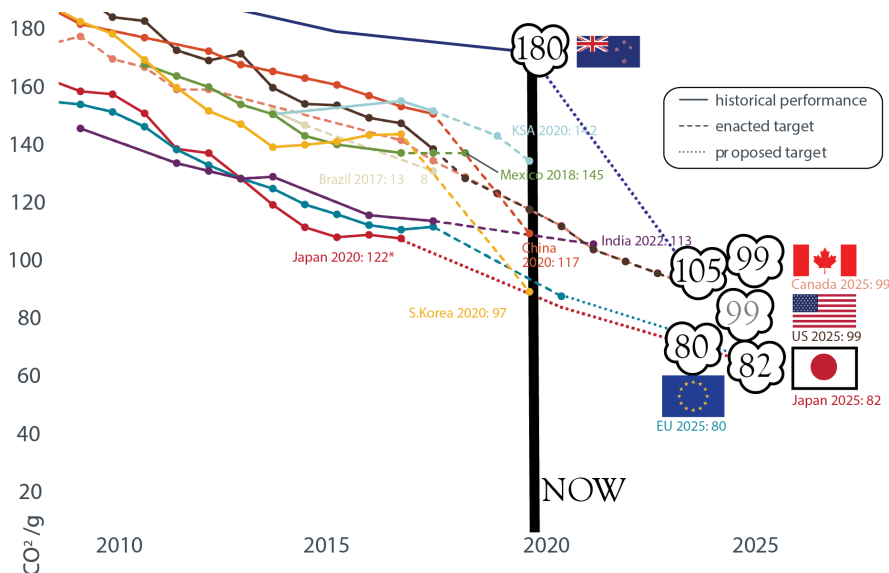


The EV Community Submission Guide for the

# **CLEAN CAR STANDARD & CLEAN CAR DISCOUNT POLICY**

v1.1 - 21th July 2019





CO<sub>2</sub> emissions for light-vehicles. NZ has the highest emissions in the OECD.

[ICCT \(January 2019\)](#)

# Introduction

This submission guideline has been created as a response by New Zealand's EV (Electric Vehicle/ Plug-In Hybrid Electric Vehicle) owner community to the government's recently announced Clean Car policies.

People who are already driving an EV already recognise the benefits of this new form of personal transportation and know that it is just a matter of time until all vehicles are electrified. Whether it's for a better experience, to save money or save the planet, we know the future is already here. Passionate owners up and down the country volunteer their time by providing test drives, educating and sharing their joy of EV ownership with the public.

EV uptake in New Zealand has unfortunately been relatively slow. Reasons for this include the high up-front cost of EVs and lack of public knowledge about electric vehicles in general. Whilst the previous government's exemption from paying Road User Charges (RUC) was a helpful step incentivising EVs, we are not on track to achieve the goal of 64,000 EVs in New Zealand by 2021. Currently there are about 15,000 registered EVs in the country. Many of those owners understand the scientific consensus of climate change and know that moving the national fleet towards electrified vehicles is the best and only path toward meeting our Paris 2030 obligations and achieving a zero emission future.

While the suggested Clean Car policies are a fantastic step in the right direction, many EV owners feel that they are not bold enough to achieve the reductions we need to meet the targets of the Paris 2030 agreement. The policies that go into effect now are of the utmost importance as they will define New Zealand transport emissions for the next 20 years.

These policies extend beyond politics - we need to address climate change as a matter of importance no matter if you are right or left wing. We need

these new Clean Car policies to be informed and ambitious to ensure that New Zealand starts catching up with the rest of the developed world in reducing emissions.

**However delaying incremental improvement does not bring us closer to those goals.** If this policy goes into effect as is, it is still a step forward in the right direction. **As it stands, this policy would result in savings of 5.1 million tonnes of CO<sub>2</sub> emissions between 2020 and 2041. It will also save New Zealanders \$6,800 in fuel per vehicle.** These achievements are not nothing.

Ideally however, we suggest that New Zealand takes a leap forward to address climate change. As an island nation this is of the utmost importance.

We want to support this proposal, but we would also like to call for an even better policy. It's a great place to start, but we can do even more.

The end goal for us has to be to get to zero emissions by 2050 and the only vehicles that will get us there are EVs. NZ vehicles last about 19 years on the road, on average. That means that by 2031, every car that comes in to NZ that isn't an EV, takes us away from that goal.

If you support EVs and/or you recognise the need to achieve a zero emissions' future to prevent catastrophic climate change, please support this bill. In this guide you will find recommendations and suggestions for improvements to the bill.

We ask everyone to please support this bill and submit a personal submission before the 20th of August 2019. Your actions today will help us achieve a lower emissions future.

- William Stewart

*Electric Vehicle Enthusiast, Owner, Advocate.  
Christchurch EV Community Representative  
Better NZ Champion*

# Using this Submission Guide

The Ministry of Transport is calling for New Zealanders to give feedback on consultation questions in their recently released Clean Car Standards and Clean Car Discount Policies. They will use this feedback to make changes to improve the policies. We need to make sure the policies outlined in their draft are collectively supported and that our feedback will generate a more effective and ambitious policy than the current proposal.

The aim of this submission guide is to help individuals have their say on the Clean Car policies and to foster a strong and united community voice on the future of electrified vehicles in New Zealand. This guide provides a summary of the full report and a breakdown of feedback questions for respondents, and also gives recommended answers for every question. The suggested answers draw on international climate reports, environmentalist recommendations, EV policy incentive reports, car dealerships reports and people in the New Zealand energy sector. We have tried to suggest best practice policy with context and sourcing. You can copy and paste our suggested answers verbatim, edit to better reflect your views, or omit what you don't feel comfortable answering. By using our suggested answers, the goal is to support this policy with the aim of correcting its weak points.

You can respond to the consultation questions by going to <https://transport.cwp.govt.nz/clean-cars/>. Here you will also find the policy document in full. You will encounter questions for the Clean Car Standard first, and questions on the Clean Car Discount later. Both are important to submit on.

## *A Summary of the Clean Car Policies...*

New Zealand is one of only three developed countries in the world that has no regulations on vehicle emissions quality, and as a result, we have the most fuel inefficient and polluting fleet out of any OECD country. This harms the health of New Zealanders and costs us more in fuel.

New Zealand's light vehicle fleet has an average emissions profile of 180 gram of CO<sub>2</sub> per kilometre driven. The Clean Car Standard proposes a maximum of 105 gram of CO<sub>2</sub>/km, with a gradual phase in over 5 years, making 2025 the year the limit would actually be in place.

While more and more EVs are being sold in New Zealand each year, there is also an increasing supply of larger, higher-emission vehicles. As a result, the average vehicle fuel efficiency and emission intensity of vehicles coming into New Zealand is not improving.

The government is committed to taking action on climate change. The New Zealand Productivity Commission and the Interim Climate Change Committee have both recommended prioritising action to reduce transport emissions. This action requires curbing the annual increases in transport emissions and setting the transport sector on a path to net zero carbon emissions.

The Ministry of Transport projections suggest that only around 40 percent of vehicles entering New Zealand will be electric in 2030 without further government intervention or incentives.

The Clean Car Discount seeks to incentivise cleaner car purchase by putting a surcharge on higher polluting vehicle purchases and giving a rebate to cleaner vehicle purchases. This surcharge/rebate amount would shift as we get closer to 2025, progressively incentivising ever-cleaner cars. The discount would only apply to new registrations entering the country, so existing stock would not be applicable.

The scheme would be self-financing with the rebates paid for from the surcharges. In effect, this means that people who buy high-emitting vehicles subsidise the cost of vehicles for people who opt for low-emission vehicles. The rebate they pay recognises the increased environmental and economic costs imposed by purchasing vehicles with higher CO<sub>2</sub> emissions.

## Question

# Example Question - Should we do the thing? Yes or No?

### *Question Summary / Additional Information*

For every question, we will attempt to summarise the question and recommend an answer. Some answers are **Yes** or **No**, but every box will also have a **Why** field, where you can give further detail.

It's really important to show support for some of the options in this survey, even if some of the current implementation isn't perfect. In most cases, we will answer **Yes**, even if we have reservations, because what is suggested is OK as the minimum, but we also want to make a case for something even better. Questions such as these will be tallied as Yes = 1 in favor. This is because the final government consultation report generated from our feedback will include language such as "500 in support," which will mean that 500 people have answered Yes to this question. Answers that are ambiguous will go into an "other" category. It's better to show support on a question and suggest better implementations.

### *Proposed Answer:*

Yes.

### *Why:*

In most cases, we have also provided a **Why** answer. This will usually have suggestions for better implementation, or give more support to the answer or other supporting data.

## Question

# 1) Is the Clean Car Standard appropriate for New Zealand? If not, why?

## Question Summary / Additional Information

This questions is solely about whether NZ should have an emission standard or not. Currently the only countries in the OECD without emissions standards are Australia, New Zealand and Russia, however Australia is currently planning to implement a similar standard. Further on there are opportunities in which you can make a case for stronger emissions target, or swifter implementation.

## Proposed Answer:

Yes.

## Why:

New Zealand is long overdue for air quality emission regulation. The fact that we are so far behind the majority of OECD countries with an average of 180 gram of CO<sub>2</sub>/km is proof that regulation is urgently needed.

We need cleaner cars to reduce our emissions according to our commitment to the Paris 2030 and 2050 targets.

We need more energy efficient cars to reduce New Zealand's trade deficit, demand on fossil fuels, and to reduce the price of fuel for every New Zealander.

We need healthier cities, as vehicle emissions contribute to poor health impacts for all New Zealanders and cost us \$496 million annually, according to the most recent Health and Air Pollution Report.

We need more zero-emission cars to help reduce our carbon emissions to zero in line with the current 2050 goal.

### Question

2) Is an average emissions target of 105 grams CO<sub>2</sub> per kilometre by 2025 an appropriate target for NZ? If not, why?

### Question Summary / Additional Information

As stated in the policy document, even with the introduction of this policy, we still will not reach our international climate agreements, which is disappointing. However, by answering "yes" to the proposed target, this answer does not risk being tallied under "not supporting emissions targets" by the submission summary.

Because this is the first target of its kind in the light vehicle sector, it is very important to first firmly establish wide support for reducing emissions, before secondly providing feedback on how much to reduce them by. The aim is to avoid misleading headlines such as "*Majority of New Zealanders Don't Care For Emissions Reduction Targets.*"

We need to make sure target-setting in this area succeeds if we are ever to start improving upon the current status quo; as such we show positive support for emissions targets and cite the same research as the government proposal, and the facts provided by the policy document, to use as a basis for better action and more aggressive targets.

There is a question further into this document where you can answer questions on the timeframe of emissions.

### Proposed Answer:

Yes.

### Why:

I am in support of an emissions target of 105g CO<sub>2</sub>/km by 2025 at the latest. Ideally the target date should be brought forward. The New Zealand vehicle market is mainly supplied by Japan and UK who already have comprehensive emission targets. We should be aiming to lag behind the EU and Japan emissions targets, but not 10 years behind. According to the [ICCT LCV 2030](#) update, EU has a 2025 target of 81g.

As it stands, this policy states that the current proposed step is not enough to get is to our 2030 and 2050 emissions goals. This is why a more stringent target would be appropriate.



#### *Question*

### 3) Do you think the Clean Car Standard would have an effect on vehicle supply and prices?

#### *Question Summary / Additional Information*

A number of factors affect vehicle prices. Currently there is not enough information to know with certainty how average vehicle prices are likely to change due to the policy.

The Ministry of Transport's Social Impact Analysis suggests that households would, on average, be significantly better off as a result of the Clean Car Standard. The Ministry estimates that the increased supply of fuel efficient and electric vehicles could result in an average fuel savings of \$6,800 to a vehicle owner over the life of a vehicle. This means the country could save about \$3.4 billion on fuel over the life of the vehicles affected by the standard.

#### *Proposed Answer:*

No

#### *Why:*

While in the short term vehicle supply and prices may fluctuate, if we follow behind the UK and Japanese vehicle market the bulk of our supply should remain stable, as their vehicles will already meet the emissions standards of their market. More efficient vehicles mean more fuel savings, and the higher upfront costs are balanced by lower running costs.

Consideration should be given to a separate policy centered around low-interest loans. This would help spread the higher upfront costs over a longer period. It would give New Zealanders without access to capital the ability to also benefit from fuel savings, safer and healthier cars. For most people without savings, the average car loan is 12.5% over 5 years. A 10 year loan at 4% would make repayments on most EVs less than the cost of a family's fuel bill, letting you pay for your EV with your fuel savings.

#### Question

4) Do you consider the overall process outlined for the Clean Car Standard is workable? If not, why?

#### Question Summary / Additional Information

With this answer we are showing our support for what the policy is addressing overall ie the introduction of emission standards for vehicles and the need for a cleaner future. The introduction of the policy is a good thing, and we can work with it from here. Answering "Yes" to this question reduces the chances of non contextualised headlines such as "*Government's New Policy Deemed unworkable by New Zealanders.*" We believe it's workable and we're willing to put in that work.

#### Proposed Answer:

Yes.

#### Why:

While there are challenges in implementing any new system, the detrimental effects from doing nothing far outweigh these challenges. The sooner we reduce our reliance on fossil-fuels, the sooner we benefit.

We need every tool available to tackle CO<sub>2</sub> emissions, so I support a policy whose overall processes work towards CO<sub>2</sub> reduction. By implementing emission standards in the transport sector we will hopefully see a knock-on effect for the introduction of similar standards in other sectors.



*Question*

5) The Clean Car Standard will cover new vehicles and used vehicles being brought into NZ. Should people who import 3 vehicles or less be exempted?

*Question Summary / Additional Information*

The cost of compliance and enforcement for these sorts of imports add greatly to the burden of implementing effective policy.

*Proposed Answer:*

Yes.

*Why:*

So long as the total percentage of vehicles being imported this way is significantly minor, and that there are efficient regulatory standards to prevent importers from using end-of-line customers to mask exceeding quantity restrictions.

*Question*

6) Do you support phasing-in the 105g CO<sub>2</sub>/km emissions target by: adopting multiple targets that progressively lower to 105g? OR using the increasing percentage of fleet approach? Please explain why.

*Question Summary / Additional Information*

Two alternative approaches have been used internationally to phase in emission targets.

1) Multiple targets that progressively lower to 105 grams. For example, in 2022 the annual target could be 161g CO<sub>2</sub>/km, reducing to 142g CO<sub>2</sub>/km in 2023

2) the single 105g CO<sub>2</sub>/km target applied to an increasing percentage of suppliers' fleets. For example in 2022, 65 percent of a supplier's fleet would have to comply with the target.

*Proposed Answer:*

Adopting multiple targets that progressively lower to 105 grams.

*Why:*

Multiple targets will encourage vehicle suppliers to improve the efficiency of all their vehicles every year. Rather than using their 'cleaner' vehicles to balance out their higher-emission vehicles.

*Question*

## 7) Do you support the time-frame for the phase-in period?

*Question Summary / Additional Information*

In the current proposal, 2021 is the first year of the proposed standard and only reporting obligations would apply. Vehicle suppliers would be required to report their vehicle imports, vehicle weights, CO<sub>2</sub> emission levels, and the weighted average emissions of their fleets. However, there would be no regulatory obligation to meet an annual emissions target until the following year.

Answering "Yes" to this question is to show support for this start date as a minimum, while also asking for a sooner start date. We'd rather this start date than no start date, which is the alternative.

*Proposed Answer:*

Yes.

*Why:*

Action on emissions needs to happen urgently. Other OECD countries implemented emissions standards over a decade ago. Waiting for three years for a Clean Car Standard to take effect and then another year for compliance, is too long. The policy is needed as soon as possible. A short phase in period to allow industries to respond is appropriate, but 4 years is too long.

*Question*

## 8) Do you support adopting a weight-adjusted Clean Car Standard?

*Question Summary / Additional Information*

Internationally, a weight-adjusted emissions target is seen as the best way to improve the emissions performance of all vehicle types. This encourages vehicle suppliers to aim for improvement across all their vehicles irrespective of vehicle size while respecting consumer choice.

*Proposed Answer:*

Yes.

*Question*

9) Do you support a penalty of \$100 for each gram CO<sub>2</sub>/km that a supplier of new vehicles exceeds its fleet target?

*Question Summary / Additional Information*

These proposed values are based on the penalty that applies in the European Union (NZD \$157 per gram CO<sub>2</sub> per kilometre). Internationally, a non-compliance penalty like this influences what models manufacturers are willing to market to customers and incentivises vehicle manufacturers to invest in developing cleaner technology.

*Proposed Answer:*

Yes.

*Question*

10) Do you support a penalty of \$50 for each gram CO<sub>2</sub>/km that a supplier of used imported vehicles exceeds its fleet target?

*Question Summary / Additional Information*

These targets align with Australian and other international targets.

*Proposed Answer:*

Yes.

*Question*

11) Do you support the “banking” mechanism to provide flexibility for vehicle suppliers? If not, why?

*Question Summary / Additional Information*

Banking refers to any over-achievement of total annual emissions against the target that could be used to cover any under-achievement of target emissions in the following three years.

*Proposed Answer:*

No.

*Why:*

The purpose of the limit is to require lower emissions. Allowing a supplier to move backwards from what they achieved is not in aid of that goal.

*Question*

12) Do you agree that the new vehicle sector should have the added flexibility of “borrowing”? If not, why?

*Question Summary / Additional Information*

Borrowing: any under-achievement of an annual emission target could be made up by over-achieving the following year. This would apply to the new vehicle sector only. It would not apply to the used import sector as they can more easily adjust the vehicles they bring in.

*Proposed Answer:*

No.

*Why:*

If the sector can’t meet the emissions guidelines now, there isn’t any reliable way to ensure they will meet those emission requirements in the future.

*Question*

13) Do you support an arrangement for suppliers to “pool” their vehicles together to comply as a group?

*Question Summary / Additional Information*

Grouping across suppliers: a new vehicle supplier could group with other new vehicle suppliers and comply as a group. Similarly, two or more used vehicle suppliers could group together. For example, a supplier with high-emission vehicles could enter into a commercial arrangement to pool their vehicles with a supplier specialising in low-emission vehicles.

*Proposed Answer:*

No.

*Why:*

Pool arrangements have been shown in other countries to flat-line emission reduction. In effect, pooling cleaner vehicles with higher emission vehicles allows high-emission vehicles to come in more easily. This would negate some of the potential for progress made by the Clean Car Standard.

*Question*

14) Do you agree that new and used vehicle suppliers should not be able to “pool” their vehicles and comply as a group?

*Question Summary / Additional Information*

Used vehicles have a shorter average lifespan than new vehicles, so they remain in the national fleet for a shorter period of time and consequently have lower lifetime emissions ratings in New Zealand. This means that they can not offset the lifetime emissions of new vehicles, which have higher lifetime emissions in New Zealand.

*Proposed Answer:*

Yes.

*Question*

15) Do you support having a fine not exceeding \$15,000 for an individual for misreporting data for the Clean Car Standard?

*Question Summary / Additional Information*

Each year suppliers would have to provide data to the NZ Transport Agency to allow their actual weighted average fleet emissions to be compared to the required emission targets for their fleets. This data would be the volume of vehicles imported, coupled with the CO<sub>2</sub> emissions and weights of the vehicles.

*Proposed Answer:*

**Yes.**

*Why:*

The fees suggested are the same as those for any other failure for compliance on safety or other vehicle regulation.

*Question*

16) Do you support having a fine not exceeding \$75,000 for a person or organisation other than an individual (eg a company) for misreporting data for the Clean Car Standard?

*Question Summary / Additional Information*

*Proposed Answer:*

**Yes.**

*Why:*

The fees suggested are the same as those for any other failure for compliance on safety or other vehicle regulation.



*Question*

17) Do you support the sanction of disqualification from being a registered motor vehicle dealer if a supplier deliberately attempts to evade meeting annual targets?

*Question Summary / Additional Information*

Would you allow a medical practitioner to keep their licence if they were deliberately evading requirements? The sanction of disqualification is the same as any other failure in compliance.

*Proposed Answer:*

Yes.

*Question*

18) Do you support amending the Fuel Consumption Information Rule so that only vehicles tested to the WLTP, NEDC, the JC08, and the American Federal Test Procedure meet requirements for entry certification?

*Question Summary / Additional Information*

These acronyms are various standards used in Japan, USA and Europe. There are many different standards. This question seeks to get NZ using the current standard as our vehicle suppliers, as opposed to using legacy standards.

*Proposed Answer:*

Yes.

*Question*

Do you agree with the proposed process for setting future emission targets? If not, what would you change and why?

*Question Summary / Additional Information*

The proposal is that vehicle emissions targets will be set by the Ministry of Transport in response to the recommendations of the Climate Change Commission.

*Proposed Answer:*

Yes.

# **15 pages in... How are you holding up?**

You made it through the Clean Car Standards!  
Now for the Clean Car Discount - Not far to go.

## 20) Do you think the Clean Car Discount is appropriate for New Zealand?

### *Question Summary / Additional Information*

This question is the only part of the entire document that calls for a general commentary, hence why our answer is so long. As mentioned for the CCS, it's really important to show positive support the CCD in the first place, even if you think it doesn't go far enough, or could be better implemented, because, as the first policy of its kind, getting this off the ground is the first step. There will future scope to fine-tune this policy if it gets enough support to get to that stage. If there isn't enough support, then it will be abandoned and it may take another three years to potentially have another EV incentivising policy. In this answer, we seek to lay out a case for supporting legislation to drive EV adoption, as international studies have shown that single policies alone are not enough.

### *Proposed Answer:*

Yes.

### *Why:*

The Clean Car Discount is appropriate for New Zealand, with some further and more encouraging steps to meet the stated aims and better implementation of the feebate system to avoid adverse effects.

The included proposal to bring in the Clean Car Discount and allow the RUC exemption to expire, is not appropriate for the stated goals of this policy.

The [ICCT](#) comparison of leading electric vehicle policy in Europe finds that well designed policies are needed to ensure the market uptake of electric vehicles. Policies that apply both at the time of purchase and throughout a vehicle's lifetime have greater influence over consumer's vehicle replacement decision and thus can yield greater CO<sub>2</sub> reductions than a single, time-of-purchase policy alone.

Since 2016, the New Zealand government has recognized EVs represent a technology well-suited to our country. Driving an EV results in 80% reduction in CO<sub>2</sub> emissions. The 2016 policy incentive removed RUC until the end of 2021, as it was expected that 2% of the light vehicle fleet would be electric by this time. However, in 2019 we can see that this policy alone has failed to achieve this target alone, and the government will miss the target of 64,000 EVs by 2021 as it currently stands.

When EV numbers become substantial, other questions will need to be resolved, such as a method for EV users to contribute to the maintenance and development of the road network, but removing the RUC sooner than needed will harm EV uptake and is not a sound course of action when we are not on track to meet even the relatively low EV target of 2% by 2021.

Removing RUC exemption from zero emission vehicles will have the perverse effect of incentivising the uptake of cars that produce emissions over zero emission vehicles. One example of this is a Nissan Leaf BEV paying triple the road tax of a Toyota Prius Hybrid.

Currently, with the publication of this potential policy, there is the concern that it will put a dampener on EV sales over the next 3 years, thus cementing the failure of New Zealand to meet the previous Government's goal of 64,000 EVs by 2021. By committing to continue the RUC until 2% of the fleet, and actively supporting and encouraging EV uptake with incentives over the ownership rather than just at purchase, will help blunt this potential slowdown.

Consideration should also be given to bringing forward the Clean Car discount. This also would help prevent the slow down in EV purchases, and the likely increased sales of high-emission vehicles before 2021.

*Question*

21) Is the emissions benchmark of 105 gram of CO<sub>2</sub>/km by 2025 an appropriate one to have for the Clean Car Discount?

*Question Summary / Additional Information*

Same argument as the Clean Car Standard. We need to support the minimum targets, but ask for even greater targets.

*Proposed Answer:*

Yes.

*Why:*

I am in support of an emissions target of 105g CO<sub>2</sub>/km by 2025 at the latest. Ideally the target date should be brought forward. The New Zealand vehicle market is mainly supplied by Japan and United Kingdom who already have comprehensive emission targets. We should be aiming to lag behind the European Union and Japan emissions targets, but not 10 years behind. According to the ICCT LCV 2030 update, European Union has a 2025 target of 81g.

As it stands, this policy states that the current proposed step is not enough to get us to our 2030 and 2050 emissions goals. This is why a more stringent target would be appropriate.

### *Question*

22) Would an initial emissions benchmark of 150 grams CO<sub>2</sub>/km be suitable for the first year of the Clean Car Discount? If not, why?

### *Question Summary / Additional Information*

The light vehicles that enter New Zealand over the next five years will lock-in emissions until at least 2043. This is because a new vehicle is driven until it is, on average, 19 years old.

In light of this, we need to be starting the scheme at the level we want to achieve. We also want to ensure clear recognition that only Zero Emission vehicles will move us closer to our Zero Emission Target in 2050.

Answering "Yes" to this question is to show support for this emissions benchmark as a minimum, while also asking for a better benchmark. We'd rather this benchmark than no benchmark, which might be the alternative.

### *Proposed Answer:*

Yes

*Why:*

I support 150 as a minimum, but we can and should aim for better. The Clean Car Standards exist to set requirements for vehicle importers to bring in progressively more fuel efficient or zero emission vehicles.

The reason there is a gradual scale is to do with the realities of availability of clean cars and supply, but incentivising vehicle sales that are outside of our eventual target is counterproductive to the goals of reducing our emissions. Even at 105 grams CO<sub>2</sub> per kilometre by 2025, a Toyota Corolla would get \$600 from the scheme in 2021 and be driving emissions at 50 grams past the Clean Car Standard, until 2040.

The first year of the Clean Car Discount should start at the rate we want to achieve, to incentivise adoption of cleaner vehicles so that we can achieve that goal.

There should be no discounts of vehicles that are outside of whatever target is set for 2025 (however weight bands should apply). To do so is to incent the purchase of a vehicle that will continue to be outside of the Clean Air Standard for 19 years from purchase.

## Question

# 23) Do you think the level of the fees and discounts in the example Clean Car Discount schedules would increase demand for low-emission vehicles?

### Question Summary / Additional Information

The feebate schedule sets the fees and discounts that would apply to vehicles based on the level of their CO<sub>2</sub> emissions. The level of the discounts and fees need to achieve a balance between providing sufficient incentives for people to buy low-emission vehicles, while being acceptable for fee-payers.

In the example schedule for new vehicles, the schedule has maximum fees of \$3,000 for the first year with maximum discounts of \$8,000. The discounts reduce through time allowing for the expected uptake of low-emission vehicles.

For used vehicles (vehicles older than three years), the example schedule has maximum fees of \$1,500 for the first year with maximum discounts of \$2,600.

(page 29 of the policy document and Appendix 4)

Research quote: [Electric Vehicle Policy: New Zealand in a Comparative Context](#)

### Proposed Answer:

Yes.

#### Why:

According to local and international research, the substantially higher capital cost of EVs in comparison with internal combustion vehicles is one of the greatest barriers towards high EV demand. When talking about a step change in technology that is out of most New Zealander's experience, it creates a formidable barrier to mass adoption.

Price support is regarded as essential to spur significant uptake in EVs. However it is important to have policies that apply both at the time of purchase and throughout a vehicle's lifetime to fully encourage EV demand.

I also disagree with the current level of fees and discounts as set out in the example schedule. The initial discounts range runs from \$600 to \$8000, yet the fee runs from \$2000 - \$3000. A more optimal approach that doesn't incent the purchase of high emission vehicles is a more gradual fee curve, for example from \$500 to \$3000 for new vehicles. For used vehicles, the discount ranges from \$200 to \$2,600 and fees from \$1,100 to \$1,500. The fees could instead range from \$500 to \$1500.

In general, discounts and fees less than \$500 for both new and used vehicles should be avoided as they do not offer sufficient influence to be worth implementing and only add to the scheme complexity and is not relevant to the size of the average price of a vehicle.

Currently the scheme has no range requirements for PHEVs (Plug-In Hybrid Electric Vehicles) and treats them similarly to BEV's (Battery (only) Electric Vehicles), despite a massive difference in emissions. The incentives for non-plugin-hybrids are similarly outsized, when compared to the benefits of full electric vehicles and the stated intention to incentivise and accelerate electric vehicle adoption.

If high emission vehicles are valued at 0% of the discount, low emission and HEV (Hybrid Electric Vehicles) at 25%, PHEV at 50% and zero emission at 100% of the discount, we would have a more appropriate incentive structure to encourage the choice of vehicles which will help us track toward a 2050 zero emission goal.

LEV / HEV:     \$2000 Discount

PHEV:           \$4000 Discount

BEV:             \$8000 Discount



### *Question*

24) In the example schedules, the schedules change every year to lower the emissions benchmark and to keep the scheme self-financing. Do you think annual change is practical or should there be less change?

### *Question Summary / Additional Information*

With a yearly change, that means that for the first year, there will be pent up demand waiting for the discount to start. After that, at the end of every year, there would be lots of sales before the discount halves, and a lack of sales in the months following. This rapid cycling of demand could cause both pricing and supply to fluctuate wildly.

### *Proposed Answer:*

No.

### *Why:*

A yearly change creates great cost, complexity and pricing uncertainty for the buyer. A two year schedule would be more appropriate. Over two years, the strain on supply and demand will be less intense, and the price changes caused will be smoother.

The scheme self-financing and lowering the emissions benchmark of the fleet is the goal of the Clean Car Discount. However mechanisms need to be in place to adjust proposed schedules based on actual behaviour

If in two years, the desired emissions benchmark has not been achieved, the proposed proceeding schedule should be adjusted, either in order to achieve the desired result. That adjustment could be linked to the average CO<sub>2</sub> emissions of the national fleet, this would encourage more people to adopt a lower emission vehicle more quickly and would avoid the slump on sales at the change of each incremental drop.

*Question*

## 25) Should new vehicles include near-new vehicles less than 3 years old?

*Question Summary / Additional Information*

For the purposes of the Clean Car Discount, a new vehicle would also include vehicles up to three years old sold for the first time in New Zealand.

For used vehicles (vehicles older than three years), the example schedule has maximum fees of \$1,500 for the first year with maximum discounts of \$2,600. As for new vehicles, the discounts reduce through time allowing for the expected uptake of low-emission vehicles.

*Proposed Answer:*

Yes.

*Why:*

Including three year old vehicles is the correct choice due to the nature of the New Zealand fleet which primarily consists of imported used vehicles.

## 26) Do you think a zero band is appropriate?

### *Question Summary / Additional Information*

The zero band is where the fees are zero. This band applies to vehicles that are close to, but higher, than the emissions benchmark.

The zero band gives people some flexibility to adjust their vehicle preferences, without being penalised. It avoids penalising people for purchasing a vehicle that has a better emissions performance than today's average vehicle, which emits 180 gram of CO<sub>2</sub> per kilometre.

### *Proposed Answer:*

Yes.

### *Why:*

A shifting zero band will give New Zealanders time to adjust to the scheme, and ensure that there remains suitable vehicles in all categories, while suitable clean air replacements become available and decrease in price.

### *Question*

27) Do you think the size of the zero band in the example feebate schedules is appropriate?

### *Question Summary / Additional Information*

The zero band is where the fees are zero. This band applies to vehicles that are close to, but higher, than the emissions benchmark.

The zero band gives people some flexibility to adjust their vehicle preferences, without being penalised. It avoids penalising people for purchasing a vehicle that has a better emissions performance than today's average vehicle, which emits 180 gram of CO<sub>2</sub> per kilometre.

### *Proposed Answer:*

Yes.

### *Why:*

Rather than incentivising the purchase of vehicles that are outside of the eventual Clean Car Standard, zero bands can be used to ensure that there is a gradual change to the fleet mix, and that vehicles in all configurations remain available and accessible.

*Question*

28) Do you support the proposal to apply the fees and discounts directly at the point of vehicle purchase? If not, why?

*Question Summary / Additional Information*

The proposal is that the fees and discounts are applied directly at the point of vehicle purchase. With this approach consumers would pay the fees to the retailer, who would then forward the fees to the administrator. For the discounts, consumers could either apply to the administrator to have the discount paid to them, or the discount could be deducted from the purchase price by the retailer. The retailer would then apply to the administrator to have the discount reimbursed

*Proposed Answer:*

Yes.

*Why:*

This is the easiest from an administration point of view. The applicable discount should be shown on the window card of a vehicle for sale and form part of the sale agreement.

However refunds to be laid clear in the policy to ensure everyone is on the same page in advance. The Clean Car discount should clearly be visible as a separate line item on an invoice, and should suppliers need to offer a customer a refund, that discount should be refunded back into the scheme.

*Question*

30) Do you support the penalties outlined in this section to ensure that fees and discounts are displayed on each vehicle and are correctly applied by vehicle suppliers? If not, why?

*Question Summary / Additional Information*

It would also be an offence for vehicle suppliers to not pass on the discounts or collect the fees incorrectly.

The proposed penalties are:

- *For an individual, a fine not exceeding \$15,000*
- *For a person or an organisation other than an individual, a fine not exceeding \$75,000.*

These penalties are the same as penalties for misleading customers, or not following other motor trader legislation.

*Proposed Answer:*

Yes.

*Why:*

This is standard within this industry and does not place any additional burden upon a supplier.

# YOU DID IT! THANK YOU.

Feel free to share this guide with your friends. There are many voices who don't understand the full scope of what these initiatives are trying to achieve or what EVs can be used for, and they are vocally against EVs and this proposal. We need everyone who understands the future of transport to help get behind these policies and push them over the line.

Thanks to Dave, Davena, Geoff, Justin, Kathryn and Rachelle for their tireless help in editing this massive document.

Thanks to the following organizations in their help in preparing this document. While they are not responsible for the content or tone of this guide and this guide does not represent them, their advice and support has been invaluable.

