

To:

Mr **Frans Timmermans**, Executive Vice-President for the European Green Deal
Ms **Adina Vălean**, Commissioner for Transport
Mr **Thierry Breton**, Commissioner for Internal Market
Ms **Kadri Simson**, Commissioner for Energy

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Mr **Kurt Vandenberghe**, European Green Deal Adviser to the Commission President Ursula von der Leyen,
Mr **Filip-Alexandru Negreanu-Arboreanu**, Deputy Head of Cabinet of Commissioner Adina Vălean,
Mr **Daniel Mes**, Member of Cabinet of Executive Vice-President Mr. Frans Timmermans,
Mr **Pascal Canfin**, European Parliament Chair of the ENVI Committee,
Ms **Karima Delli**, European Parliament Chair of the TRAN Committee,
Mr **Cristian-Silviu Buşoi**, European Parliament Chair of ITRE Committee,
Mr **Ismail Ertug**, European Parliament, member of the TRAN Committee,
Mr **Nuno Brito**, Portuguese Permanent Representative,
Mr **Iztok Jarc**, Slovenian Permanent Representative,

May 20, 2021

Subject: Fit for 55: Business fleet owners want and need ambitious electric vehicle legislation

Dear Vice-President Mr Timmermans, Commissioner Ms Vălean, Commissioner Mr Breton, Commissioner Ms Simson,

The EU has rightly put climate action at the centre of its agenda through the adoption of the European Green Deal. With legislative proposals now being drafted under the Fit for 55 Package, the EU must use this opportunity to set ambitious, net-zero aligned targets and policies that accelerate decarbonisation in all key sectors.

One sector where this matters more than most is transport. Since 1990, transport is the only sector in the EU that has not seen a decline in emissions. Yet to achieve the EU's net zero 2050 goal, transport, but especially road transport, must be completely decarbonised in the next 30 years. Indeed, by 2035 at the very latest the sale of new internal combustion engine (ICE) cars and vans must be phased out to keep the EU on track to net zero.

As major companies operating in the EU, providing a range of goods and services, and dependent on a modern and efficient transportation system, we fully support the need for such ambitious action and goals.

Businesses are acting already but need policy support too

As members of EV100 – a global initiative of companies committed to accelerating the transition to electric vehicles – we are already electrifying our own business fleets. By 2030, many of us will have light vehicle fleets that are 100% EVs (covering battery electric (BEV), fuel cell electric (FCEV) and plug-in hybrid electric (PHEV) vehicles), totalling 4.8 million cars and vans across 80 markets. We are doing this because it makes business sense and because it is the right thing for our customers, staff and the communities we operate in. We want and need other companies to follow, but we know that the speed and scale of the transition required ultimately depends on a supportive and ambitious policy environment.

Businesses need certainty and clarity to invest in new technologies at scale and with speed. This is true on both the supply and demand side. Some are early adopters (like EV100 members) but the majority follow when the incentives and regulation are clear, persuasive and business orientated. This is why EV100 adopted a set of global policy asks¹ last year that call on all governments around the world to implement a range of actions to accelerate EV adoption.

Such actions include setting ambitious **target dates for 100% sale of electric vehicles** so that businesses can plan and invest with certainty. It means **stimulating supply** of these vehicles by setting strong emission standards or sales mandates so that manufacturers deliver vehicles to market in a timely and predictable manner. It requires **driving demand** by providing incentives so that businesses (and consumers) can buy EVs at scale and in a financially sustainable way. And it includes the crucial task of **investing in charging infrastructure** so that businesses can transition to EVs confident that they can be operated seamlessly, anywhere, anytime and more affordably than the vehicles they replace.

EU leadership and a strong Fit for 55 package are essential

With its goal to be the first net zero continent, and because of its global leadership in the automotive sector, the EU must take the lead in setting the most ambitious policies and targets in all these areas.

Business fleet owners like ourselves stand ready to help and can play a powerful role in accelerating the transition. In Europe, business fleets account for nearly 60% of new car sales², and quick turnover of these fleets (normally 3-4 years) means these vehicles also underpin the second-hand market. With the right policy signals and investment, the EU's transition to EVs could be swift while at the same time securing the automotive sector's leadership in this new technology.

To do this the Commission must present legislative proposals under the Fit for 55 Package in June that set a high bar for EV ambition. Specifically, this means ensuring the relevant regulations and directives are revised and amended as follows:

- *CO2 emission performance standards*
This regulation has been the key driver of EV adoption in the EU, helping to provide our businesses with the vehicle models and volumes we need to achieve our 100% EV targets. It now needs to be substantially strengthened to ensure the phase-out of new internal combustion engine (ICE) vehicles no later than 2035. This can be achieved by setting a 2035 fleet-wide CO₂ target at 0g CO₂/km for vehicle manufacturers, combined with more ambitious short and mid-term targets through the 2020s. The Commission should also refrain from including measures to support renewable fuels in this regulation. Such measures need to be kept separate or they will undermine the efficacy, efficiency and success of CO₂ standards in driving EV adoption. They may also create unintended environmental and health impacts.

¹ https://www.theclimategroup.org/sites/default/files/2021-02/EV100%20global%20policy%20position_final_202101.pdf

² https://www.transportenvironment.org/sites/te/files/publications/2020_10_Company_cars_briefing.pdf



- Alternative Fuels Infrastructure Directive (AFID)*

The transition to EVs by 2035 will only be achieved if supporting charging infrastructure is built in parallel. The AFID is the critical legislation for ensuring this. As businesses committed to a rapid EV transition, we need a revised AFID that supports our goals. The AFID must prioritise infrastructure rollout driven by market demand. This means the AFID must prioritise electrification as a means for decarbonising the majority of road transport vehicles. It must provide certainty that infrastructure will be built at the right time and place. This can be done by setting mandatory targets for MS and creating roadmaps that use common standards and methodologies to ensure seamless use for all charging needs. It must also ensure the infrastructure is future-proof, 'smart' or (smart-ready) and interoperable. For implementation to be strong and consistent across the EU the directive should also be made an ad-hoc regulation. When transport electrification is not possible, green H2 refueling infrastructure should be assessed.
- Renewable Energy Directive*

A revised RED can play an important role in electrifying transport but must be redesigned to promote the use of renewable electricity for transport if the sectoral target for transport is to be raised (e.g. from 14% to 24%). Implementing a fuel-neutral credit trading mechanism, for example, would enable this and mean electricity could compete on an equal footing with other renewable fuels, which is currently not the case. The revised RED must also ensure that low-carbon, but non-renewable fuels (such as 'blue H2' and non-sustainable biofuels) are not counted toward the sectoral target by strengthening existing criteria. Advanced, sustainable biofuels, 'green H2' and derived synthetic fuels meanwhile should be prioritised for hard-to-abate uses such as shipping and aviation, and possibly play a role for long-haul road transport, if electrification is not a viable option.
- Emissions Trading Scheme*

Road transport should not be included in the existing EU-ETS. Such inclusion would be: ineffectual (the carbon price would be too low to incentivize change); administratively complex and time consuming to include; unnecessary (the CO2 standard is more effective and efficient); and distracting (from other more effective measures). As businesses, we support regulation that is as simple, efficient, and effective as possible. ETS coverage of transport is most effective and efficient where abatement costs are high, and few technology alternatives are available, such as in the aviation and maritime sectors. If road transport is to be covered by a trading scheme, this should be in a separate system, together with the building sector, with its own non-fungible allowances to ensure the necessary price signals are created.
- Energy Tax Directive*

The revision of the ETD provides the opportunity to create powerful incentives for electrification of transport. To this end, the updated ETD needs to level the playing field by ensuring all energy sources are taxed fairly and in accordance with the polluter-pays principle. Electricity used in EVs should be taxed the same as electricity used everywhere else. Tax rules on energy consumption should be used to unlock the flexibility potential of EV batteries by only taxing stored energy once. Taxes and charges unrelated to supply costs should also be removed from the electricity bills. And decarbonisation costs should be shared through a homogeneous surcharge, avoiding perverse incentives and cross-subsidies between consumers of different energy carriers.
- Energy Performance in Buildings Directive*

As EV fleet owners that need access to sufficient and reliable charging infrastructure in the commercial buildings we own and lease, the revision of the EPBD in Q4 is particularly important. The revised EPBD must increase the level of private charging infrastructure in commercial buildings and workplaces and complement what the AFID must deliver for public charging infrastructure. Among other things, the EPBD needs to: set minimum charging infrastructure requirements, so that all buildings with parking (residential and non-residential) are equipped



with EV chargers or are charger-ready by 2035; introduce requirements for smart charging e.g. to allow for vehicle to grid (V2G) and vehicle to building (V2B) connections; and guarantee the right-to-plug for all EV users, e.g. akin to the right to a phone line.

More specific details on these revisions can be found in papers from expert partners and initiatives that EV100 is associated with, notably the Platform for Electromobility, of which EV100 is a member.

Other policies to support the EV transition

Beyond the Fit for 55 Package, the EU must also ensure other regulatory reforms complement and support an accelerated transition to electric vehicles. This includes swift implementation of the Clean Energy Package, to ensure that innovative tariff design structure is properly defined, so that EVs can benefit from smart charging during off-peak hours. The EURO VI pollutant regulation meanwhile must set tighter standards for NOx, SO2 and PM, so that all new vehicles have zero emissions from 2030. And the Clean Vehicle Directive must deliver zero emission public fleets for light and heavy-duty vehicles by 2030 and 2035, respectively.

As companies that are committed to the ambition set by the European Green Deal, and who are leading the business transition to EVs, we would be delighted to share our experiences, priorities, and challenges with Commissioners as they finalise legislative proposals under the Fit for 55 Package.

We remain at your disposal to discuss these issues in more detail at a date and time that suits.

Yours sincerely,

[The Climate Group's EV100](#)

EDP (Energias de Portugal)

E.ON

Iberdrola

Ingka Group (IKEA)

LeasePlan

Lime

Novo Nordisk

Tesco

Unilever

Vattenfall



° CLIMATE GROUP
EV100



About EV100

EV100 is a global initiative that brings together forward-looking companies committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030. EV100 currently comprises just over 100 corporate members, operating across 80 global markets, committed to electrifying 4.8 million vehicles and rolling out EV charging at over 5500 company locations worldwide, all by 2030. <https://www.theclimategroup.org/ev100>



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