

WLTP : Everything you need to know



Neil King,
Senior Data Analyst

Autovista
Group.....



Foreword



**Samuel Keates,
Director,
Specs and Repair,
Autovista Group**

“ Is WLTP a disruptive influence on the automotive industry? Under development since 2008, the objectives were to provide a standard global emissions testing procedure, and deliver a protocol that better reflects real-world driving while accommodating state-of-the-art vehicle technologies.

Fast forward to 2018 and a sophisticated and demanding regime has been created and implemented in the European Union. It remains to be seen if the sophistication of the new regime will herald an era of transparency and close the growing gap between ‘official’ and experienced fuel economy, or whether the complexities and volume of information involved – combined with new data from the Real Driving Emissions (RDE) test and special low emission zone regulations – will confuse consumers and reduce confidence.

From vehicle manufacturers through to government, finance, fleet, retail, consumers and service providers, there is no doubt that WLTP impacts almost every part of the automotive landscape, and is poised to change the rules of ‘the CO2 game’. This new Autovista Group whitepaper explores the challenges and outlines how we are responding to the new system.”



WLTP's introduction



From 1 September 2018 OEMs need to test and publish consumption and emissions results for new type approved vehicles according to the Worldwide Harmonised Light Vehicle Test Procedure (WLTP). This system replaces the New European Driving Cycle (NEDC) which many OEMs had optimised their vehicles for.

Though the new regulations have come into force, limited numbers of unsold vehicle stock will be able to sold until September 2019. Many national taxation schemes will still use NEDC-correlated figures during this transitional phase. Autovista Group is tracking developments in each jurisdiction.



Impact on new registrations

Prior to the WLTP deadline OEMs were clamouring to register vehicles tested under the NEDC testing regime. This rush resulted in a nigh-on unprecedented amount of registrations in August.

The WLTP deadline was responsible for a 25% surge in German new car registrations in August 2018 compared to the previous year. Autovista has analysed the data on residual values and stock days and discovered a downward trend in the average advertised price for young used cars.

September registrations saw a dramatic drop-off, with post WLTP seeing a much decreased number of registrations.

During the month, registrations dropped by 23.5%, with 1,091,220 units sold, according to data from the European Automobile Manufacturers Association (ACEA).

These figures also gave insight into the readiness of manufacturers, PSA group, VW Group, BMW, Fiat Chrysler and Ford all saw declines in sales post deadline.



Impact on OEMs

Given the additional challenges in gaining WLTP type approval for all model variants, the additional complexity for consumers and dealers, and the higher tax liabilities themselves, it is not entirely surprising that many OEMs are consolidating their optional equipment offerings.

Weight is a big contributor to CO2 level as additional options from tow-bars to cupholders can all have an impact on the WLTP score of a vehicle. Every combination of options needs to be tested under the new regime.

Many big industry players, including SEAT and BMW, have already begun to streamline the packages offered to cut down on the testing and taxation burden brought on by options under WLTP.

Individual options are unlikely to increase tax liabilities under the new WLTP regime, but commonly selected combinations of options will have emissions and tax impacts. This is likely to accelerate manufacturer initiatives to streamline their vehicle ranges and option packages.

NEDC emissions testing was based on vehicles with limited equipment fitted as standard. Under the new WLTP regime, worst - and best-case cars need to be tested with their optional equipment fitted to present a clear view on achievable real-world driving emissions and fuel consumption for each level of specification that is offered.

Impact on fleets

In reality, there are no clear financial implications of WLTP introduction for fleet owners in the short term.

This is essentially why Erik Jonnaert, Secretary General of ACEA, suggested that EU member states go for a 'one shot' introduction of WLTP-based tax regimes from January 2019, from when all new vehicles will only be tested under WLTP, although end-of-series vehicles will have an extra year's exemption.

Similarly, although the new WLTP regime will introduce additional transparency for fleet managers to make a more informed purchase decision based on the more accurate emissions and consumption figures, the performance of the cars themselves is not expected to change and so the actual consumption costs should remain the same. Nevertheless, the data and systems transition to support the more sophisticated process of determining a particular vehicle's emissions will require some effort.

Using WLTP figures or NEDC-correlated figures to summarise taxable amount for both fleet and company cars is another area for thought throughout Europe. With CO2 figures rising under the new regime, companies could be forced into paying higher taxes for existing fleet vehicles.

For example, in the UK, CO2 emissions figures are used to calculate the percentage of the car's list price that is taxable, known as the Benefit-in-Kind (BiK). This taxable amount has risen recently due to the change in emissions figures as cars have switched from the old NEDC results to the new NEDC-correlated (NEDC-c) figures. On average, this has further increased the BiK in the current financial year by a magnitude of around 10%. But it does not end there as the UK Government is also considering how to use WLTP emissions figures to calculate BiK rates in the future.



Impact on consumers

One major concern of EU states is that the different CO2 figures produced will cause an increase in the tax paid by drivers to keep their cars on the road. WLTP commonly causes a rise in the registered CO2 levels that vehicles emit as they are pushed harder than under the old NEDC test.

“CO2 figures produced could cause an increase in the tax paid by drivers to keep their cars on the road.”

Vehicle manufacturers are concerned that the higher CO2 levels registered through WLTP will cause irregularities in the levels of tax that need to be paid. Manufacturers are now warning EU governments that while vehicles are likely to produce higher CO2 levels in WLTP, no more emissions than normal will actually be released and therefore tax bands should be amended to reflect the higher numbers.

In Germany, the Federal Government has already introduced a draft bill which amends the Motor Vehicle Tax Law, whereby the new WLTP cycle will serve as the basis for the measurement of carbon dioxide emissions from September 2018 onwards.

In the UK, the Government is expected to adapt the new vehicle excise duty (VED) regime, which was introduced on 1 April, along with the tax on company cars, to the new WLTP CO2 figures from as early as April 2019. However, pressure from industry bodies bracing for the change, combined with Government preoccupation with

Brexit, could likely see that timeline extended. Company car taxes are set to rise in the UK but the Government also needs to consider how to adopt the new WLTP CO2 figures as emissions are key to calculating company car tax (CCT) liabilities.

Finland also took on the task of introducing a WLTP-based tax system that does not penalise buyers. Finland has introduced a revised tax table to calculate the registration tax of WLTP approved cars from 1 September as registration taxes can add up to 50% to the cost of a new vehicle.

The biggest impact on registration taxes in the EU5 if WLTP emissions figures were to be used is in France. New car buyers pay an increasingly punitive ‘malus’ penalty tax dependent on the official emissions figures. This ranges from €50 for a car which emits 120g CO2/km to a maximum of €10,500 for cars which emit 185g CO2/km or more.

Existing vehicle models are only subject to the stricter programme from September 2018. This means that vehicles will receive both NEDC and WLTP figures, reportedly until December 2021, in order to ensure the public are aware of the changes.



Understanding the new WLTP data

WLTP will result in two types of fuel consumption and CO2 data existing in future:

1. Static range values that will be assigned by the manufacturer to each variant offered for sale. They will represent a range from the best case to the worst case, and give a general indication of the potential performance of the vehicle.
2. Dynamic calculated values, which will be determined for each individual configuration of a variant along with a selection of optional equipment.

Autovista Group plans for Type 1 values to be integrated in our primary data feeds, products and services alongside the continuing NEDC figures. Type 2 values are more complicated, in that they cannot be represented in offline data feeds due to the volume of the underlying engineering data, and the fact that many manufacturers do not plan to release this information to third parties. We plan for Type 2 values to be available in online data feeds, products and services only, with fuel consumption and CO2 data - and subsequent taxation calculations - responding to the selection of options based on new vehicle configuration or existing vehicle identification e.g. via VIN and VRM lookup.

Specifications for these changes will be available in the coming months, and both sets of values will be integrated into our products during 2018, with the date for final completion timelines subject to adjustment of national taxation schemes by governments.

Autovista Group also has a wealth of insights and analysis surrounding the latest WLTP data, as well as a new WLTP service, designed to support vehicle quotation and ordering processes.