

**Platform's proposals to boost
zero-emission vehicles in corporate and urban fleets**

May 2021

With the European Union agreement on -55% greenhouse gas emissions (GHG) by 2030, all economic sectors will have to pull their weight towards this goal. Unfortunately, the transport sector has a poor decarbonization track-record with emissions steadily growing since 1990.

Looking at all transport modes, road transport is still the largest emitter (71%) and will remain so in the near future^[1]. Recently adopted CO₂ emission performance standards, investment in charging infrastructure, etc. will eventually drive down emissions, but new initiatives aimed at “quick wins” are needed to fast-track decarbonization.

These initiatives should be based on the idea that when fighting against climate change and local pollution, not all vehicles are equal. Fleet vehicles (i.e. corporate fleets) drive on average 2.25 times^[2] more than private cars. Public fleets, such as urban buses which account for 8%^[3] (per passenger per km) of greenhouse gases (GHG) emitted by the transport sector, are also big players. Last but not least, as fleet vehicles are often parked in depots and large parking lots, their batteries could be used to optimise the RES integration and the use of smart charging could provide benefits to local utilities and to the whole power system^[4].

Against that background, the Platform for electromobility welcomes the European Commission’s ambition to electrify public and corporate fleets recently introduced in the Smart and Sustainable Mobility Strategy.

In this paper, we share our insight and expertise to make this a reality. We first recommend ensuring an ambitious implementation of the Clean Vehicle Directive (CVD) for public fleets in all Member States (MS). Second, new legislation dedicated to the electrification of corporate fleets should be envisaged.

1. Implementing the Clean Vehicle Directive

While at its adoption in 2019, we expressed our enthusiasm that the CVD would pave the way for a broad deployment of clean vehicles across Europe – electric buses in particular – it seems likely that few MS will transpose the directive in time.

As of April 2021, only France has implemented the directive, and only a few more MS have started the transposition process which is due to be completed by 2nd August 2021. There is a risk that an unequal transposition of the directive will lead to fragmentated and non-harmonized access to clean transportation and its benefits for citizens between MS.

Recent bus registration figures also show that while the sales of electric buses are progressing, most countries are still nowhere near the CVD targets ^[6]. Therefore, we call the legislators to push for a better and faster implementation of the CVD in most MS. National governments should make the best use of available funds, including national and European recovery plans, to achieve the targets of the directive.



Electrification of public fleets covered by the CVD is only one step on the road to a 90% cut in transport emissions by 2050. Electrifying corporate fleets^[7] constitute another powerful leverage towards the decarbonation of transportation in Europe.

2. Leveraging corporate fleets to curb emissions

Corporate cars represent millions of high-mileage vehicles circulating in Europe with a high turnover. They now also represent the main part of the car market in Western Europe. According to a recent Deloitte^[8] report, in 2010 the private and corporate market segments were almost equally large in Western Europe (respectively 7.3 million vs. 7.2 million car registrations). In 2016, the balance had already tilted in favour of corporate cars (58%), and by 2021, Deloitte forecasts a share of new car registrations of 37% for the private and 63% for the corporate channel. In countries not covered by the study like Poland, corporate cars share in a new passenger car market is even larger, reaching 75% in 2020^[9].

Corporate cars quickly become private cars via the second-hand market after an average ownership of 36 to 48 months. Most Europeans indeed purchase private cars after they used corporate functions^[10]. The electrification of corporate fleets is therefore key to also electrify the whole stock (owned by individuals) with a reasonable time gap.

Corporate fleets represent 20% of the total vehicle park in Europe, 40% of total driven kilometers but is responsible for half of total emissions from road transport. Starting with corporate fleets is the quickest way to reach emission cuts.^[11]

Additionally, corporate cars are highly visible in our cities. By leading by example and supplying the second-hand market, electrified corporate vehicles will increase acceptability and accessibility of electric cars for European households. The electrification of this market therefore is not only a ‘low hanging fruit’, it has significant indirect impacts on other markets. As such, it is a major element for the electric vehicles (EVs) market to reach a critical mass.

Yet, the electrification potential of corporate vehicles remains largely untapped, due to a lack of clear rules and incentives. Indeed, along with main files such the Eurovignette Directive currently under negotiation, and which would be an important incentive for greening fleets, a whole patchwork of initiatives is included in existing and upcoming legislations. We remind that a successful electrification of corporate fleet shall be linked with a strong roll-out of public and private of charging infrastructures. Annex 1 below outlines our positions on these legislative files and why they will suffice to yield the way to a full decarbonisation of corporate fleets.

With no legislative instrument at hand today, the European policy lacks teeth when it comes to electrification of corporate fleets. We invite policy makers to require more and more fleets such as company cars, taxis, leasing and renting companies and delivery vehicles to electrify, and support companies towards this goal.

To do so, we call for the establishment of a new single regulation dedicated to the electrification of corporate fleets.

3. Call for a new proposal on the electrification of corporate fleets

A new legislation on the electrification of corporate fleets would set a clear path and objective. This new legislation should include the following provisions:

For a start, such a legislation should equally apply across the European internal market. Therefore, we believe a regulation would be the most suitable legislative instrument to accelerate fleet



electrification. -The regulation would harmonize the European market by preventing risks of increased gaps between MS during the implementation. This is particularly important for internal market cohesion and regulatory clarity for businesses owning fleet across the EU. A regulation would have the final benefit of having a direct effect.

A realistic yet ambitious mandate should be put on companies to decarbonise their vehicle fleets in accordance with the European Green Deal's objectives. Fleet electrification is a journey that requires following a roadmap and trials before scaling up in largest companies. Considering the timing of application of the regulation and the ability of companies that recently purchased vehicles or have larger fleets to react a stepwise approach is with interim targets therefore required.

We recommend setting a gradual approach to progressively but eventually reach the objective of 100% of new vehicle purchase in corporate fleets to be electrified by 2030.

To avoid imposing a heavy burden on the smallest companies, the regulation should apply to fleets above a certain size. Thresholds should be based on a robust methodology to consider the different segments, industries and MS characteristics while keeping in mind the lower the threshold, the higher the incentives should be for smaller fleets. Next to the electrification of the corporate fleets, companies should consider multimodal packages where a Zero-emission vehicle is combined with other sustainable transport solutions.

The Regulation's provisions should differentiate between fleets in their capacity to make the change based on their usual turnover and nature of the transport they perform. Some fleets should face stricter and faster pace to electrification while others could be given more time to electrify. For example, new taxis and private hire vehicles (PHV) committed to drive fully electric vehicles should be issued licences in priority over ICE drivers while fleets in specific industries with technological obstacles (e.g. logging/lumbering industry) may be given derogations.

Along with mandatory targets and compliance mechanisms, incentives for fleet owners will also be needed at European and national levels to accompany the shift. Inspiration for positive incentives should be drawn from lessons learnt from well-designed benefit in kind systems for corporate cars across MS. The Platform for electromobility will soon propose a document outlining such best practices.



Annex: Shortcomings of current fragmented legislative framework to promote corporate fleet electrification

The Platform for electromobility believes that while all welcome, none of the abovementioned legislations can realistically open the door to large scale fleet electrification. These measures are peppered across many legislations and therefore do not provide a clear path for transport industries and corporations with large fleet that are regularly renewed. Dispersed measures lower their efficiency and slowdown the uptake of zero-emission vehicles in corporate and urban fleets.

Urban Mobility Package: With urban areas accounting for 72% of European emissions, increasing the share of ZEV driving in our cities yields a significant potential toward climate neutrality. The revision of the Urban Mobility Package planned for 2021 can nudge local authorities to invest in and accelerate electrification of transports, through Sustainable Urban Mobility Plans and well-designed urban vehicle access regulations. To do so, it should introduce first mechanisms of dialogue between MS and local authorities to support local deployment and benefit from expertise of cities driving the change bottom-up. Second clear recommendations for local authorities shifting to electromobility, and third technical and economic assistance and corresponding financial mechanisms to local authorities. However, the scope and non-constraining nature of the Urban Mobility Package is unlikely to be sufficient to trigger widespread corporate fleets' electrification.

Trans-European Transport Network regulation (TEN-T): The announced provisions for first and last mile solutions that include multimodal mobility hubs, park-and-ride facilities, and safe, active mobility infrastructure in the revision of the TEN-T can answer some corporations' decision-takers concerns on shifting to electric fleets. Companies therefore should consider exploring and implementing multimodal packages for staff mobility. It is not sufficient to push fleet owners to make the shift and does not embrace the full picture.

On-demand passenger transport: Taxi fleets and private hire vehicles (PHVs) are other high-mileage fleet with high GHG emissions mostly operating in cities. Although we support any initiative promoting the use of cleaner vehicles for taxi and PHV services, a legislation limited to "On-demand passenger transport" would exclude the largest share of corporate fleets.

Energy Performance of Buildings Directive (EPBD) and Alternative Fuels Infrastructure Directive (AFID): Understanding the potential of fleet electrification requires a thorough knowledge of charging infrastructure solutions. EV fleets require a different approach to charging due to their set patterns and use-case differences, both from public and private charging infrastructure perspectives. These specificities ultimately determine to a big extent the feasibility and the pace of electrifying a given car park.^[11] The European Commission must integrate considerations for EV fleets with the revision of the AFID and EPBD.



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^[1]<https://www.eea.europa.eu/data-and-maps/indicators/transport-emissions-of-greenhouse-gases-7/assessment>

^[2]https://www.transportenvironment.org/sites/te/files/publications/2020_10_Dataforce_company_car_report.pdf

^[3] EU Commission Expert Group on Clean Bus Deployment; D2 Procurement and Operations.

^[4] Flagship 1 – Boosting the uptake of zero-emission vehicles, renewable & low-carbon fuels and related infrastructure

^[6] https://www.acea.be/uploads/press_releases_files/ACEA_buses_by_fuel_type_full-year_2020.pdf

^[7] In this paper, we include into corporate fleets all “Vehicle owned or leased by a private company, and used for business purposes.”

^[8] <https://www2.deloitte.com/content/dam/Deloitte/cz/Documents/consumer-and-industrial/cz-fleet-management-in-europe.pdf>.

^[9] <https://fppe.pl/>

^[10] DG Climate Action, European Commission.

https://ec.europa.eu/clima/sites/clima/files/transport/vehicles/docs/2nd_hand_cars_en.pdf

^[11] “Accelerating fleet electrification in Europe”, Eurelectric, 2021 (www.evision.eurelectric.org)

^[12] Infographic on assessing the feasibility (<https://evasion.eurelectric.org/infographics/>) – with examples of several fleet use-cases / Eurelectric

