

NOT JUST SMOKE AND MIRRORS: REGULATING VEHICLE EMISSIONS IN THE UK & CANADA


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SPEAKERS



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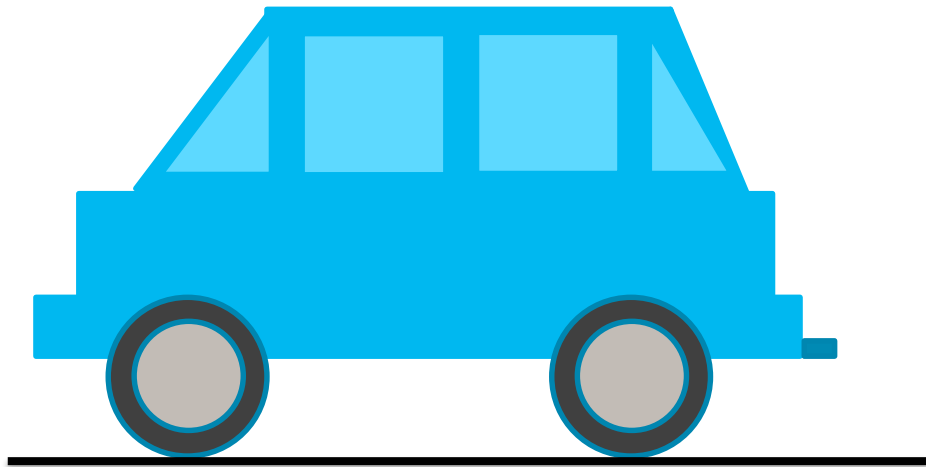
UK AND EU: VEHICLE EMISSIONS

BEN STANSFIELD – PARTNER, GOWLING WLG



EMISSIONS REGULATIONS – EU

FACTS AND FIGURES



- **Average car emissions 124.5g/km**
- **Average van emissions 166.9g/km**
- **Car emissions 31% down since 2000**
- **Diesels 15-20% lower CO2 emissions**
- **Consumer trends**
 - bigger vehicles
 - fewer diesels
- **EVs – 0.7% market**

EU REGULATION 2019/631

EU-wide CO2 target

95g CO2/km

2025: –15%
reduction

2030: –37.5%
reduction

Manufacturer CO2 targets

2020: 95%
phase-in

2021: all cars
included

Based on
average weight
of cars

ZLEV: Increase Target

2025: 15% of
your fleet

2030: 35% of
your fleet

Up to 5g
increase
emissions target

Derogations

<1,000
exemption

<10,000 5yr
derogation

10,000 –
300,000

EU REGULATION 2019/631

Eco-Innovation

Innovative tech to increase target

Up to 7g CO₂ increase available

LED lighting, 'coasting' tech, etc

Super Credits

LEVs count as more than 1 car in your fleet

2020: 2 cars;
2021: 1.67 cars;
2022: 1.33 cars

Reduce ave. emissions up to 7.5g over 3 years

Pooling

Form a pool to increase fleet

Open pools starting to form

e.g FiatChrysler, Tesla, Alfa Romeo, Honda

Monitoring and Reporting

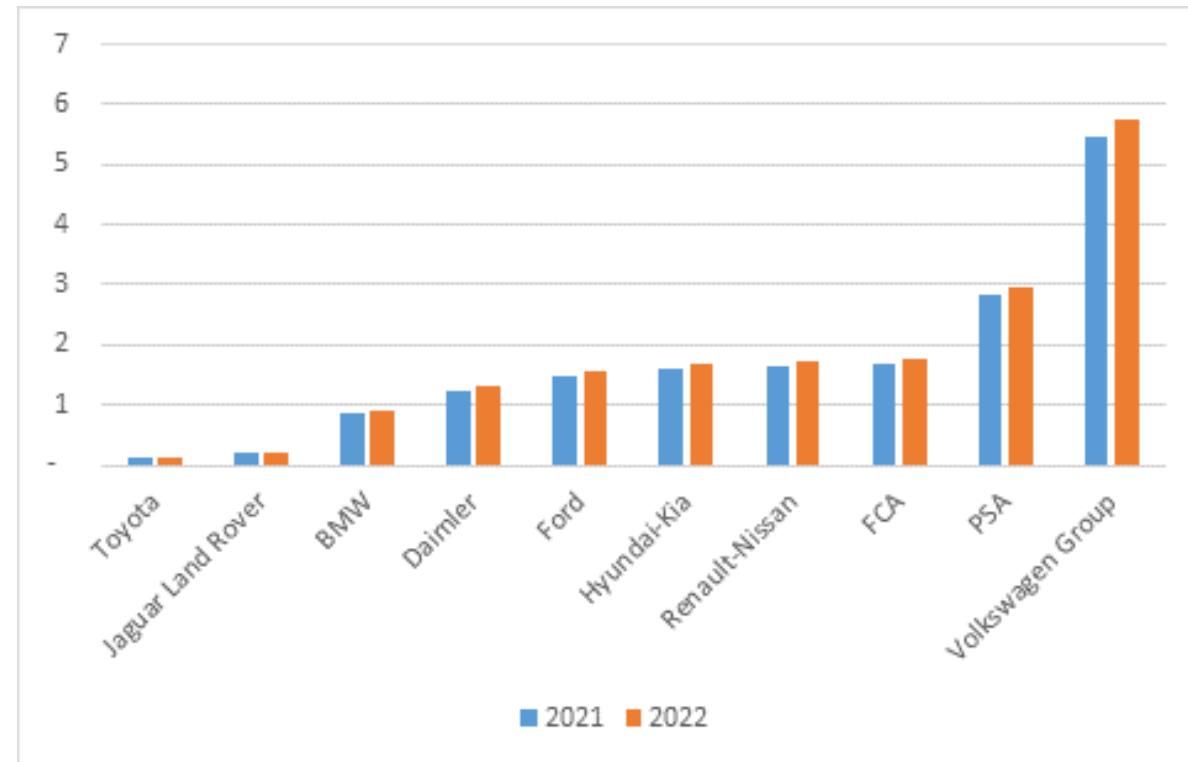
Data collection and analysis

Calculation of specific emissions and emissions target

EXCESS EMISSIONS PREMIUM

(Excess emissions gCo2/km x €95) x new vehicles

- Nissan discontinuing diesels from 2021
- FCA open-pooling with Tesla
- Ford, Volvo and Polestar open-pooling
- BMW advancing EV rollout
- VW focussing on BEVs only (not hybrid)



Source: Autovista Group based on ICCT and ACEA data

	2012	2013	2014	2015	2016-19	2020	2021	2022	2023	2025	2030
EU Fleet CO2 Target	130g/km					95g/km				15% rdctn against 2021	37.5% rdctn against 2021
Manufacturer %age taken into account (phase in)	65%	75%	80%	100%		95%	100%				
ZLEV Benchmark										15%	35%
										Up to 5gCO2/km	Up to 5gCO2/km
Individual manufacturer targets	Based on average weight of cars vs EU average										
Super credits for 50g cars (ZLEV)	3.5	3.5	2.5	1.5	1	2	1.67	1.33	1		
Eco-Innovation	Up to 7g CO2/km										
Penalty	€5 for the 1 st g/km exceedance €15 for the 2 nd g/km €25 for the 3 rd g/km €95 for each subsequent g/km Multiplied by number of registered vehicles					(Excess emissions × EUR 95) × number of newly registered vehicles					

EMISSIONS REGULATIONS – UK

THE ROAD VEHICLE EMISSION PERFORMANCE STANDARDS (CARS AND VANS) (AMENDMENT) (EU EXIT) REGULATIONS 2020 (DRAFT)

Scope	England, Scotland, Wales
Emissions Targets	As per EU Regulation
Derogation	Look at historic market share in the UK. Alternatively 15.5% of EU thresholds: <ul style="list-style-type: none"> - Derogation 1 – UK sales under 1,500 - Derogation 2 – UK sales 1,500 – 46,500
Pooling	✓
Eco-Innovations	Domestic system to apply
Super Credit Cap	Up to 3.75 gCO ₂ /km per year (2 years, not EU 3 year)
Penalty	£86 per gCO ₂ /km exceeded
Review	2023

THE FUTURE FOR EMISSIONS?

WHAT WILL WE SEE IN THE 2020s

- **(Phased) bans on the sale of ICE (e.g. UK)**
- **Restrictions on the sale of hybrids**
- **Geographic bans – urban ULEZs**
- **Further incentives for EVs**
- **Scrappage schemes for ICE?**
- **Focus on non-tailpipe emissions – brakes and tyres**

REGULATING VEHICLE EMISSIONS IN CANADA

ALEX SADVARI – ASSOCIATE, GOWLING WLG



CANADIAN TRANSPORTATION



CANADIAN REGULATION OF VEHICLE EMISSIONS

- **Federal**
- **Provincial**



CANADA – FEDERAL REGULATION OF VEHICLE EMISSIONS

- **Federal Regulator:**
Environment and Climate Change Canada (ECCC)
- **Federal Environmental Legislation:**
Canadian Environmental Protection Act, 1999 (CEPA)
 - **Part 7 – Controlling Pollution and Managing Wastes**
 - ✓ DIVISION 5 - Vehicle, Engine and Equipment Emissions
 - **Part 10 – Enforcement**

CANADA – REGULATIONS UNDER CEPA

- **Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations (SOR/2010-201)**
- **On-Road Vehicle and Engine Emission Regulations (SOR/2003-2)**
- **Heavy-duty Vehicle and Engine Greenhouse Gas Emission Regulations (SOR/2013-24)**
- **Renewable Fuels Regulations (SOR/2010-189)**
- **Draft Clean Fuel Regulations**

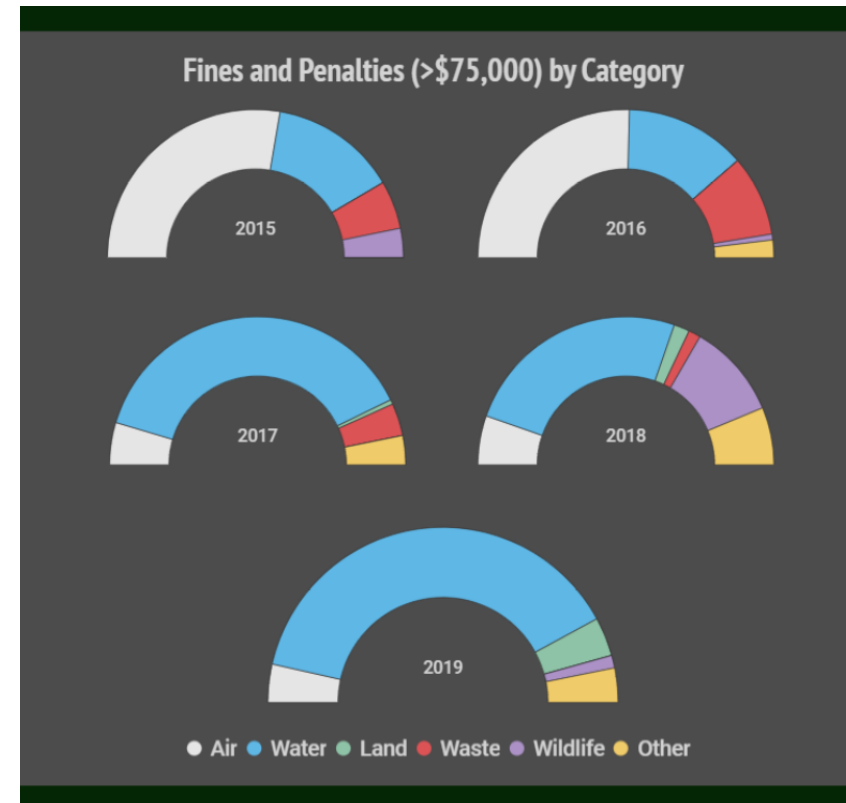
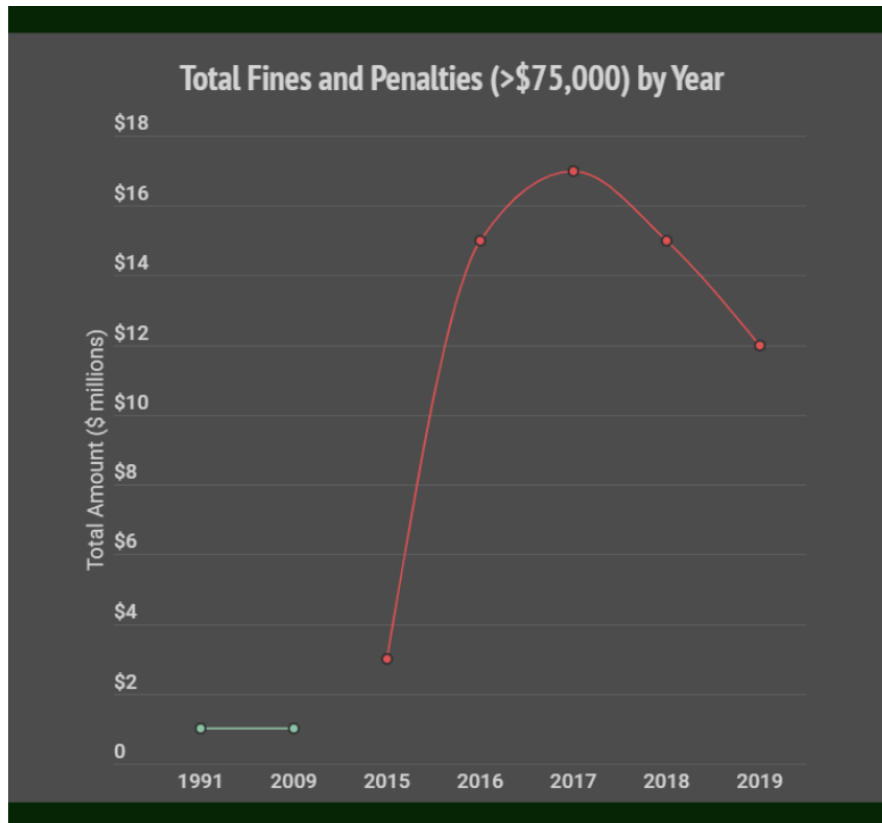
CANADA - HARMONIZE WITH U.S. STANDARDS

- **Concurrent sales in Canada and the U.S. of vehicle model year**
- **Accept U.S. Environmental Protection Agency (EPA) certificate as evidence of conformity**

CANADA – EMISSION CREDITS

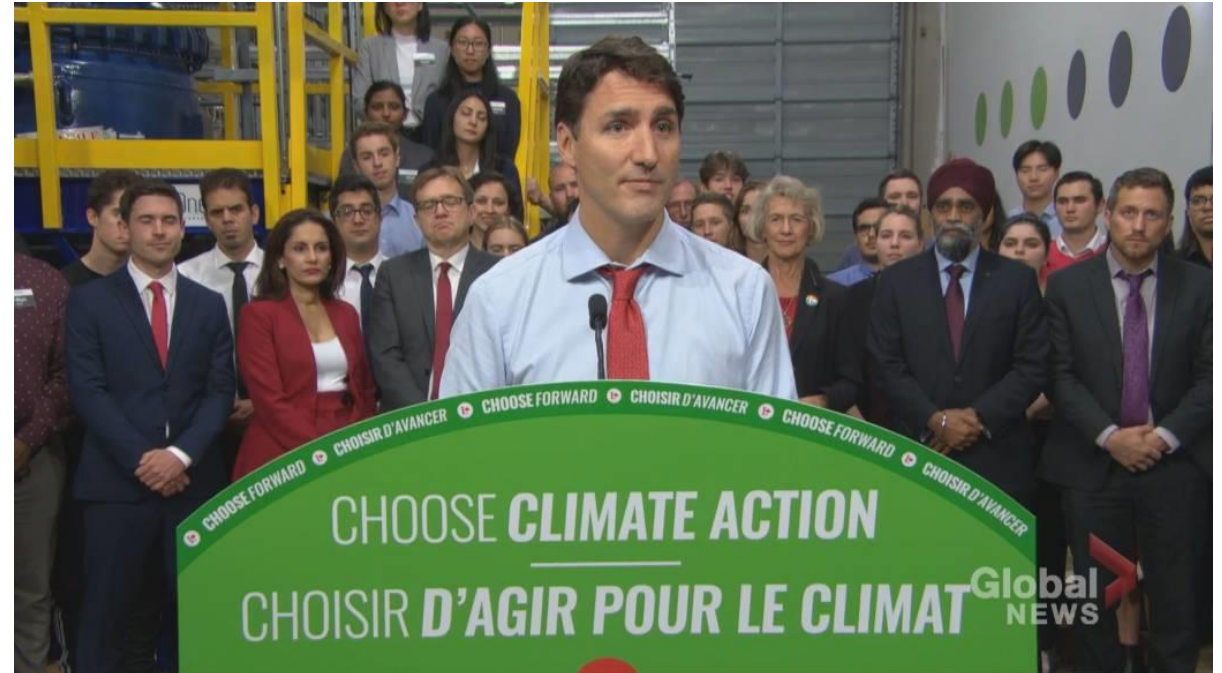
- **Compliance based on fleet averages by model year**
- **Emissions credits available for superior performance**

CANADA – ENFORCEMENT UNDER CEPA



THE FUTURE: VEHICLE EMISSIONS STANDARDS IN CANADA

- **Canada Net Zero Emissions by 2050**
- **EVs:**
 - 3.7 % of market share in 2020 Q3



THE FUTURE: ELECTRIC VEHICLES IN CANADA

- **EVs:**
 - 3.7% of Canadian market share in 2020 Q3
 - Over 18,000 new zero emission vehicles registered
 - 67% battery based EVs and 33% plug-in hybrid vehicles

THE FUTURE: UNITED STATES VEHICLE EMISSION STANDARDS

- **Expect more stringent vehicle emissions standards under President Biden**
- **EVs**

QUESTIONS?



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