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Subject: Freezing of the PHEV Utility Factor under EURO 7 and EURO 6

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The European automotive and supplier industries stand firmly supporting the Paris Climate Agreement. Manufacturers and suppliers across Europe are making substantial investments in new technologies, production transitions, and innovation across the entire value chain to deliver climate ambition while preserving Europe's industrial strength. A technology-neutral approach is essential to ensure both decarbonisation and industrial resilience.

Plug-in-hybrid electric vehicles (PHEVs), as well as range-extender electric vehicles (REEVs) treated equivalently under the regulatory framework, are an essential pillar of a broad electrification strategy. They deliver a tangible contribution to CO₂ emission reductions today. At the same time, PHEV technology plays a central role in maintaining European production sites and supply chains, safeguarding employment, and strengthening the resilience of Europe's automotive industry in global competition.



The Commission's latest proposal to revise the CO₂ emission standards for cars and vans introduces technology neutrality, recognising that PHEVs and REEVs can play a meaningful role alongside battery-electric vehicles, as displayed in the Impact Assessment (Annex, p. 78). Against this background, these powertrains must be granted sufficient regulatory stability and time to mature, in order to remain a credible component of a diversified and resilient powertrain mix before and beyond 2035.

In the interest of a coherent European industrial policy and in order to strengthen technology neutrality, the automotive industry strongly calls for the freezing of the PHEV Utility Factor under EURO 7 and EURO 6, as currently applied under EURO 6-bis (EB).

Impact of the Utility Factor freezing and justification for the proposed amendment

The proposed amendment would introduce a freezing of the Utility Factor, preventing further regulatory tightening that would significantly weaken the role of PHEVs and REEVs in both the EU's decarbonisation pathway and the competitiveness of the European automotive industry.

Additional tightening would come at a time when the sector is already facing profound structural challenges, including job losses, declining revenues, and production reductions.



Further regulatory pressure risks exacerbating this crisis and undermining the entire automotive value chain.

Technological development of PHEVs

PHEVs are undergoing rapid technological improvement, particularly regarding electric range and charging performance. Many new models already enable a high share of electric driving in everyday use, and the automotive industry is committed to further improve the electric driving share of PHEVs. The regulatory framework should duly reflect the increasing CO₂ savings potential of newly developed PHEVs.

This development is confirmed by the Commission's own CO₂ review Impact Assessment, showing the average electric range of PHEVs placed on the EU market in 2024 reached 78.4km, around 10km more than in 2023 (Impact Assessment, Annex, p. 79). Battery capacities in PHEVs have increased significantly in recent models, enabling electric ranges above 100km. Further increases in electric range can be expected in the coming years. This trend will progressively enhance the real-world zero-emission driving share of PHEVs, particularly for daily commuting and urban use, thereby strengthening their CO₂ reduction potential.

Industrial policy relevance

PHEVs bundle Europe's full automotive competence chain and secure substantial investments and employment across the entire value chain, in particular among small and medium-sized suppliers. A premature regulatory weakening would devalue ongoing multi-billion-euro investments with long amortisation periods and risk shifting know-how and production to other regions. The importance of safeguarding employment and maintain production stability was highlighted in the Commission's Impact Assessment (p. 42).

Geopolitically, leading markets such as China and the United States are pursuing a multi-technology strategy that provides PHEVs and REEVs with a long-term perspective, strengthening technology neutrality, export opportunities, and employment.

The recognition of PHEVs as an integral part of the electrification strategy and their climate contribution must be safeguarded in the regulatory framework. The ongoing tightening of the Utility Factor, used to calculate the official type-approval CO₂ emissions of PHEVs and REEVs, means that the existing zero- and low-emission vehicle (ZLEV) definition linked to the 50g CO₂/km threshold would effectively exclude most current and future PHEV and REEV models. This would disqualify them from eligibility for financial and non-financial incentives and limit their inclusion under other relevant EU legislation, including the CO₂ Standards for light-duty vehicles and the Clean Corporate Fleets initiative.

Dependence on charging infrastructure and charging prices

Electric driving share for PHEVs and REEVs differ widely across Europe, ranging from around 15% in Romania to up to almost 50% in Scandinavia. The highest shares are observed in countries such as Sweden, Ireland, Iceland, Finland, and Malta, where public charging infrastructure is more widely deployed and charging prices are more affordable. This demonstrates that user behaviour responds to enabling conditions. Regulatory action should therefore focus on improving framework conditions and incentivising electric driving, rather than penalising an entire technology.

Conclusion: an urgent call for European competitiveness and technology neutrality

We respectfully urge you to take up this matter and to freeze the Utility Factor, in the interest of European climate and industrial policy. A swift decision to freeze and maintain the current

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Utility Factor level would provide regulatory predictability, reinforce technology neutrality, increase consumer choice with a positive impact on the transformation, and help avoid further pressure on an automotive industry already facing profound structural challenges.

We sincerely thank you for your attention and support.

Yours sincerely,

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