

VDA Comment on drafted amendment of CAFC& NEV credit

The draft for public comment of “Amendment to Method for Parallel Administration on Corporate Average Fuel Consumption of Passenger Car and New Energy Vehicle Credit” was announced by MIIT on July 9th.

The following comments have been aligned as VDA position:

1. Describe clear detailed implementation timeline for each item as well as annexes.
2. Higher basic credits and more reasonable EC requirement for BEV
 - Sharp decrease of single vehicle’s credit will tremendously tighten boundary conditions for compliance
 - It is suggested to set the highest BEV basic credit as 4 points (3.4 in current draft)
3. Fair credit carry-over system
 - Support the credit banking proposal.
 - Debit and banking should work together to offer sufficient modalities and ensure well-functioning of the trading system. Debit, for both CAFC and NEV credit, should be allowed for the market stability and to respect NEV market introduction
 - For the fairness of the carry-over system, the limitation of 123% should be deleted.
4. Remove the NEV quota exemption of parallel importers for a fair market.
5. Relax PHEV requirement
 - Option 1: Linear multiplier for PHEV. Linear multiplier (e.g. 0.5 – 1) should be taken over in analogy to BEV scheme: ratio of energy consumption target and actual consumption to define coefficient. OR,
 - Option 2: PHEV with E-range >80 km: coefficient =135% current BEV EC target;
PHEV with e-Range <80 km: coefficient = 70% FC limit of FC target.
6. Promote the further discussion of off cycle technologies related standards and management rules to ensure the implementation into Phase V.
 - Off-cycle technologies have been proved worldwide to reduce the energy consumption in the real world but not captured on a laboratory test cycle;
 - Phase V fuel consumption standard has already adopted off cycle technology, but there is no detailed requirement.
7. Describe clear solution for NEV credits when enterprises have ownership structure changes.
8. Delete or simplify affiliated enterprises definition
9. Harmonization between the adopted standards and policy shall be ensured.
 - Official version of PHEV and BEV test method standards shall be the basis of NEV credit calculation and mandate scheme(e-range, efficiency)Adaptation with ZEV mandate scheme(E-range, efficiency) shall be conducted after standards official release.
 - CLTC introduction for BEV as from Jan. 1st 2021.
10. Description in some articles shall be further clarified to avoid misunderstanding
 - Clearly writes that CAFC credit surplus in 2020 can be carried over in following 3 years.
 - BEV credit calculation for e-range lower than 100km and 150km shall be clarified.
11. Policy scheme shall keep consistent for the year 2024 and after, early discussion needed.
12. Harmonization with potential future carbon emission policy shall be ensured

13. NEV credit quota requirement shall phase out at an appropriate timing as the NEV industry development
14. Incentives (tax exemption, free license plate and usage incentives) shall follow to stimulate demand, while the ZEV Mandate pushed supply on the market.
15. Encouragement policy for NEV MPVs
 - All subdivisions of passenger vehicles are facing pressure of electrification, MPV has irreplaceable advantages.
 - Due to special vehicle structure of MPVs, single vehicle energy consumption level cannot be on the same request with regular passenger cars (e.g. in phase V FC and energy consumption limit of NEV standards, technical requirements of energy consumption for the vehicles equipped with 3 or more rows seater got relaxed.