

### **WLTP: time to overhaul your car policy**

11 October 2018 / Theme(s): All articles, Fleet Strategy



**On September 1st, The Worldwide Harmonised Light Vehicle Test Procedure (WLTP) became the new method for measuring a car's official CO<sub>2</sub> figures. Now that more information is emerging, the impact for fleets is becoming clear. The question remains: how to adapt your strategy?**

WLTP replaces the outdated NEDC (New European Driving Cycle), which stems from the 1980s and was based on a simplistic, purely theoretic driving profile. WLTP has been developed on a greater range of driving situations, longer test distances, higher speeds, stronger acceleration, resulting in more accurate fuel consumption and emission figures. In short, 'lab' and 'road' diverge much less than with NEDC.

That causes a few hiccups, however. Because new models with a WLTP-type approval have higher official CO<sub>2</sub> ratings, the tax liability in EU member states that have a CO<sub>2</sub>-based tax system – 20 out of 28 countries - increases. That is why Europe has introduced a correlation method called CO<sub>2</sub>MPAS. WLTP values are back-translated to a correlated NEDC value (a.k.a. NEDC 2.0) for the sake of comparison and equal taxation.

### **The problem with the solution**

The CO2MPAS correlation method is only a temporary measure – member states are obliged to adapt their tax system to the higher WLTP values so that the consumer is not affected tax-wise. However, it's up to the member states to decide when they adopt WLTP as a taxation basis – and how they do it.

Germany and Finland are the only ones to have made the switch already, but in very different ways. The former switched from NEDC to WLTP without adapting the tax calculation method – in Germany CO<sub>2</sub> has only a limited impact on how much tax you pay. The latter, however, is very CO<sub>2</sub> oriented in terms of registration tax and indeed has developed a complex formula to compensate for the WLTP effect.

Other member states will surely look at Finland for inspiration. For now, they stick to NEDC 2.0 – not least because there is not enough data yet to establish how much WLTP diverges from the old NEDC values. As more and more OEMs type-approve new cars, it seems that instead of the expected 15 to 20 percent, we are looking at plus 20 to 25 percent.

## **Challenge and opportunity**

Today's situation makes it very difficult for companies to pursue a long-term fleet management strategy. Should you stick to your current CO<sub>2</sub> categories and only adapt your car policy once the WLTP taxation is in place, or should you also take an intermediate step considering the 'NEDC correlated' ratings?

Well, it might be the right time to overhaul your fleet management vision and look beyond the mere CO<sub>2</sub> emissions of cars. Also, you may want to consider alternative powertrains like hybrid and CNG. Their TCO (Total Cost of Ownership) could become relatively more attractive because their CO<sub>2</sub> ratings are less inflated by WLTP than the average conventional car. In fact, the only cars that escape unscathed from WLTP are electric cars: 0 g/km remains 0 g/km.

A careful analysis of the impact on your fleet should be the starting point of the road to tomorrow. ALD Automotive would be happy to assist you in the process.

For more information, please [contact us](#).

## **7 Easy tips to reduce your car's CO<sub>2</sub> emissions**

- 1. Select the right car**
- 2. Adapt your driving style**
- 3. Keep your car healthy and maintained**
- 4. Optimise idle time**
- 5. Check you tyre pressure**
- 6. Remove unnecessary weight**
- 7. Plan your journey ahead, avoid unnecessary routes**