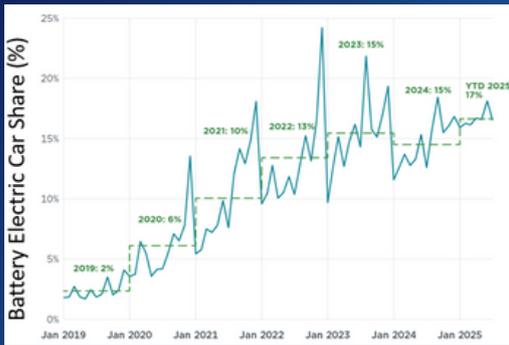


# 5-Min Monthly Read August 2025

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## Industry warns that meeting CO<sub>2</sub> targets no longer feasible



In a [letter](#) addressed to the President of the European Commission, European automotive manufacturers (ACEA) and suppliers (CLEPA) associations warn that *“Meeting the rigid car and van CO<sub>2</sub> targets for 2030 and 2035 is, in today’s world, simply no longer feasible”*. This letter precedes a Strategic Dialogue meeting coming up in September.

EV sales in Europe have stalled in recent years. The share fell to 17% in July 2025, down from 18% in June, see chart by [ICCT](#). Fleet averaged CO<sub>2</sub> emissions increased for the first time last year.

## U.S.–EU Consider Mutual Recognition of Safety & Emissions Rules



The U.S. and EU are weighing a framework to mutually recognize automotive safety and emissions standards under Article 8 of their [new trade deal](#).

The move is expected to simplify cross-Atlantic approvals and cut compliance costs for automakers. For now, however, it perhaps raises more questions and concerns, as both emission and safety standards (and their compliance and test procedures) are very different in the US and Europe. Observers say the provision is more bargaining leverage than an imminent regulatory shift.

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## California's Clean Truck Partnership challenged

CARB and truck and engine manufacturers announce unprecedented partnership to meet clean air goals

The new Clean Truck Partnership agreement offers flexibility to address public health of Californians and the needs of truck manufacturers that build the technology required for the transition to zero-emissions

In July 2023, California Air Resources Board (CARB) and the truck manufacturers association (EMA) had announced a deal, the Clean Truck Partnership (CTP), that in exchange for improved regulatory lead times, EMA will comply with electrification and emission standards.

Following the recent EPA actions revoking California's waivers, major truck manufacturers—including Daimler Truck North America, Paccar, International Motors, and Volvo Trucks North America—have filed a federal lawsuit challenging the legality of the CTP, arguing it unlawfully enforces preempted standards and imposes an unrealistic two-year compliance window.

In a related but separate move, the U.S. EPA has proposed disapproving California's Heavy-Duty Inspection and Maintenance (I/M) requirements for out-of-state and foreign trucks, citing potential conflicts with the Commerce Clause and the Clean Air Act. A 30-day public comment period is now open.

## Manufacturer's Advisory Correspondence (MAC)

CARB has published a guidance document, which clarifies that:

- OEMs can deploy MY 2025+ vehicles in the state through certification either to standards prior to the withdrawal of waivers, or to U.S. EPA requirements.
- CARB will not implement the ZEV requirements of ACC II for MY 2026.
- OEMs can still seek CARB certification to regulations affected by the federal actions, and CARB can enforce the requirements if a court rules in favor of CARB with ongoing litigations.

## EPA Introduces System Update to Prevent DEF-Triggered Diesel Shutdowns

The EPA has issued new guidance to recalibrate DEF (Diesel Exhaust Fluid) systems and prevent sudden power loss. Starting with MY 2027, all new diesel trucks & Tier 4 equipment must be engineered to avoid abrupt shutdowns, even when DEF levels fall low.



For existing equipment, manufacturers are urged to release software updates that extend warning-to-derate intervals—delaying forced limp mode from just hours to up to 650 miles or 10 hours for HD trucks before reducing engine power. For non-road equipment, the initial inducement interval is changed from 4 hours to 36 hours. These tiered derates are expected to provide critical breathing room to address issues without halting operations.

## DOE to Invest \$1B in Critical Minerals Supply Chain

The Department of Energy (DOE) announced nearly \$1 billion to strengthen domestic critical minerals capacity, aligning with the “Unleashing American Energy” executive order. Funding will support processing pilots (\$50M), byproduct recovery (\$250M), rare earth demonstrations (\$135M), and battery recycling and processing (\$500M).



By advancing projects across the innovation pipeline and convening stakeholders on August 20, 2025, DOE aims to reduce reliance on foreign sources, bolster national security, and position U.S. industry at the center of the clean energy transition.

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## Policy Shift Puts Tesla, Rivian, and Lucid at Risk of Major Losses

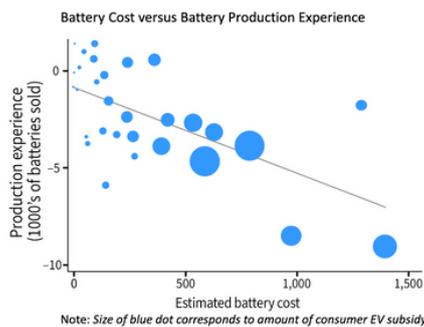


Tesla, Rivian, and Lucid risk major revenue losses after the Trump administration scrapped fuel economy penalties, effectively collapsing the EV credit market. Tesla projects a \$1.1B hit after earning nearly \$3B from credits last year, Rivian reports \$100M in stalled sales, and Lucid warns of further impacts.

As members of the Zero Emission Transportation Association, all three are challenging the rollback in court, though long-term implications remain uncertain.

## Ford Invests \$5B on Cleaner, Cheaper EVs

Ford is investing \$5 billion in a new Universal EV Platform, aiming to scale affordable, U.S.-built electric vehicles. The platform—backed by upgrades to its Kentucky plant and Michigan’s BlueOval Battery Park—will produce a \$30,000 midsize electric pickup launching in 2027, designed to deliver Mustang-like performance, SUV-level space, use lithium iron phosphate (LFP) batteries, and reduce assembly time by up to 40%.



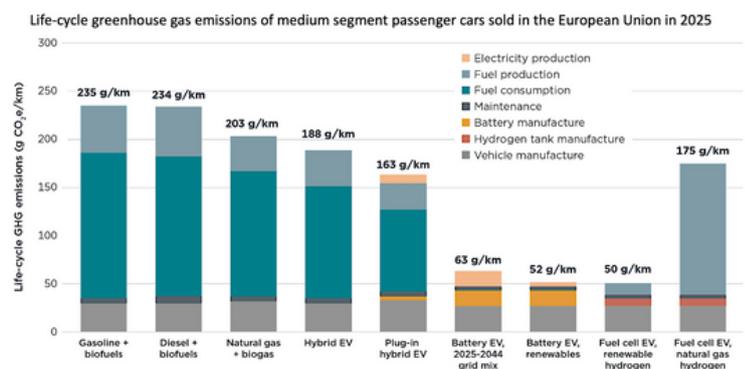
## Lessons from China’s EV Battery Dominance

A Stanford study finds that production scale and “learning by doing”—not subsidies alone—drove China’s EV battery leadership, explaining 42% of global cost declines. China’s 2016 rule tying EV subsidies to domestic batteries gave firms like CATL and BYD the demand needed to expand rapidly, while keeping over 90% of subsidy benefits at home.

## ICCT LifeCycle Analysis: BEVs provide ~ 75% lower emissions than ICE

A new life-cycle analysis from the International Council on Clean Transportation (ICCT) finds that battery electric vehicles (BEVs) deliver the deepest emissions cuts in Europe: 73% lower than gasoline cars today and up to 78% with fully renewable power.

Hybrids reduce emissions by ~ 20% and plug-in hybrids by ~30%. Fuel cell EVs offer limited gains with fossil hydrogen (26%) but nearly match BEVs (~79%) when powered by green hydrogen.



## From E20 to E27: India Accelerates Its Biofuel Journey

Having achieved its 20% ethanol blending milestone, the government is now moving toward E27 fuel, with 27% ethanol. The Bureau of Indian Standards (BIS) will set the norms after stakeholder consultations next week, while the road transport ministry has tasked ARAI with studying the engine modifications needed for its rollout.



BIS is also developing standards for a 10% isobutanol (IBA) blend in diesel, seen as another low-emission option. The industry is taking note – recently, Kirloskar Oil Engines has introduced new engines compatible with ethanol and isobutanol.

While these initiatives highlight India's efforts to reduce fossil fuel reliance, boost farmer incomes, and advance a cleaner energy transition, most petrol vehicle owners oppose the E20 fuel mandate, citing notable drops in fuel efficiency and higher running costs.

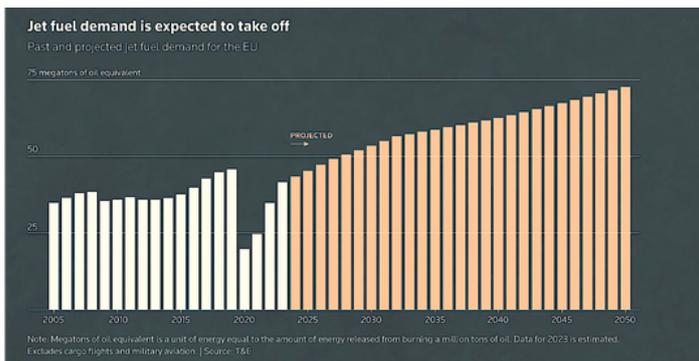


## JohnDeere equipment now compatible with B30

According to an announcement by John Deere, all of its Tier 4 engines will now be compatible with B30 biodiesel, an increase from the previous approval of blends up to B20. All Tier 3/Stage III A and lower tier engines are approved for biodiesel blends up to B100.

## Grounded Promises: Why Clean Jet Fuel Isn't Taking Off

A Reuters investigation found the aviation industry struggling to scale Sustainable Aviation Fuel (SAF), especially ethanol-to-jet fuels. Of 165 projects launched in the past 12 years, only 36 materialized, with World Energy's flagship refinery shutting down in April 2025.



Even if all planned projects proceed, they would meet just 10% of demand, with high costs, limited feedstocks, weak incentives, and inconsistent airline commitments stalling progress.

Ethanol-derived SAF in particular faces challenges in scaling and urgently needs stronger policy support and investment to ensure long-term viability.

## USDOT's ARPA-I Ideas Challenge: \$1M for Next-Gen Transportation Tech



The U.S. Department of Transportation's ARPA-I has opened the Ideas Challenge, a two-stage competition offering up to \$1 million for breakthrough transportation technologies that enhance safety, resilience, and sustainability.

Up to 10 finalists will pitch in early 2026, with winners gaining funding and direct engagement with DOT leadership.

## UPCOMING EVENTS

**116<sup>th</sup> Annual Growth Energy Biofuels Summit, Sept 8 – 11, 2025, Washington, D.C.**

<https://growthenergy.org/event/2025-biofuels-summit/>

**17<sup>th</sup> Intl. Conf. on Engines & Vehicles for Sustainable Transport, Sept 14 – 17, Capri, Naples, Italy**

<https://www.sae-na.it/index.php>

**COMVEC™, September 16 – 18, Schaumburg, Illinois**

<https://comvec.sae.org/>

**The Aachen Colloquium Sustainable Mobility, October 6 – 8, Aachen**

<https://www.aachener-kolloquium.de/en/>

**SAE Brazil 2025 Congress, October 6 – 8, Brazil (place TBD)**

<https://saebrasil.org.br/eventos/congresso-sae-brasil-2024-258/>

**16th ECMA International Conference ECT 2025, New Delhi**

<https://ecmaindia.in/event/16th-ecma-international-conference/31>

**Non-Road Powertrain & Fuels Europe 2025, October 7 – 8, Munich**

<https://conferences.emissionsanalytics.com/nonroad-eu25/index.html>

**2025 Energy & Propulsion Conference & Exhibition, October 14 – 16, Ypsilanti, Michigan**

<https://www.sae.org/attend/energy-propulsion-conference>

**Powertrain Systems for a Sustainable Futures Conference 2025, November 6 – 7, Warwick, UK**

[Event Website](#)

**Sustainable Energy & Powertrains, November 25 – 26, Stuttgart, Germany**

<https://www.fkfs-veranstaltungen.de/en/veranstaltungen/sustainable-energy-powertrains>