relation between the CO2 emissions and the vehicle mass in running order.

Besides the current approach, the following options were considered in the impact assessment: changing the slope of the limit value line, using another utility parameter (e.g. footprint) or using no utility parameter (equal reduction or equal target for all manufacturers).

The preferred option for distributing the EU-wide fleet targets across individual manufacturers from 2025 on, is to use a limit value curve, with the manufacturer specific targets depending on the average WLTP test mass of the vehicles and with the slope(s) of the curve ensuring an equivalent reduction effort amongst manufacturers.

**3) ZEV/LEV incentives (definitions and types of incentives)**

Using different definitions for low-emission vehicles (LEV), the impact assessment considered two different types of specific incentives for ZEV/LEV:

* *Binding mandate:* The same ZEV/LEV share would be required from all manufacturers.
* *Crediting system:* This incentive would take into account a manufacturer’s share of ZEV/LEV when setting its specific CO2 target. A manufacturer exceeding a certain benchmark level of ZEV/LEV would be rewarded by getting a less strict CO2 target.

For each of the two types different mandate/benchmark levels were considered.

The preferred option as regards the LEV/ZEV incentive mechanism is a crediting system.

**4) Elements for cost-effective implementation**

Different elements that allow for cost-effective implementation were assessed. These include measures already included in the current Regulations such as eco-innovations, pooling, and derogations. In addition, new elements were considered such as trading as well as banking and borrowing.

The preferred option is to maintain the eco-innovation provisions, while extending the scope to air-conditioning systems and allowing for a revision of the 7 g/km cap, to maintain the pooling provisions, while clarifying how manufacturers may form open pools, not to introduce the possibility for trading, nor for banking or borrowing of CO2 credits and to remove the possibility for car manufacturers to be granted a "niche" derogation.

**5) Governance**

The effectiveness of the targets in reducing CO2 emissions in reality depends on the one hand on the representativeness of the test procedure with respect to average real-world driving, and on the other hand on the extent to which the vehicles placed on the market conform to the reference vehicles tested at type approval. In this context, the European Parliament Recommendation following the inquiry into emission measurements in the automotive sector stressed that market surveillance mechanisms are critical for maintaining a reliable and trustworthy system.

Against that background and in line with the Recommendations of the Scientific Advice Mechanism (SAM), several options have been considered. A first one was the collection, publication, and monitoring of real world fuel consumption data based on an obligation for manufacturers to fit a standardized 'fuel consumption measurement devices' in new vehicles through type-approval legislation. A second one related to market surveillance measures is considered in relation to conformity of production and in service conformity checks.

The preferred option is to establish an empowerment for the Commission to allow (i) the collection, publication and monitoring of real world fuel consumption data and creating an obligation to report deviations linked to a correction mechanism and (ii) to correct reported CO2 emission values in case of deviations detected through improved market surveillance.

Reference of the Executive Summary of the Impact Assessment: SWD(2017)650

Reference of the opinion of the Regulatory Scrutiny Board: SEC(2017)476

• Regulatory fitness and simplification

In line with the Commission commitment to Better Regulation, the proposal has been prepared inclusively, based on transparency and continuous engagement with stakeholders.

The Impact Assessment has also analysed how to possibly simplify the legislation and reduce unnecessary administrative costs.

Manufacturers responsible for less than 1 000 newly registered vehicles per year, in many cases SMEs, remain exempt from meeting specific CO2 emissions targets. *De minimis* exemptions reduce compliance and administrative costs for small manufacturers. It also facilitates the market entry of new manufacturers whilst having no significant impacts on the overall CO2 reductions of the overall EU vehicles fleet.

Moreover, the proposal maintains several elements for cost-effective implementation such as pooling which reduce compliance costs for manufacturers.

The crediting system for zero- and low-emission vehicles would not create additional administrative burden. The deletion of the derogation for niche manufacturers will reduce administrative burden.

No changes in the compliance regime and in the level of fines are foreseen. The impacts of the options related to governance will depend on the concrete implementing measures.

• Fundamental rights

The proposal respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union.

4. BUDGETARY IMPLICATIONS

The proposal does not require additional financial resources.

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

The proposal builds on the annual reporting and monitoring procedure that has been established under the current Regulations. In order to assess the compliance of manufacturers with their annual specific emissions targets, Member States report every year data for all newly registered cars and vans to the Commission. In addition to the type-approved CO2 emission and mass values, a number of other relevant data entries are monitored, including fuel type and CO2 emission savings from eco-innovations.

The Commission, supported by the European Environment Agency (EEA), publishes every year the monitoring data of the preceding calendar year including manufacturer specific CO2 performance calculations. Manufacturers have the opportunity to notify errors in the provisional data, as submitted by Member States. This well-established monitoring system constitutes an important basis for monitoring the impacts of the legislation.

In order to strengthen the governance aspects of the monitoring system, the impact assessment considered the option to take into account, for the manufacturer compliance check, whether the emissions of vehicles in use are in conformity with the type approved CO2 values.

In addition to the compliance assessment procedure, the impact assessment identified a list of core indicators to monitor the specific policy objectives to be achieved with this proposal. These are complemented by a set of operational objectives and indicators.

**• Detailed explanation of the specific provisions of the proposal**

***Article 1- Subject matter and objectives***

This Article specifies the EU fleet-wide CO2 targets applicable to new passenger cars and new light commercial vehicles from 2020[[14]](#footnote-15), 2025 and 2030. The Regulation is to apply from 2020 in order to ensure a coherent transition to a new target regime starting from 2025. It therefore includes the already established EU fleet-wide targets for 2020 of 95g/km (NEDC based) for passenger cars and 147g/km (NEDC based) for light commercial vehicles, as well as new targets for 2025 and 2030.

Starting from 2021, the specific emission targets will be based on the new emissions test procedure, the Worldwide Harmonised Light Vehicle Test Procedure (WLTP). Therefore, the 2025 and 2030 fleet-wide targets, which are WLTP based, are expressed as percentage reductions compared to the average of the specific emission targets for 2021 determined for each manufacturer in accordance with section 4 of Annex I.

***Article 2- Scope***

This Article defines the categories of vehicles that fall within the scope of this Regulation by reference to the type approval legislation. It also clarifies that the de minimis exemption applicable to manufacturers responsible for less than 1 000 new registrations per year should not apply where a manufacturer eligible for such an exemption nevertheless applies for and is granted a derogation.

***Article 3 - Definitions***

New definitions have been added for "EU fleet-wide targets", "zero- and low-emission vehicles" and "test mass".

***Article 4 - Specific emission targets***

This Article sets out the general obligation for a manufacturer to ensure that the average CO2 emissions of its fleet of newly registered vehicles in a calendar year do not exceed its annual specific emissions target. That target is manufacturer specific and is calculated as a function of the applicable EU fleet-wide target, the limit value curve, the average mass of the manufacturer's fleet and the reference mass (M0 or TM0). The mass calculation is based on mass in running order until 2024 inclusive. From 2025 the vehicle's test mass, which is closer to the real mass of the finished vehicle, should be used instead. The formulae for the calculations of the specific emission targets for the period from 2020 to 2030 are set out in Parts A and B of Annex I. The target calculations applicable in 2020 to 2024 are those set out in existing legislation.

From 2025, the specific emissions target for a manufacturer should be calculated taking into account the share of zero- and low-emission vehicles in the manufacturer's fleet. For the calculation of that share, the zero- and low-emission vehicles should be counted based on a weighting of the emissions of each vehicle. Where the share exceeds the EU fleet-wide benchmark, the manufacturer benefits from a higher specific emissions target.

In the case of light commercial vehicles, a distinction is made in the distribution of the effort between manufacturers of light commercial vehicles with an average test mass exceeding the average reference mass (TM0) and those with an average test mass lower than TM0. For the first group, the slope of the limit value curve is kept constant over time, while in the latter case the same approach as for passenger cars is used, i.e. the slope is modified according to the EU fleet-wide target.

***Article 5 - Super credits for the 95 g CO2/km target for cars***

This provision is unchanged and applies until 2022 inclusive.

***Article 6 - Pooling***

The provisions on pooling for connected undertakings and independent manufacturers remain unchanged. However, an empowerment has been added for the Commission to clarify the conditions for pooling arrangements between independent manufacturers, in particular with regard to competition rules.

***Article 7 - Monitoring and reporting***

The general provisions on the monitoring of CO2 data from Member States remain unchanged. However, a strengthening of the obligation on Member States to ensure high quality data and cooperate with the Commission has been added.

A mechanism is added to take into account, for the purpose of the monitoring, deviations found in the CO2 emissions of vehicles in use as compared to the type approval values. This mechanism builds on the proposal to introduce a procedure for in-service conformity checks of the CO2 emission values in type approval legislation. Type approval authorities should report any deviations detected, and the Commission should take those into account when checking manufacturers' compliance with their targets. The provision includes an empowerment for the Commission to provide the details for such a procedure by way of an implementing act.

***Article 8 - Excess emission premium***

This Article sets out the formula for calculating the financial penalties in case a manufacturer exceeds its target. The excess emission premium from the existing Regulations is maintained, i.e. 95 euro/g CO2/km.

***Article 9 - Publication of performance of manufacturers***

The Article lists the data that the Commission shall publish with regard to manufacturers' annual target compliance (i.e. the annual monitoring decision). Test mass has been added as a data parameter to be published, in view of its use as utility parameter from 2025 onwards.

***Article 10 - Derogation for certain manufacturers***

The possibility for small volume manufacturers (i.e. those responsible for 1 000 to 10 000 registrations for cars, and 1 000 to 22 000 registrations for vans) to apply for a derogation from their specific emissions targets is maintained.

For niche manufacturers of cars, i.e. those responsible for between 10 000 and 300 000 new registered vehicles, the possibility to benefit from a derogation from the 95g CO2/km target remains. However, with effect from 2025 this group of manufacturers will have to meet the specific emission targets calculated in accordance with Annex I.

***Article 11 - Eco-innovations***

Manufacturers may continue to benefit from lower average emissions by fitting their vehicles with eco-innovations approved in accordance with this Article. In order to take into account the changes in eco-innovation savings that may occur as a result of the change in the regulatory test procedure, an empowerment for the Commission to adjust the 7 g CO2/km cap set on the CO2 savings that a manufacturer may take into account for reducing its average emissions has been added. This empowerment should apply from 2025 onwards.

The eligibility criteria for being considered an eco-innovation remain unchanged until 2024 inclusive. From 2025 the removal of the reference to the integrated approach measures will allow mobile air-conditioning equipment to be eligible as an eco-innovation.

***Article 12 - Real world CO2 emissions and energy consumption***

This Article provides an empowerment for the Commission to monitor and assess the real world representativeness the WLTP test procedure and to ensure that the public is informed of how that representativeness evolves over time.

For that purpose, the Commission should have the power to request real world data to be collected and reported by Member States and manufacturers.

***Article 13 - Adjustments of M0 and TM0***

The CO2 reduction effort is distributed among manufacturers on the basis of the average mass of the vehicle fleet over a certain period. That reference value is expressed as M0 or TM0 depending on whether mass in running order (M) or the vehicle test mass (TM) is used. The provision clarifies the process for adjusting the reference mass value to ensure that the specific emission targets continue to reflect the EU fleet-wide target. With effect from 2025, the frequency of those adjustments should increase from every three years to every second year. A more frequent adjustment will allow changes in the average test mass and their effect on the positioning of manufacturers on the limit value curve to be taken into account earlier.

***Article 14 - Review and report***

This Article includes a requirement for the Commission to provide a report on the effectiveness of this Regulation, where appropriate accompanied by a proposal. The report is proposed to be submitted in 2024 to align it with the review and reporting provisions proposed under the Effort Sharing Regulation and the Emissions Trading Directive.

The Article also maintains provisions on the review of the type approval test procedure as well as the empowerments for taking into account changes in the regulatory test procedure.

***Articles 15 and 16 - Comitology and delegation of powers***

These are standard provisions on the committee procedure and the delegation of powers.

***Article 17 - Amendment to Regulation (EC) No 715/2007***

This amendment aims to introduce a legal basis in Regulation (EC) No 715/2007 (Euro 5/6 emissions type approval regulation) for the Commission to set up an in-service conformity procedure for verifying CO2 emission. This procedure is essential for an effective market surveillance of the type approval system and the CO2 emission values used for target compliance purposes.

***Article 18 and 19 - Repeal and entry into force***

Regulations (EC) No 443/2009 and (EU) No 510/2011 are repealed with effect from 1 January 2020. Entry into force should take place within 20 days of publication of the act.

***Annexes I to V***

**Annex I**: sets out the formulae for calculating the annual specific emissions targets that should be achieved by the average emissions of the manufacturers' fleets of newly registered vehicles. Part A covers passenger cars, while Part B covers light commercial vehicles.

**Annex II and III**: These Annexes set out the monitoring data parameters that are needed for the calculation of the targets and for checking target compliance. Annex III – covering light commercial vehicles – also makes reference to the need to consider the specificities of vehicles that are type approved in multiple stages.

**Annex IV:** This Annex lists the legal acts covered by the recast, i.e. the two basic Regulations (EC) No 443/2009 and (EU) No 510/2011 with their respective amending acts.

**Annex V**: The correlation table

2017/0293 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

setting emission performance standards for new passenger cars and for new light commercial vehicles as part of the Union's integrated approach to reduce CO2 emissions from light-duty vehicles and amending Regulation (EC) No 715/2007 (recast)

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Regulation (EC) No 443/2009 of the European Parliament and of the Council[[15]](#footnote-16) and Regulation (EU) No 510/2011 of the European Parliament and of the Council[[16]](#footnote-17) have been substantially amended several times. Since further amendments are to be made, those Regulations should be recast in the interests of clarity.

(2) This Regulation should apply from 1 January 2020 in order to provide a coherent and efficient transition following the recast and repeal of Regulations (EC) No 443/2009 and (EU) No 510/2011. However, it is appropriate to maintain the CO2 performance standards and the modalities for achieving them as set out in those Regulations without changes until 2024.

(3) The European Strategy for Low-Emission Mobility[[17]](#footnote-18) sets a clear ambition: by mid-century, greenhouse gas emissions from transport will need to be at least 60% lower than in 1990 and be firmly on the path towards zero. Emissions of air pollutants from transport that harm our health need to be drastically reduced without delay. Emissions from conventional combustion engines will need to further reduce after 2020. Zero- and low emission vehicles will need to be deployed and gain significant market share by 2030.

(4) The Commissions Communications "Europe on the move"[[18]](#footnote-19) and "Delivering on the European Strategy for low-emission mobility A European Union that protects the planet, empowers its consumers, and defends its industry and workers"[[19]](#footnote-20) highlight that the CO2 emissions standards for passenger cars and light commercial vehicles are a strong driver for innovation and efficiency and will contribute to strengthening competitiveness of the automotive industry and pave the way for zero and low-emission vehicles in a technology-neutral way.

(5) This Regulation provides a clear pathway for CO2 emissions reductions from the road transport sector and contributes to the binding target of at least a 40% domestic reduction in economy-wide greenhouse gas emissions by 2030 compared to 1990, as was endorsed in the Conclusions of the European Council of 23-24 October 2014, and approved as the Union Intended Nationally Determined Contribution under the Paris Agreement at the Environment Council meeting on 6 March 2015.

(6) The European Council Conclusions of October 2014 endorsed a greenhouse gas emissions reduction of 30% by 2030 compared to 2005 for the sectors that are not part of the European Union emissions trading system. Road transport provides a major contribution to the emissions of those sectors, and its emissions remain significantly above 1990 levels. If the road transport emissions increase further, it will offset reductions made by other sectors to combat climate change.

(7) The European Council Conclusions of October 2014 highlighted the importance of reducing greenhouse gas emissions and risks related to fossil fuel dependency in the transport sector through a comprehensive and technology neutral approach for the promotion of emissions reduction and energy efficiency in transport, for electric transportation and for renewable energy sources in transport also after 2020.

(8) Energy efficiency contributing to moderation of demand is one of the five mutually-reinforcing and closely interrelated dimensions of the Energy Union Strategy adopted on 25 February 2015, to give consumers in the Union secure, sustainable, competitive and affordable energy. The Energy Union Strategy states that, while all economic sectors must take steps to increase the efficiency of their energy consumption, transport has a huge energy efficiency potential, which can be realised also with a continued focus on tightening CO2 emission standards for passenger cars and light commercial vehicles in a 2030 perspective.

(9) An evaluation of Regulations (EC) No 443/2009 and (EU) No 510/2011 in 2015 concluded that those Regulations have been relevant, broadly coherent, and have generated significant emissions savings, whilst being more cost-effective than originally anticipated. They have also generated significant added value for the Union that could not have been achieved to the same extent through national measures.

(10) It is therefore appropriate to pursue the objectives of those Regulations by setting new EU fleet-wide CO2 reduction targets for passenger cars and light commercial vehicles for the period up to 2030. In defining the reduction levels, account has been taken of their effectiveness in delivering a cost-effective contribution to reducing emissions of the sectors covered by the Effort Sharing Regulation ((EU) 2018/842 by 2030, of the resulting costs and savings for society, manufacturers and vehicle users, as well as of their direct and indirect implications for employment, competitiveness and innovation and the co-benefits generated in terms of reduced air pollution and energy security.

(11) A new test procedure for measuring CO2 emissions from and fuel consumption of light duty vehicles, the Worldwide Harmonised Light Vehicles Test procedure (WLTP), set out in Commission Regulation (EU) 2017/1151[[20]](#footnote-21) , entered into force in 2017. This new test procedure will provide CO2 emission and fuel consumption values that are more representative of real world conditions. It is therefore appropriate that the new CO2 emission targets should be based on the CO2 emissions determined on the basis of that test procedure. Considering however that WLTP-based CO2 emissions will be available for target compliance purposes from 2021, it is appropriate that the new emissions performance standards should be defined as reduction levels set in relation to the 2021 average of the specific emissions targets applicable in that year.

(12) It is important that the setting of CO2 emissions reduction requirements continues to provide Union-wide predictability and planning security for vehicle manufacturers across their new car and light commercial vehicle fleets in the Union.

(13) Reduction levels for the Union-wide fleets of new passenger cars and light commercial vehicles should therefore be set for 2025 and for 2030, taking into account the vehicle fleet renewal time and the need for the road transport sector to contribute to the 2030 climate and energy targets. This stepwise approach also provides a clear and early signal for the automotive industry not to delay the market introduction of energy efficient technologies and zero- and low-emission vehicles.

(14) While the Union is among the world's major producers of motor vehicles and demonstrates technological leadership in this sector, competition is increasing and the global automotive sector is changing rapidly through new innovations in electrified powertrains, and cooperative, connected and automated mobility. In order to retain its global competitiveness and access to markets, the Union needs a regulatory framework, including a particular incentive in the area of zero- and low-emission vehicles, which creates a large home market and supports technological development and innovation.

(15) A dedicated incentive mechanism should be introduced to facilitate a smooth transition towards zero-emission mobility. This crediting mechanism should be designed so as to promote the deployment on the Union market of zero- and low-emission vehicles.

(16) Setting a benchmark for the share of zero- and low-emission vehicles in the EU fleet together with a well-designed mechanism for adjusting a manufacturer's specific CO2 target based on the share of zero- and low-emission vehicles in the manufacturer's own fleet should provide a strong and credible signal for the development and deployment of such vehicles while still allowing for the further improvement of the efficiency of the conventional internal combustion engines.

(17) In determining the credits for the zero- and low-emission vehicles, it is appropriate to account for the difference in CO2 emissions between the vehicles. The adjustment mechanism should ensure that a manufacturer exceeding the benchmark level would benefit from a higher specific CO2 target. In order to ensure a balanced approach, limits should be set to the level of adjustment possible within that mechanism. This will provide for incentives, promoting a timely roll-out of recharging and refuelling infrastructure and yielding high benefits for consumers, competitiveness, and the environment.

(18) The legislative framework for implementing the average new car and light commercial vehicle fleet target should ensure competitively neutral, socially equitable and sustainable reduction targets which take account of the diversity of European automobile manufacturers and avoid any unjustified distortion of competition between them.

(19) In order to maintain the diversity of the market for passenger cars and light commercial vehicles and its ability to cater for different consumer needs, CO2 targets should be defined according to the utility of the vehicles on a linear basis. Maintaining mass as the utility parameter is considered coherent with the existing regime. In order to better reflect the mass of vehicles used on the road, the parameter should be changed from mass in running order to the vehicle's test mass as specified in Regulation (EU) 2017/1151 of 1 June 2017 with effect from 2025.

(20) It should be avoided that the EU fleet-wide targets are altered due to changes in the average mass of the fleet. Changes in the average mass should therefore be reflected without delay in the specific emission target calculations, and the adjustments of the average mass value that is used to this end should therefore take place every two years with effect from 2025.

(21) In order to distribute the emission reduction effort in a competitively neutral and fair way that reflects the diversity of the market for passenger cars and light commercial vehicles, and in view of the change in 2021 to WLTP-based specific emission targets, it is appropriate to determine the slope of the limit value curve on the basis of the specific emissions of all newly registered vehicles in that year, and to take into account the change in the EU fleet-wide targets between 2021, 2025 and 2030 with a view to ensuring an equal reduction effort of all manufacturers. With regard to light commercial vehicles, the same approach as that for car manufacturers should apply to manufacturers of lighter, car derived, vans, while for manufacturers of vehicles falling within the heavier segments, a higher and fixed slope should be set for the whole target period.

(22) The aim of this Regulation is to create incentives for the automotive industry to invest in new technologies. This Regulation actively promotes eco-innovation and provides a mechanism that should be able to acknowledge future technological development. Experience shows that eco-innovations have successfully contributed to the cost-effectiveness of Regulations (EC) No 443/2009 and (EU) No 510/2011 and to the reduction of real world CO2 emissions. This modality should therefore be maintained and the scope should be extended to incentivise efficiency improvements in air-conditioning systems.

(23) A balance should however be ensured between incentives given to eco-innovations and those technologies for which the emission reduction effect is demonstrated on the official test procedure. As a consequence, it is appropriate to maintain a cap on the eco-innovation savings that a manufacturer may take into account for target compliance purposes. The Commission should have the possibility to review the level of the cap, in particular, to take into account the effects of the change in the official test procedure. It is also appropriate to clarify how the savings should be calculated for target compliance purposes.

(24) Directive 2007/46/EC establishes a harmonised framework containing the administrative provisions and general technical requirements for approval of all new vehicles within its scope. The entity responsible for complying with this Regulation should be the same as the entity responsible for all aspects of the type-approval process in accordance with Directive 2007/46/EC and for ensuring conformity of production.

(25) For the purposes of type-approval, specific requirements apply for special-purpose vehicles, as defined in Annex II of Directive 2007/46/EC, and they should therefore be excluded from the scope of this Regulation.

(26) It is not appropriate to use the same method to determine the emissions reduction targets for large-volume manufacturers as for small-volume manufacturers considered as independent on the basis of the criteria set out in this Regulation. Such small-volume manufacturers should have the possibility to apply for alternative emissions reduction targets relating to the technological potential of a given manufacturer's vehicles to reduce their specific emissions of CO2 and consistent with the characteristics of the market segments concerned.

(27) In recognition of the disproportionate impact on the smallest manufacturers resulting from compliance with specific emissions targets defined on the basis of the utility of the vehicle, the high administrative burden of the derogation procedure, and the marginal resulting benefit in terms of CO2 emissions reduction from the vehicles sold by those manufacturers, manufacturers responsible for fewer than 1 000 new passenger cars and new light commercial vehicles registered in the Union annually should be excluded from the scope of the specific emissions target and the excess emissions premium. However, where a manufacturer that is covered by an exemption nevertheless applies for and is granted a derogation, it is appropriate that the manufacturer should be required to comply with that derogation target.

(28) The procedure for granting derogations from the 95 g CO2/km fleet target to niche car manufacturers ensures that the reduction effort required by niche manufacturers is consistent with that of large volume manufacturers with regard to that target. However, experience shows that niche manufacturers have the same potential as large manufacturers to meet the CO2 targets and with regard to the targets set from 2025 onwards it is not considered appropriate to distinguish between those two categories of manufacturers.

(29) In determining the average specific emissions of CO2 for all the new cars and new light commercial vehicles registered in the Union for which manufacturers are responsible, all cars and light commercial vehicles should be taken into account irrespective of their mass or other characteristics. Although Regulation (EC) No 715/2007 does not cover passenger cars and light commercial vehicles with a reference mass exceeding 2 610 kg and to which type approval is not extended in accordance with Article 2(2) of Regulation (EC) No 715/2007, the emissions for these vehicles should be measured in accordance with the same measurement procedure as specified for light duty vehicles in Commission Regulation (EC) No 692/2008[[21]](#footnote-22), Regulation (EU) 2017/1151, and in Commission Implementing Regulations (EU) 2017/1152[[22]](#footnote-23) and (EU) 2017/1153[[23]](#footnote-24). The resulting CO2 emission values should be entered in the certificate of conformity of the vehicle in order to enable their inclusion in the monitoring scheme.

(30) The specific emissions of CO2 of completed light commercial vehicles should be allocated to the manufacturer of the base vehicle.

(31) Consideration should be given to the specific situation of manufacturers of light commercial vehicles producing incomplete vehicles that are type approved in multiple stages. While those manufacturers are responsible for meeting the CO2 emission targets, they should have the possibility to predict with reasonable certainty the CO2 emissions of the completed vehicles. The Commission should ensure that those needs are appropriately reflected in Regulation (EU) 2017/1151.

(32) In order to provide for flexibility for the purposes of meeting their targets under this Regulation, manufacturers may agree to form a pool on an open, transparent and non-discriminatory basis. An agreement to form a pool should not exceed five years but may be renewed. Where manufacturers form a pool, they should be deemed to have met their targets under this Regulation provided that the average emissions of the pool as a whole do not exceed the specific emissions target for the pool.

(33) The possibility for manufacturers to form pools has proven a cost-effective way to achieve compliance with the CO2 emissions targets, in particular facilitating compliance for those manufacturers that produce a limited range of vehicles. In order to improve the competitive neutrality, the Commission should have the powers to clarify the conditions on which independent manufacturers may form a pool in order to allow them to be placed in a position equivalent to connected undertakings.

(34) A robust compliance mechanism is necessary in order to ensure that the targets under this Regulation are met.

(35) It is also essential for achieving the CO2 reductions required under this Regulation, that the emissions of vehicles in use are in conformity with the CO2 values determined at type approval. It should therefore be possible for the Commission to take into account in the calculation of the average specific emissions of a manufacturer any systemic non-conformity found by type approval authorities with regard to the CO2 emissions of vehicles in use.

(36) In order to be in position to take such measures the Commission should have the powers to prepare and implement a procedure for verifying the in-service conformity of the CO2 emissions of light duty vehicles placed on the market. For that purpose Regulation (EC) No 715/2007 should be amended.

(37) The specific emissions of CO2 from new passenger cars and light commercial vehicles are measured on a harmonised basis in the Union according to the methodology laid down in Regulation (EC) No 715/2007. To minimise the administrative burden of this Regulation, compliance should be measured by reference to data on registrations of new cars and light commercial vehicles in the Union collected by Member States and reported to the Commission. To ensure the consistency of the data used to assess compliance, the rules for the collection and reporting of this data should be harmonised as far as possible. The competent authorities' responsibility to provide correct and complete data should therefore be clearly stated as well as the need for an effective cooperation between those authorities and the Commission in addressing data quality issues.

(38) Manufacturers’ compliance with the targets under this Regulation should be assessed at Union level. Manufacturers whose average specific emissions of CO2 exceed those permitted under this Regulation should pay an excess emissions premium with respect to each calendar year. The amounts of the excess emissions premium should be considered as revenue for the general budget of the Union.

(39) Any national measure that Member States may maintain or introduce in accordance with Article 193 of the Treaty on the Functioning of the European Union (TFEU) should not, in consideration of the purpose of and procedures established in this Regulation, impose additional or more stringent penalties on manufacturers who fail to meet their targets under this Regulation.

(40) This Regulation should be without prejudice to the full application of Union competition rules.

(41) The effectiveness of the targets set out in this Regulation in reducing CO2 emissions in reality is strongly dependent on the representativeness of the official test procedure. In accordance with the Opinion of the Scientific Advice Mechanism (SAM)[[24]](#footnote-25) and the recommendation of the European Parliament, following its inquiry into emission measurements in the automotive sector[[25]](#footnote-26), a mechanism should be put in place to assess the real world representativeness of vehicle CO2 emissions and energy consumption values determined in accordance with Regulation (EU) 2017/1151. The Commission should have the powers to ensure the public availability of such data, and, where necessary, develop the procedures needed for identifying and collecting the data required for performing such assessments.

(42) In 2024 it is foreseen to review the progress achieved under the [Effort Sharing Regulation and Emissions Trading System Directive]. It is therefore appropriate to assess the effectiveness of this Regulation in that same year to allow a coordinated and coherent assessment of the measures implemented under all these instruments.

(43) Regulations (EC) No 443/2009 and (EU) No 510/2011 should be repealed with effect from 1 January 2020.

(44) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission.

(45) The implementing powers relating to Articles 6(8), 7(7) and (8), 8(3), 11(2), 12(3) and 14(3) should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[[26]](#footnote-27).

(46) In order to amend or supplement non-essential elements of the provisions of this Regulation the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of amending Annexes II and III as regards data requirements and data parameters supplementing the rules on the interpretation of the eligibility criteria for derogations from the specific emissions targets, on the content of applications for a derogation and on the content and assessment of programmes for the reduction of specific emissions of CO2 adjusting the figure of M0 and TM0, referred to in Article 13, the 7 g CO2/km cap referred to in Article 11, and the adjustment of the formulae in Annex I referred to in Article 14(3). It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making[[27]](#footnote-28). In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council should receive all documents at the same time as Member States' experts, and their experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

(47) Since the objective of this Regulation, namely the establishment of CO2 emissions performance requirements for new passenger cars and new light commercial vehicles, cannot be achieved by the Member States, and can therefore, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS REGULATION:

Article 1

**Subject matter and objectives**

1. This Regulation establishes CO2 emissions performance requirements for new passenger cars and for new light commercial vehicles in order to ensure the proper functioning of the internal market.

2. From 1 January 2020, this Regulation sets an EU fleet-wide target of 95 g CO2/km for the average emissions of new passenger cars and an EU fleet-wide target of 147 g CO2/km for the average emissions of new light commercial vehicles registered in the Union, as measured until 31 December 2020 in accordance with Regulation (EC) No 692/2008 together with Implementing Regulations (EU) 2017/1152 and (EU) 2017/1153, and, from 1 January 2021 measured in accordance with Regulation (EU) 2017/1151.

3. This Regulation will until 31 December 2024 be complemented by additional measures corresponding to a reduction of 10 g CO2/km as part of the Union's integrated approach referred to in the 2007 Communication from the Commission to the Council and the European Parliament[[28]](#footnote-29).

4. From 1 January 2025 the following EU fleet-wide targets shall apply:

(a) for the average emissions of the new passenger car fleet, an EU fleet-wide target equal to a 15% reduction of the average of the specific emissions targets in 2021 determined in accordance with point 6.1.1 of Part A of Annex I;

(b) for the average emissions of the new light commercial vehicles fleet, an EU fleet-wide target equal to a 15% reduction of the average of the specific emissions targets in 2021 determined in accordance with point 6.1.1 of Part B of Annex I;

5. From 1 January 2030 the following targets shall apply:

(a) for the average emissions of the new passenger car fleet, an EU fleet-wide target equal to a 30% reduction of the average of the specific emissions targets in 2021 determined in accordance with point 6.1.2 of Part A of Annex I;

(b) for the average emissions of the new light commercial vehicles fleet, an EU fleet- wide target equal to a 30% reduction of the average of the specific emissions targets in 2021 determined in accordance with point 6.1.2 of Part B of Annex I.

Article 2

**Scope**

1. This Regulation shall apply to the following motor vehicles:

 (a) category M1 as defined in Annex II to Directive 2007/46/EC (‘passenger cars’) which are registered in the Union for the first time and which have not previously been registered outside the Union (‘new passenger cars’);

(b) category N1 as defined in Annex II to Directive 2007/46/EC with a reference mass not exceeding 2 610 kg and category N1 to which type-approval is extended in accordance with Article 2(2) of Regulation (EC) No 715/2007 (‘light commercial vehicles’) which are registered in the Union for the first time and which have not previously been registered outside the Union (‘new light commercial vehicles’).

2. A previous registration outside the Union made less than three months before registration in the Union shall not be taken into account.

3. This Regulation shall not apply to special purpose vehicles as defined in point 5 of Part A to Annex II to Directive 2007/46/EC.

4. Article 4, Article 7 (4)(b) and (c), Article 8 and Article 9(1)(a) and (c) shall not apply to a manufacturer which, together with all of its connected undertakings, is responsible for fewer than 1 000 new passenger cars or for fewer than 1 000 new light commercial vehicles registered in the Union in the previous calendar year, unless that manufacturer applies for and is granted a derogation in accordance with Article 10.

Article 3

**Definitions**

1. For the purposes of this Regulation, the following definitions shall apply:

1. ‘average specific emissions of CO2’ means, in relation to a manufacturer, the average of the specific emissions of CO2 of all new passenger cars or of all new light commercial vehicles of which it is the manufacturer;
2. ‘certificate of conformity’ means the certificate referred to in Article 18 of Directive 2007/46/EC;
3. ‘completed vehicle’ means a light commercial vehicle where type-approval is granted following completion of a process of multi-stage type-approval in accordance with Directive 2007/46/EC;
4. ‘complete vehicle’ means any light commercial vehicle which does not need to be completed in order to meet the relevant technical requirements of Directive 2007/46/EC;
5. ‘base vehicle’ means any light commercial vehicle which is used at the initial stage of a multi-stage type-approval process;
6. ‘manufacturer’ means the person or body responsible to the approval authority for all aspects of the EC type-approval procedure in accordance with Directive 2007/46/EC and for ensuring conformity of production;
7. ‘mass in running order’ means the mass of the passenger car or light commercial vehicle with bodywork in running order as stated in the certificate of conformity and defined in section 2.6 of Annex I to Directive 2007/46/EC;
8. ‘specific emissions of CO2’ means the CO2 emissions of a passenger car or a light commercial vehicle measured in accordance with Regulation (EC) No 715/2007 and its implementing Regulations and specified as the CO2 mass emission (combined) in the certificate of conformity of the vehicle. For passenger cars or light commercial vehicles which are not type-approved in accordance with Regulation (EC) No 715/2007, ‘specific emissions of CO2’ means the CO2 emissions measured in accordance with the same measurement procedure as specified in Regulation (EC) No 692/2008 until 31 December 2020, and from 1 January 2021 in Regulation (EU) 2017/1151, or in accordance with procedures adopted by the Commission to establish the CO2 emissions for such vehicles;
9. ‘footprint’ means the average track width multiplied by the wheelbase as stated in the certificate of conformity and defined in Sections 2.1 and 2.3 of Annex I to Directive 2007/46/EC;
10. ‘specific emissions target’ means, in relation to a manufacturer,the annual target determined in accordance with Annex I or, if the manufacturer is granted a derogation in accordance with Article 10 the specific emissions target determined according to that derogation;
11. 'EU fleet-wide target' means the average CO2 emissions of all new passenger cars or all new light commercial vehicles to be achieved in a given period;
12. 'test mass' means the test mass of a passenger car or light commercial vehicle as stated in the certificate of conformity and as defined in point 3.2.25 of Annex XXI to Regulation (EU) 2017/1151;
13. 'zero- and low-emission vehicle' means a passenger car or a light commercial vehicle with tailpipe emissions from zero up to 50 g CO2/km, as determined in accordance with Regulation (EU) 2017/1151.
14. ‘payload’ means the difference between the technically permissible maximum laden mass pursuant to Annex II to Directive 2007/46/EC and the mass of the vehicle.

2. For the purposes of this Regulation ‘a group of connected manufacturers’ means a manufacturer and its connected undertakings. In relation to a manufacturer, ‘connected undertakings’ means:

1. undertakings in which the manufacturer has, directly or indirectly:
2. the power to exercise more than half the voting rights; or
3. the power to appoint more than half the members of the supervisory board, board of management or bodies legally representing the undertaking; or
4. the right to manage the undertaking's affairs;
5. undertakings which directly or indirectly have, over the manufacturer, the rights or powers listed in point (a);
6. undertakings in which an undertaking referred to in point (b) has, directly or indirectly, the rights or powers listed in point (a);
7. undertakings in which the manufacturer together with one or more of the undertakings referred to in points (a), (b) or (c), or in which two or more of the latter undertakings, jointly have the rights or powers listed in point (a);
8. undertakings in which the rights or the powers listed in point (a) are jointly held by the manufacturer or one or more of its connected undertakings referred to in points (a) to (d) and one or more third parties.

*Article 4*

**Specific emissions targets**

1. The manufacturer shall ensure that its average specific emissions of CO2 do not exceed the following specific emissions targets:

(a) for calendar year 2020, the specific emissions target determined in accordance with points 1 and 2 of Part A of Annex I in the case of passenger cars, or points 1 and 2 of Part B of Annex I in the case of light commercial vehicles, or where a manufacturer is granted a derogation under Article 10, in accordance with that derogation;

 (b) for each calendar year from 2021 until 2024, the specific emissions target determined in accordance with points 3 and 4 of Parts A or B of Annex I as appropriate or, where a manufacturer is granted a derogation under Article 10, in accordance with that derogation and point 5 of Parts A or B of Annex I;

 (c) for each calendar year, starting from 2025, the specific emissions targets determined in accordance with point 6.3 of Parts A or B of Annex I.

2. In the case of light commercial vehicles, where the specific emissions of the completed vehicle are not available, the manufacturer of the base vehicle shall use the specific emissions of the base vehicle for determining its average specific emissions of CO2.

3. For the purposes of determining each manufacturer’s average specific emissions of CO2, the following percentages of each manufacturer’s new passenger cars registered in the relevant year shall be taken into account:

* 95 % in 2020,
* 100 % from 2021 onwards.

Article 5

**Super-credits for 95 g CO2/km target**

In calculating the average specific emissions of CO2, each new passenger car with specific emissions of CO2 of less than 50 g CO2/km shall be counted as:

* 2 passenger cars in 2020,
* 1,67 passenger cars in 2021,
* 1,33 passenger cars in 2022,
* 1 passenger car from 2023,

for the year in which it is registered in the period from 2020 to 2022, subject to a cap of 7,5 g CO2/km over that period for each manufacturer and subject to Article 5 of Implementing Regulation (EU) 2017/1153.

Article 6

**Pooling**

1. Manufacturers, other than manufacturers which have been granted a derogation under Article 10, may form a pool for the purposes of meeting their obligations under Article 4.

2. An agreement to form a pool may relate to one or more calendar years, provided that the overall duration of each agreement does not exceed five calendar years, and must be entered into on or before 31 December in the first calendar year for which emissions are to be pooled. Manufacturers which form a pool shall file the following information with the Commission:

 (a) the manufacturers who will be included in the pool;

 (b) the manufacturer nominated as the pool manager who will be the contact point for the pool and will be responsible for paying any excess emissions premium imposed on the pool in accordance with Article 8;

 (c) evidence that the pool manager will be able to fulfil the obligations under point (b);

 (d) the category of vehicles registered as M1 or N1, for which the pool shall apply.

3. Where the proposed pool manager fails to meet the requirement to pay any excess emissions premium imposed on the pool in accordance with Article 8, the Commission shall notify the manufacturers.

4. Manufacturers included in a pool shall jointly inform the Commission of any change of pool manager or of its financial status, in so far as this may affect its ability to meet the requirement to pay any excess emissions premium imposed on the pool in accordance with Article 8 and of any changes to the membership of the pool or the dissolution of the pool.

5. Manufacturers may enter into pooling arrangements provided that their agreements comply with Articles 101 and 102 TFEU and that they allow open, transparent and non-discriminatory participation on commercially reasonable terms by any manufacturer requesting membership of the pool. Without prejudice to the general applicability of Union competition rules to such pools, all members of a pool shall in particular ensure that neither data sharing nor information exchange may occur in the context of their pooling arrangement, except in respect of the following information:

 (a) the average specific emissions of CO2;

 (b) the specific emissions target;

 (c) the total number of vehicles registered.

6. Paragraph 5 shall not apply where all the manufacturers included in the pool are part of the same group of connected manufacturers.

7. Except where notification is given under paragraph 3, the manufacturers in a pool in respect of which information is filed with the Commission shall be considered as one manufacturer for the purposes of meeting their obligations under Article 4. Monitoring and reporting information in respect of individual manufacturers as well as any pools will be recorded, reported and made available in the central register referred to in Article 7(4).

8. The Commission may specify the detailed conditions that shall apply for a pooling arrangement set up pursuant to paragraph 5 by way of implementing acts to be adopted in accordance with the examination procedure referred to in Article 15(2).

Article 7

  **Monitoring and reporting of average emissions**

1. For each calendar year, each Member State shall record information for each new passenger car and each new light commercial vehicle registered in its territory in accordance with Parts A of Annexes II and III. This information shall be made available to the manufacturers and their designated importers or representatives in each Member State. Member States shall make every effort to ensure that reporting bodies operate in a transparent manner. Each Member State shall ensure that the specific emissions of CO2 of passenger cars which are not type-approved in accordance with Regulation (EC) No 715/2007 are measured and recorded in the certificate of conformity.

2. By 28 February of each year, each Member State shall determine and transmit to the Commission the information listed in Parts A of Annexes II and III in respect of the preceding calendar year. The data shall be transmitted in accordance with the format specified in Part B of Annex II and Part C of Annex III.

3. On request from the Commission, a Member State shall also transmit the full set of data collected pursuant to paragraph 1.

4. The Commission shall keep a central register of the data reported by Member States under this Article and by 30 June of each year shall provisionally calculate the following for each manufacturer:

1. the average specific emissions of CO2 in the preceding calendar year;
2. the specific emissions target in the preceding calendar year;
3. the difference between its average specific emissions of CO2 in the preceding calendar year and its specific emissions target for that year.

The Commission shall notify each manufacturer of its provisional calculation for that manufacturer. The notification shall include data for each Member State on the number of new passenger cars and of new light commercial vehicles registered and their specific emissions of CO2.

The register shall be publicly available.

5. Manufacturers may, within three months of being notified of the provisional calculation under paragraph 4, notify the Commission of any errors in the data, specifying the Member State in which it considers that the error occurred.

The Commission shall consider any notifications from manufacturers and shall, by 31 October, either confirm or amend the provisional calculations under paragraph 4.

6. Member States shall designate a competent authority for the collection and communication of the monitoring data in accordance with this Regulation and shall inform the Commission of the competent authority designated.

The competent authorities shall ensure the correctness and completeness of the data transmitted to the Commission, and shall appoint a contact person that shall be available to respond quickly to requests from the Commission to address errors and omissions in the transmitted datasets.

7.  The Commission shall adopt detailed rules on the procedures for monitoring and reporting of data under paragraphs 1 to 7 and on the application of Annex II by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 15(2).

The Commission shall be empowered to adopt delegated acts in accordance with Article 16 in order to amend the data requirements and data parameters set out in Annex II and III.

8. Type approval authorities shall without delay report to the Commission deviations found in the CO2 emissions of vehicles in service as compared to those values indicated in the certificates of conformity as a result of verifications performed in accordance with the procedure referred to in [Article 11a] of Regulation (EC) No 715/2007.

The Commission shall take those deviations into account for the purpose of calculating the average specific emissions of a manufacturer.

The Commission may adopt detailed rules on the procedures for reporting such deviations and for taking them into account in the calculation of the average specific emissions. Those procedures shall be adopted by way of implementing acts in accordance with the examination procedure referred to in Article 15(2).

9. Member States shall also collect and report data, in accordance with this Article, on registrations of vehicles in categories M2 and N2 as defined in Annex II to Directive 2007/46/EC with a reference mass not exceeding 2 610 kg and vehicles to which type approval is extended in accordance with Article 2(2) of Regulation (EC) No 715/2007.

*Article 8*

**Excess emissions premium**

1. In respect of each calendar year, the Commission shall impose an excess emissions premium on a manufacturer or pool manager, as appropriate, where a manufacturer's average specific emissions of CO2 exceed its specific emissions target.

2. The excess emissions premium under paragraph 1 shall be calculated using the following formula:

 (Excess emissions × EUR 95) × number of newly registered vehicles.

For the purposes of this Article the following definitions shall apply:

* ‘excess emissions’ means the positive number of grams per kilometre by which a manufacturer's average specific emissions of CO2, taking into account CO2 emissions reductions due to innovative technologies approved in accordance with Article 11, exceeded its specific emissions target in the calendar year or part thereof to which the obligation under Article 4 applies, rounded to the nearest three decimal places, and
* ‘number of newly registered vehicles’ means the number of new passenger cars or new light commercial vehicles counted separately of which it is the manufacturer and which were registered in that period according to the phase-in criteria as set out in Article 4(3).

3. The Commission shall determine the means for collecting excess emissions premiums under paragraph 1 by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 15(2).

4. The amounts of the excess emissions premium shall be considered as revenue for the general budget of the Union.

*Article 9*

**Publication of performance of manufacturers**

1. By 31 October of each year, the Commission shall publish by means of implementing acts a list indicating:

1. for each manufacturer, its specific emissions target for the preceding calendar year;
2. for each manufacturer, its average specific emissions of CO2 in the preceding calendar year;
3. the difference between the manufacturer’s average specific emissions of CO2 in the preceding calendar year and its specific emissions target in that year;
4. the average specific emissions of CO2 for all new passenger cars and new light commercial vehicles registered in the Union in the previous calendar year;
5. the average mass in running order for all new passenger cars and new light commercial vehicles registered in the Union in the preceding calendar year until 31 December 2020;
6. the average test mass of all new passenger cars and new light commercial vehicles registered in the Union in the preceding calendar year.

2. The list published under paragraph 1 shall also indicate whether the manufacturer has complied with the requirements of Article 4 with respect to the preceding calendar year.

3. The list referred to in paragraph 1 shall, for the publication by 31 October 2022, indicate the following:

(a) the 2025 and 2030 EU fleet-wide targets referred to in Article 1(4) and (5) calculated by the Commission in accordance with points 6.1.1 and 6.1.2 of Parts A and B of Annex I;

(b) the values for a2021, a2025 and a2030 calculated by the Commission in accordance with point 6.2 of Parts A and B of Annex I.

Article 10

**Derogations for certain manufacturers**

1. An application for a derogation from the specific emissions target calculated in accordance with Annex I may be made by a manufacturer of fewer than 10 000 new passenger cars or 22 000 new light commercial vehicles registered in the Union per calendar year, and which:

1. is not part of a group of connected manufacturers; or
2. is part of a group of connected manufacturers that is responsible in total for fewer than 10 000 new passenger cars or 22 000 new light commercial vehicles registered in the Union per calendar year; or
3. is part of a group of connected manufacturers but operates its own production facilities and design centre.

2. A derogation applied for under paragraph 1 may be granted for a maximum period of five calendar years renewable. An application shall be made to the Commission and shall include:

1. the name of, and contact person for, the manufacturer;
2. evidence that the manufacturer is eligible for a derogation under paragraph 1;
3. details of the passenger cars or light commercial vehicles which it manufactures including the test mass and specific emissions of CO2 of those passenger cars or light commercial vehicles; and
4. a specific emissions target consistent with its reduction potential, including the economic and technological potential to reduce its specific emissions of CO2 and taking into account the characteristics of the market for the type of passenger car or light commercial vehicle manufactured.

3. Where the Commission considers that the manufacturer is eligible for a derogation applied for under paragraph 1 and is satisfied that the specific emissions target proposed by the manufacturer is consistent with its reduction potential, including the economic and technological potential to reduce its specific emissions of CO2, and taking into account the characteristics of the market for the type of light commercial vehicle manufactured, the Commission shall grant a derogation to the manufacturer. The application shall be submitted at the latest by 31 October of the first year in which the derogation shall apply.

4. An application for a derogation from the specific emissions target calculated in accordance with points 1 to 4 of Part A of Annex I may be made by a manufacturer which is responsible, together with all of its connected undertakings, for between 10 000 and 300 000 new passenger cars registered in the Union per calendar year.

Such application may be made by a manufacturer in respect of itself or in respect of itself together with any of its connected undertakings. An application shall be made to the Commission and shall include:

1. all of the information referred to in paragraphs 2(a) and (c) including, where relevant, information about any connected undertakings;
2. a target which is a 45 % reduction on the average specific emissions of CO2 in 2007 or, where a single application is made in respect of a number of connected undertakings, a 45 % reduction on the average of those undertakings’ average specific emissions of CO2 in 2007.

Where information on a manufacturer's average specific emissions of CO2 does not exist for the year 2007, the Commission shall determine an equivalent reduction target based upon the best available CO2 emissions reduction technologies deployed in passenger cars of comparable mass and taking into account the characteristics of the market for the type of car manufactured. This target shall be used by the applicant for the purposes of point (b).

The Commission shall grant a derogation to the manufacturer where it is demonstrated that the criteria for the derogation referred to in this paragraph have been met.

5. A manufacturer which is subject to a derogation in accordance with this Article shall notify the Commission immediately of any change which affects or may affect its eligibility for a derogation.

6. Where the Commission considers, whether on the basis of a notification under paragraph 5 or otherwise, that a manufacturer is no longer eligible for the derogation, it shall revoke the derogation with effect from 1 January of the next calendar year and shall notify the manufacturer thereof.

7. Where the manufacturer does not attain its specific emissions target, the Commission shall impose the excess emissions premium on the manufacturer, as set out in Article 8.

8. The Commission shall be empowered to adopt delegated acts in accordance with Article 16 laying down rules to supplement paragraphs 1 to 7 of this Article, as regards the interpretation of the eligibility criteria for derogations, the content of the applications, and the content and assessment of programmes for the reduction of specific emissions of CO2.

9. Applications for a derogation, including the information supporting it, notifications under paragraph 5, revocations under paragraph 6 and any imposition of an excess emissions premium under paragraph 7 and measures adopted pursuant to paragraph 8, shall be made publicly available, subject to Regulation (EC) No 1049/2001 of the European Parliament and of the Council[[29]](#footnote-30).

Article 11

**Eco-innovation**

1. Upon application by a supplier or a manufacturer, CO2 savings achieved through the use of innovative technologies or a combination of innovative technologies (‘innovative technology packages’) shall be considered.

Such technologies shall be taken into consideration only if the methodology used to assess them is capable of producing verifiable, repeatable and comparable results.

The total contribution of those technologies to reducing the average specific emissions of a manufacturer may be up to 7 g CO2/km.

The Commission may adjust the cap with effect from 2025 onwards. Those adjustments shall be performed by means of delegated acts in accordance with Article 16.

2. The Commission shall adopt, by means of implementing acts, detailed provisions for a procedure to approve the innovative technologies or innovative technology packages referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 15(2) of this Regulation. Those detailed provisions shall be based on the following criteria for innovative technologies:

1. the supplier or manufacturer must be accountable for the CO2 savings achieved through the use of the innovative technologies;
2. the innovative technologies must make a verified contribution to CO2 reduction;
3. the innovative technologies must not be covered by the standard test cycle CO2 measurement;
4. the innovative technologies must not be covered by mandatory provisions due to complementary additional measures complying with the 10 g CO2/km reduction referred to in Article 1 or be mandatory under other provisions of Union law. With effect from 1 January 2025, this criterion shall not apply with regard to efficiency improvements for air conditioning systems.

3. A supplier or a manufacturer who applies for a measure to be approved as an innovative technology or innovative technology package shall submit a report, including a verification report undertaken by an independent and certified body, to the Commission. In the event of a possible interaction of the measure with another innovative technology or innovative technology package already approved, the report shall mention that interaction and the verification report shall evaluate to what extent that interaction modifies the reduction achieved by each measure.

4. The Commission shall attest the reduction achieved on the basis of the criteria set out in paragraph 2.

Article 12

**Real world CO2 emissions and energy consumption**

1. The Commission shall monitor and assess the real world representativeness of the CO2 emission and energy consumption values determined in accordance with Regulation (EU) 2017/1151. It shall ensure that the public is informed of how that representativeness evolves over time.

2. For that purpose, the Commission shall ensure the availability, from manufacturers or national authorities, as the case may be, of robust non-personal data on real world CO2 emissions and energy consumption of passenger cars and light commercial vehicles.

3. The Commission may adopt the measures referred to in this Article by means of implementing acts in accordance with the examination procedure referred to in Article 15(2).

Article 13

 **Adjustment of M0 and TM0**

 1. The figures M0 and TM0 referred to in Parts A and B of Annex I shall be adjusted as follows:

1. by 31 October 2020, the figure M0 in points 1 to 5 of Part A of Annex I shall be adjusted to the average mass in running order of new passenger cars in the previous three calendar years 2017, 2018, and 2019. That new M0 value shall apply from 1 January 2022 until 31 December 2024;
2. by 31 October 2022, the figure M0 in points 1 to 5 of Part B of Annex I shall be adjusted to the average mass in running order of new light commercial vehicles in the previous three calendar years 2019, 2020 and 2021. That new M0 shall apply in 2024;
3. by 31 October 2022, the indicative TM0 for 2025 shall be determined as the respective average test mass of new passenger cars and new light commercial vehicles in 2021;
4. by 31 October 2024, and every second year thereafter, the figures TM0 in Parts A and B of Annex I shall be adjusted to the respective average test mass of new passenger cars and new light commercial vehicles in the preceding two calendar years starting with 2022 and 2023. The new respective TM0 shall apply from 1 January of the calendar year following the date of the adjustment.

2. The Commission shall, by means of delegated acts, adopt the measures referred to in paragraph 1 in accordance with Article 16.

Article 14

**Review and report**

1. The Commission shall in 2024 submit a report to the European Parliament and the Council on the effectiveness of this Regulation, where appropriate, accompanied by a proposal for amending the Regulation. This report will consider, inter alia, the real world representativeness of the CO2 emission and energy consumption values determined in accordance with Regulation (EU) 2017/1151, the deployment on the Union market of zero- and low-emission vehicles and the roll-out of recharging and refuelling infrastructure reported under Directive 2014/94/EU of the European Parliament and of the Council[[30]](#footnote-31).

2. The Commission shall take into account the assessments performed pursuant to Article 12 and may, where appropriate, review the procedures for measuring CO2 emissions as set out under Regulation (EC) No 715/2007. The Commission shall, in particular, make appropriate proposals to adapt those procedures to reflect adequately the real world CO2 emissions of cars and light commercial vehicles.

3. The Commission shall, by means of implementing acts, determine the correlation parameters necessary in order to reflect any change in the regulatory test procedure for the measurement of specific CO2 emissions referred to in Regulation (EC) No 715/2007 and Regulation (EC) No 692/2008 and, where applicable, Regulation (EU) 2017/1151. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 15(2) of this Regulation.

The Commission shall be empowered to adopt delegated acts in accordance with Article 16 in order to adapt the formulae set out in Annex I, using the methodology adopted pursuant to the first subparagraph, while ensuring that reduction requirements of comparable stringency for manufacturers and vehicles of different utility are required under the old and new test procedures.

Article 15

**Committee procedure**

1. The Commission shall be assisted by the Energy Union Committee established by Article 37 of Regulation (EU) No 2018/1999 of the European Parliament and of the Council[[31]](#footnote-32). That committee shall be a committee within the meaning of Regulation (EU) No 182/2011 of the European Parliament and of the Council[[32]](#footnote-33).

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

3. Where the Committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply.

Article 16

**Exercise of the delegation**

1. The power to adopt delegated acts referred to in the second subparagraph of Article 7(7), Article 10(8), the fourth subparagraph of Article 11(1), Article 13(2) and the second subparagraph of Article 14(3) shall be conferred on the Commission for an indeterminate period of time from [the date of entry into force of this Regulation].

2. The delegation of power referred to in the second subparagraph of Article 7(7), Article 10(8), the fourth subparagraph of Article 11(1), Article 13(2) and the second subparagraph of Article 14(3) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

3. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

4. A delegated act adopted pursuant to the second subparagraph of Article 7(7), Article 10(8), the fourth subparagraph of Article 11(1), Article 13(2) and the second subparagraph of Article 14(3) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 17

**Amendment to Regulation (EC) No 715/2007**

The following Article 11a shall be inserted in Regulation (EC) No 715/2007:

"*Article 11a*
**In-service conformity of CO2 emissions and fuel consumption**

1. Subject to the adoption and entry into force of the procedures referred to in paragraph 2, type approval authorities shall, on the basis of appropriate and representative samples, verify that vehicles that have entered into service and for which they granted type approval conform to the CO2 emission and fuel consumption values recorded in the certificates of conformity.

2. The Commission shall adopt implementing acts in accordance with Article 15 in order to determine the procedures for verifying the in-service conformity of light duty vehicles in respect of the certified CO2 and fuel consumption values."

Article 18

**Repeal**

Regulations (EC) No 443/2009 and (EU) No 510/2011 are repealed with effect from 1 January 2020.

References to the repealed Regulations shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex V.

Article 19

**Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2020.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament For the Council*

*The President The President*

1. <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1511452002600&uri=CELEX:22016A1019(01)> [↑](#footnote-ref-2)
2. COM(2016) 501 final [↑](#footnote-ref-3)
3. COM(2017) 283 final [↑](#footnote-ref-4)
4. Ricardo-AEA and TEPR (2015), Evaluation of Regulations 443/2009 and 510/2011 on the reduction of CO2 emissions from light-duty vehicles, available at: <https://ec.europa.eu/clima/sites/clima/files/transport/vehicles/docs/evaluation_ldv_co2_regs_en.pdf> [↑](#footnote-ref-5)
5. COM(2015) 080 final [↑](#footnote-ref-6)
6. Proposal for a Regulation on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change, COM(2016) 482 final [↑](#footnote-ref-7)
7. Proposal for a Directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (recast), COM/2016/0767 final [↑](#footnote-ref-8)
8. Proposal for a Directive of the European Parliament and of the Council amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, COM(2017) 275 final [↑](#footnote-ref-9)
9. COM(2017) 479 final [↑](#footnote-ref-10)
10. <http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8848> [↑](#footnote-ref-11)
11. OJ L 123, 12 May 2016, p.1. [↑](#footnote-ref-12)
12. Ricardo-AEA and TEPR (2015), Evaluation of Regulations 443/2009 and 510/2011 on the reduction of CO2 emissions from light-duty vehicles, available at: <https://ec.europa.eu/clima/sites/clima/files/transport/vehicles/docs/evaluation_ldv_co2_regs_en.pdf> [↑](#footnote-ref-13)
13. Ricardo-AEA and TEPR (2015), Evaluation of Regulations 443/2009 and 510/2011 on the reduction of CO2 emissions from light-duty vehicles, available at: <https://ec.europa.eu/clima/sites/clima/files/transport/vehicles/docs/evaluation_ldv_co2_regs_en.pdf> [↑](#footnote-ref-14)
14. [↑](#footnote-ref-15)
15. Regulation (EC) No 443/2009 of the European Parliament and of the Council of 23 April 2009 setting emission performance standards for new passenger cars as part of the Community's integrated approach to reduce CO2 emissions from light-duty vehicles (OJ L 140, 5.6.2009, p. 1). [↑](#footnote-ref-16)
16. Regulation (EU) No 510/2011 of the European Parliament and of the Council of 11 May 2011 setting emission performance standards for new light commercial vehicles as part of the Union's integrated approach to reduce CO2 emissions from light-duty vehicles (OJ L 145, 31.5.2011, p. 1). [↑](#footnote-ref-17)
17. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions A European Strategy for Low-Emission Mobility (COM(2016) 501 final). [↑](#footnote-ref-18)
18. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EUROPE ON THE MOVE An agenda for a socially fair transition towards clean, competitive and connected mobility for all (COM(2017) 283 final). [↑](#footnote-ref-19)
19. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Delivering on the European Strategy for low-emission mobility A European Union that protects the planet, empowers its consumers, and defends its industry and workers (COM(2017) 675 final). [↑](#footnote-ref-20)
20. Commission Regulation (EU) 2017/1151 of 1 June 2017 supplementing Regulation (EC) No 715/2007 of the European Parliament and of the Council on type-approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information, amending Directive 2007/46/EC of the European Parliament and of the Council, Commission Regulation (EC) No 692/2008, and Commission Regulation (EU) No 1230/2012 and repealing Commission Regulation (EC) No 692/2008 (OJ L 175, 7.7.2017, p.1). [↑](#footnote-ref-21)
21. Commission Regulation (EC) No 692/2008 of 18 July 2008 implementing and amending Regulation (EC) No 715/2007 of the European Parliament and of the Council on type-approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information (OJ L 199, 28.7.2008, p. 1). [↑](#footnote-ref-22)
22. Commission Implementing Regulation (EU) 2017/1152 of 2 June 2017 setting out a methodology for determining the correlation parameters necessary for reflecting the change in the regulatory test procedure with regard to light commercial vehicles and amending Implementing Regulation (EU) No 293/2012 (OJ L 175, 7.7.2017, p. 644). [↑](#footnote-ref-23)
23. Commission Implementing Regulation (EU) 2017/1153 of 2 June 2017 setting out a methodology for determining the correlation parameters necessary for reflecting the change in the regulatory test procedure and amending Regulation (EU) No 1014/2010 (OJ L 175, 7.7.2017, p. 679). [↑](#footnote-ref-24)
24. High Level Group of Scientific Advisors, Scientific Opinion 1/2016 "Closing the gap between light-duty vehicle real-world CO2 emissions and laboratory testing" [↑](#footnote-ref-25)
25. European Parliament recommendation of 4 April 2017 to the Council and the Commission following the inquiry into emission measurements in the automotive sector (2016/2908(RSP))  [↑](#footnote-ref-26)
26. Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p.13). [↑](#footnote-ref-27)
27. OJ L 123, 12.5.2016, p. 1. [↑](#footnote-ref-28)
28. Communication from the Commission to the Council and the European Parliament of 7 February 2007 Results of the review of the Community Strategy to reduce CO2 emissions from passenger cars and light-commercial vehicles (COM(2007) 19 final). [↑](#footnote-ref-29)
29. Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31.5.2001, p. 43). [↑](#footnote-ref-30)
30. Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure (OJ L 307, 28.10.2014, p. 1) [↑](#footnote-ref-31)
31. Regulation (EU) 2018/1999 of the European Parliament and the Council on the Governance of the Energy union (OJ L 328,1). [↑](#footnote-ref-32)
32. Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission’s exercise of implementing powers (OJ L 55, 28.2.2011, p. 13). [↑](#footnote-ref-33)