

ACEA position paper

Accelerating the transition of light commercial vehicles (LCVs) in Europe



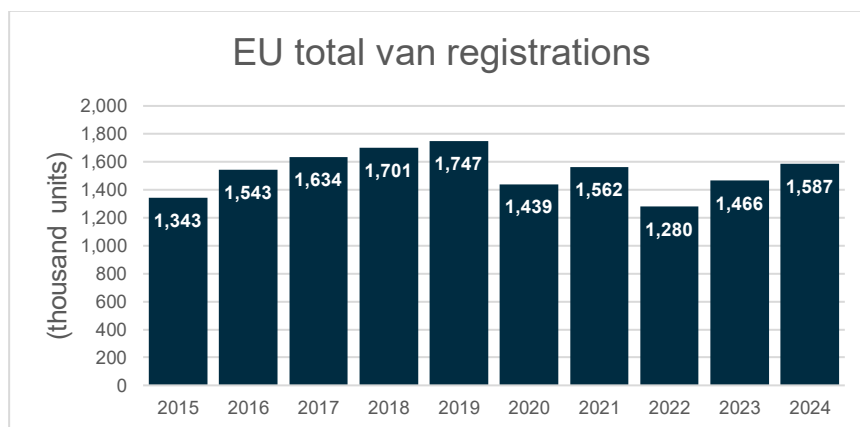
SCOPE AND DEFINITION

This document focuses on light commercial vehicles (LCVs)¹ within the context of the European Union regulatory framework, defined as category N1. Category N1 encompasses motor vehicles equipped with at least four wheels, specifically constructed for the carriage of goods and having a technically permissible maximum mass not exceeding 3.5 tonnes. Unfortunately, a number of detailed provisions in the CO2 Regulation, Euro 6 and foreseen changes due to Euro 7 are introducing a number of specificities to the upper limit of this segment, which makes the definition quite complex and challenging for OEMs to comply with CO2 targets.

BACKGROUND

Vans are the backbone of “last mile” logistics and are critical for delivering goods and services in remote areas. According to a [study](#) from the Centre for Economics and Business Research (CEBR), the gross value added – or economic activity – of van-reliant industries was estimated at €860 billion in 2023.

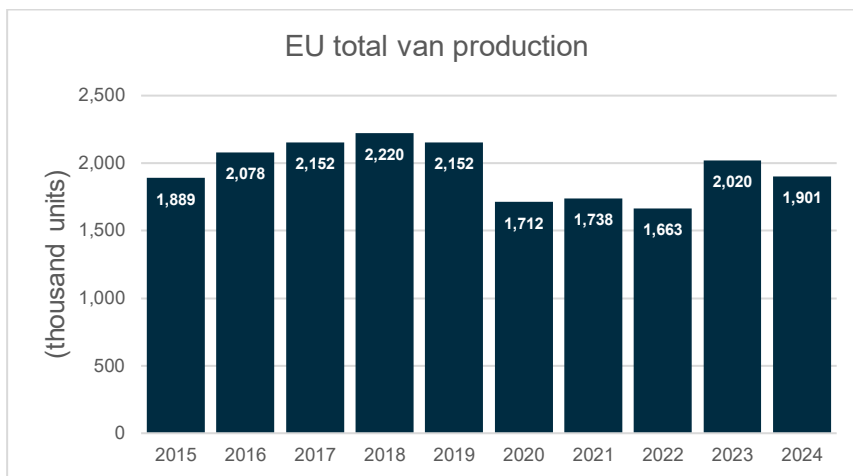
Predominantly used by small and medium-sized enterprises, these vehicles empower European businesses, allowing them to meet customer expectations effectively. Beyond commerce, vans facilitate essential services across Europe, from courier deliveries to critical emergency operations, such as ambulances, rescue services, and policing. Given the variety of their roles, many vans undergo multi-stage type approval – initially produced as incomplete vehicles, then customised by specialist bodybuilders into thousands of unique configurations tailored precisely to diverse customer and market needs.



EU van registrations rose steadily from 2015, peaking around 1.75 million units in 2019 before the COVID-19 drop in 2020 and a partial rebound in 2021. Activity weakened again in 2022, then recovered through 2023 and 2024 toward pre-pandemic levels, but far from them (-9.2% lower than 2019 level). In the first half of 2025, new EU van registrations fell by 13.2% year over year.

Source: ACEA

¹ For the purposes of this document, light commercial vehicles (LCVs) are also more broadly referred to as “vans”.



EU van production increased from approximately 1.9 million units in 2015 to a peak of nearly 2.2 million units in 2018, before moderating slightly in 2019. Output then fell sharply in 2020 and 2021 due to the impact of the COVID-19 pandemic. After a further softening in 2022, production recovered to around 2 million units in 2023 but declined again to 1.9 million units in 2024. This trajectory highlights the sector's incomplete return to pre-pandemic levels, constrained by rising costs, weaker domestic demand, and ongoing regulatory pressures.

Source: S&P GLOBAL MOBILITY

It needs to be acknowledged that vans have very often specific missions and many need to be “operational” 24/7 with different recharging/refuelling requirements in comparison with the passenger cars. For specific segments, customers also refuse trade-off between payload and enlarged battery. Those factors are currently limiting electrification in the vans segment. This also endorses higher need for the use of decarbonised fuels due to lower electrification rates in order to decarbonise the overall footprint of the van segment.

Foreseen regulatory changes, especially the elimination of the reference mass due to Euro 7, or the change of the utility factor (UF) – which eliminates in principle the PHEV technology under current thresholds – are a significant barrier for electrification in van segment.

Specific attention should be given to LCVs with eight and nine seats, which – although ultimately classified under the M1 category for regulatory compliance (and thus excluded from the N1 scope) – play a distinct role in reducing emissions. By transporting a higher number of passengers, these vehicles substantially reduce the need for using multiple individual cars. This positive contribution should be duly recognised in the CO2 calculation.

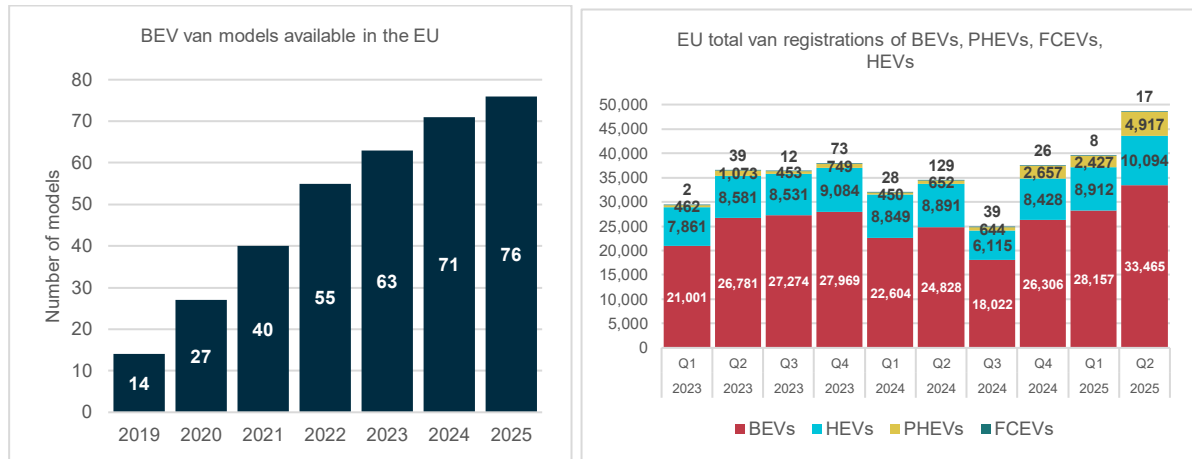
It has to be noted that contrary to the passenger cars, the amount and range of fiscal incentives for vans is also significantly lower.

ELECTRIFICATION IS LAGGING BEHIND

For all the above-mentioned reasons, the electrification of the van segment is lagging behind, despite the fact that manufacturers have expanded the range of options available to European fleets, offering greater diversity in vehicle range, payload capacity, and brand selection across all major light commercial vehicle segments – small, medium, and large.

In the first half of 2025, registrations of electrically-chargeable vans in the EU reached 9.5% of market share (up from 5.8% in Q1-Q2 2024), and hybrid van registrations accounted for a 2.6% market share. Unfortunately, PHEV also represent significantly lower market share in comparison to the passenger cars, where this technology helps more to the CO2 compliance. LCV CO2 compliance is in principle fully dependent on BEV vans.

Despite this broad commercial offer, battery-electric van sales in the EU's key markets remain insufficient to meet the 2025 compliance target, currently achieving an 8.7% market penetration. It would require the battery-electric vehicle share to reach 15-20% to comply with the required 15% CO₂ reduction target in 2025-2029. Moreover, this is significantly below the requested 50% CO₂ reduction for 2030 (ie in just four years).



KEY CHALLENGES TOWARDS HIGHER ELECTRIFICATION RATES FOR VANS SEGMENT

- 1. Insufficient recharging and refuelling infrastructure** – Persistent barriers include limited access to charging solutions and the critical necessity for cost-effective overnight charging to ensure favourable operational economics. Furthermore, reliance on frequent and costly fast-charging remains a notable deterrent to widespread adoption of electric vehicle, as well as the availability of dedicated charging depots or charging places for LCVs, especially with respect to the grid capacity. Electricity pricing plays a critical role in overall operational costs for vans (see below).
- 2. High Total Costs of Ownership (TCO)** – Based on a recent analysis from [TML](#)², the TCO ratio for electric LCVs is relatively favourable, but critical elements such as financial incentives and high operational costs are unstable (high costs for electricity in case of fast-charging that is needed in that segment). Considering vans are commercial tools, the price sensitivity is much higher compared to passenger cars, both in terms of purchasing prices as well as operational costs. Large battery-electric LCVs remain, on average, 4% more expensive than their internal combustion engine vehicle (ICEV) counterparts³. While current BEV models

² TML is working on Key Performance Indicators (KPIs) for tracking the transition to zero-emission passenger cars and vans.

³ However, this average figure masks considerable differences between countries. Among those analysed, the cost disadvantage is 11% in Italy, while in Spain large BEV vans are 6% cheaper than ICEVs.

offer adequate range to satisfy a significant proportion of typical daily driving distances, and payload capabilities are comparable to the diesel counterparts, existing incentives in markets such as Belgium and Portugal have proven inadequate to meaningfully accelerate adoption.

Mandates without incentives or dedicated supportive and enabling measures for vans consumers, or more dramatic taxation, cannot be the way forward. In markets like the Netherlands, increased taxation of internal combustion engine (ICE) vehicles has mainly led to overall sales decline, rather than driving a decisive shift toward electrification.

3. **Regulatory challenges and inconsistencies** – The electrification of LCVs creates a paradox: the added battery weight pushes some vehicles from the N1 category into N2 (weighing more than 3.5 tonnes), where they become subject to truck-level requirements such as mandatory speed limiters and tachographs. This will result in consumers not opting for electrified vans at all.

There is clear uncertainty about the thresholds and limits for the different weight classes under the Euro 7 implementation which could further worsen the situation for CO2 compliance (especially due to the extended scope).

RECOMMENDATIONS SPECIFIC TO VANS

Vans are commercial vehicles operating under completely different circumstances than passenger cars and purchase decisions for vans are driven largely by the total cost of ownership (electricity pricing, availability of charging) and capacity considerations (customers sometimes refuse trade-off between payload and enlarged battery). Therefore, vans require **a targeted approach including introduction of additional specific set of flexibilities and a 2030 target change**:

With respect to the whole **period of 2025-2034**:

- A. **A change in the average-compliance mechanism** from three years to five years for vans for the periods 2025-2029 and 2030-2034.
- B. **Modify the ZLEV criteria threshold** for vans at a level of 80g CO2/km, reflecting the specificities of the vans segment (modification of Article 3 (m)).
- C. **A fixed renewable fuels coefficient** to be applied for the registrations all powertrains in a given year to lower their respective CO2 performance as from 2028 onwards (provided finalisation of the review in 2027) based on EU SHARES GHG values for 2024 and could be possibly modified every two years during regular Regulation review based on the regular Commission implementing reports based on development of the market with expected growing share of renewable fuels due to stricter RED requirements.
- D. **Avoid an EU average** in the vans calculation (Phi factor) – (specific emissions target = (specific emissions reference target – (Ø targets – EU fleet-wide target 2025)) x ZLEV factor).

- E. Enable BEV, PHEV and range-extender electric vehicle (REEV) N2 category vehicles up to **4.25 tonnes GVW for electric versions** (moving from N1 category due to electrification) into N1 CO2 compliance calculation. Elimination of the speed limiters and tachographs for that vehicle category.
- F. The CO2 regulation should acknowledge the **additional value of the LCVs for passenger transportation** by benefits for M1 CO2 compliance through an “inverted” super credit of 0.6 in the CO2 compliance calculation for vehicles with at least eight seats (it means that the CO2 value of M1 LCV with eight or nine seats would be counted with the factor 0.6 in the M1 fleet compliance calculations).
- G. Incentives and flexibilities for OEMs to **reward their investments in innovative and efficient decarbonisation measures** inside and outside their products. Those measures should include targeted incentives, such as super credits, for the most efficient BEVs of an OEM’s fleet; for geofencing (an OEM specific value depending on instalment of geofencing technology in PHEV), for V2G readiness (OEM specific value depending on the instalment of V2G technology in vehicle); for value-chain related flexibilities (OEM specific value depending on the use of decarbonisation measurements, such as the use of green steel or green aluminium, and investments in e-fuels-production and carbon capturing) and measures leading to acceleration of car parc renewal. Overall, those flexibilities could potentially be limited in their total compliance impact so as not to disrupt fair competition.
- H. **Pragmatic implementation of recital 11 of the CO2 Regulation for cars and vans.** Allowing registration of vehicles running exclusively on carbon neutral fuels allowing digital proof (this new vehicle category operating only on carbon neutral fuels that enters with 0g CO2 into CO2 compliance). Tax treatment should be aligned across the EU so that CNF-only vehicles receive similar benefits comparable to BEVs. This request relates only to passenger cars and LCVs.

Specifically with respect to the **period 2025-2029**, we propose:

- I. Consider **introduction of a super-credit system for ZEV vans** at least for period 2027-2029.
- J. As an alternative and provided the Utility Factor is kept constant at Euro 6e-bis level, **update the ZLEV benchmark** to adjust the threshold level of the ZLEV parameter (x) 8% for vans for the years 2025-2029, and eliminating the cap for target relief (maximum 5% today) and continue the ZLEV benchmark principle until 2034 with parameters based on market realities both for cars and vans, without a cap for target relief.

Concerning the **period 2030-2034**:

- K. **Target adjustment of the 2030** reduction target close to the impact assessment low target levels scenario (-30% to -35% reduction target) assessed within the last Regulation review that already increased the 2019 ambition level⁴.

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021SC0613>

ADDITIONAL MEASURES

- A. High ambition GHG reduction targets **requirements in the RED**. For the share of renewable fuels (including their definition) in line with a long-term trajectory to reach climate neutrality in 2050 and to comply with the proposed -90% overall target in 2040.
- B. **Modification of the penalty level**. The ceiling should not exceed whichever is the lowest of either €95 per g/km or average ETS1 price in a given compliance year⁵.
- C. Possibility to **transfer compliance credits limited with a cap** (volume weighted) between M1 and N1 segments in order to allow flexible compliance within the segments.
- D. **Introduction of a review clause**. The current pace of change in economic, market, and geopolitical circumstances, and the complexity of this transition necessitate stricter review and scrutiny of the CO2 Regulation going forward. We propose to insert a possibility for a two-year review clause following the Commission's implementing reports in the amended Regulation.
- E. Enhanced requirements for the infrastructure availability **through AFIR and/or EPBD reviews**, especially with respect to:
 - Addressing existing “multi-family residential buildings” in addition to public charging infrastructure (AFIR) and new constructions (EPBD)
 - Introducing a clear roadmap for member states to ensure appropriate infrastructure availability for all existing collective residential buildings: 50% by 2030 and 100% by 2035
 - Introducing “right to plug” with a dedicated overall time allowed from request to permit obtained (AFIR)
 - Stronger targets for hydrogen (H2) infrastructure (AFIR)
 - Introducing density parameter for the charging infrastructure to cover all, even remote areas
 - Ensure certain share of parking slots for vans along the key network.
- F. Ensuring **affordable electricity prices to improve TCOs (relevant both for passenger cars as well as vans)** in order to reach more convenient km/driven price for electricity in comparison to the fossil fuel driven, namely via:
 - a. focused pricing of public fast charging
 - b. dedicated attractive charging prices during the nights (LCV specific)

⁵ As a guidance for calculation, average mileage of 200,000km x 1g CO2/km (exceedance) = 200kg CO2 x 5 (to reach 1 tonne CO2), which leads to approximately 5 x €95 penalty = €475 per tonne.



ABOUT THE EU AUTOMOBILE INDUSTRY

- 13.6 million Europeans work in the auto industry (directly and indirectly), accounting for 6.9% of all EU jobs
- 8.1% of EU manufacturing jobs – some 2.5 million – are in the automotive sector
- Motor vehicles are responsible for €414.7 billion of tax revenue for governments across key European markets
- The automobile industry generates a trade surplus of €93.9 billion for the European Union
- The turnover generated by the auto industry represents over 8% of the EU's GDP
- Investing €84.6 billion in R&D per year, automotive is Europe's largest private contributor to innovation, accounting for 34% of the EU total

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