

## 3 WLTP effects and how to tackle them

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**On January 1st, 2020 the European member states are supposed to switch from NEDC to WLTP in terms of CO2 ratings. What does that encompass for fleets and how should you deal with the changes? Here are the top three effects and how to deal with them.**

### 1. Labelling confusion

For fair comparison's sake, the EU allowed a transition period during which the WLTP values can be recomputed downwards to a so-called NEDC 2.0 value, which is closer to the old NEDC number. That transition period is now coming to an end: by January 1<sup>st</sup>, 2020, EU member states should abandon all NEDC communication. Only WLTP figures will be visible on price lists, in commercials, on vehicle information sheets in the showroom, and so on.

**Advice:** Now is the time to make the switch to WLTP numbers in your car policy. You can increase the CO<sub>2</sub> caps for your vehicle categories to accommodate for the higher WLTP values and thereby maintain the existing vehicle choice for your employees, but that will increase your TCO. The alternative is to keep

the old NEDC-based CO<sub>2</sub> values and use the transition as a lever to go for low-to-zero emission vehicles, such as hybrids and EVs, the TCO of which becomes more competitive thanks to WLTP.

## 2. Beware of optional equipment

A major change between NEDC and WLTP is the fact that optional equipment that affects weight and/or aerodynamic performance is taken into account for the CO<sub>2</sub> rating. Especially bigger tyres add to the CO<sub>2</sub> emissions of a vehicle.

**Advice:** Adapt your car policy to avoid the selection of CO<sub>2</sub> increasing equipment. In the near future, you will be able to see the CO<sub>2</sub> impact of optional equipment in the quotation tool of OEMs and leasing companies, allowing you to keep them from being selected by your drivers. Most fleet-oriented OEMs will also create specific 'business' models, clustering fleet-relevant options in a CO<sub>2</sub>-friendly package.

## 3. Taxation differences between countries

So far, only Germany and Finland have switched to the WLTP CO<sub>2</sub> values as a taxation basis. The EU member states have until the end of 2020 to implement WLTP. Most of them are indeed likely to wait until 31<sup>st</sup> December 2020 to adapt their legislation.

**Advice:** Make allowances for local differences. Be aware of the fact that as soon as a country switches to WLTP, certain vehicles may not fit your car policy anymore because the tax increases. Ask your leasing company to calculate the tax effect in every country and adapt your policy accordingly.

In short, WLTP is an ideal opportunity to review your fleet policy and to do consider a global overhaul, including other areas that merit optimizing or innovating. ALD Automotive would be happy to assist you in the process.

Contact us at [consultancy@aldautomotive.com](mailto:consultancy@aldautomotive.com).

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