Cost Effectiveness of Technology Solutions for Future Vehicle Systems

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Reducing CO2 Footprint

- Two ways to reduce the CO2 footprint of vehicle systems
 - Efficiency Improvement
 - Alternative Fuels
- Hypothesis: Efficiency improvements always make sense and should receive the highest priority. Alternative fuels are limited by supply issues and may not always make sense.

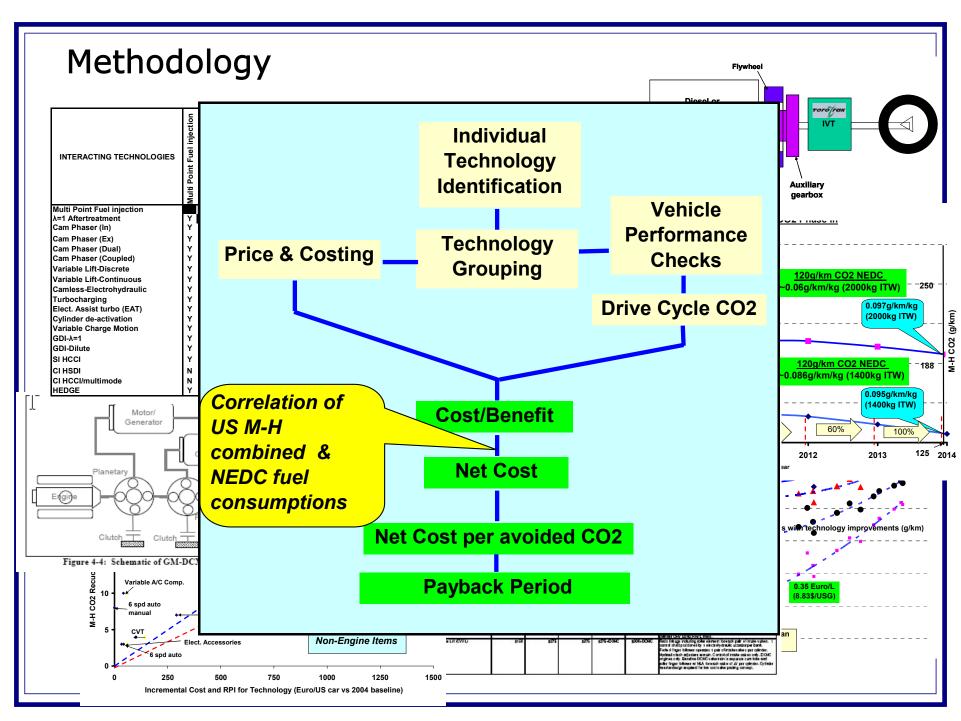
Basic Question

- What are the economic costs or benefits for CO2 control through vehicle efficiency improvements?
 - Can the customer save money while preserving the atmosphere?

Cost Benefit of CO2 Reduction

<u>Scope</u>

- Information derived from ARB funded NESCCAF study, June 2004 (California)
 - Retail price & cost increase
 - CO2 savings
 - Customer Net cost effect
- SwRI study, 2008
 - Cost differences, in-house cost model
 - European Scenario
 - Update of Net cost for 2008 fuel prices

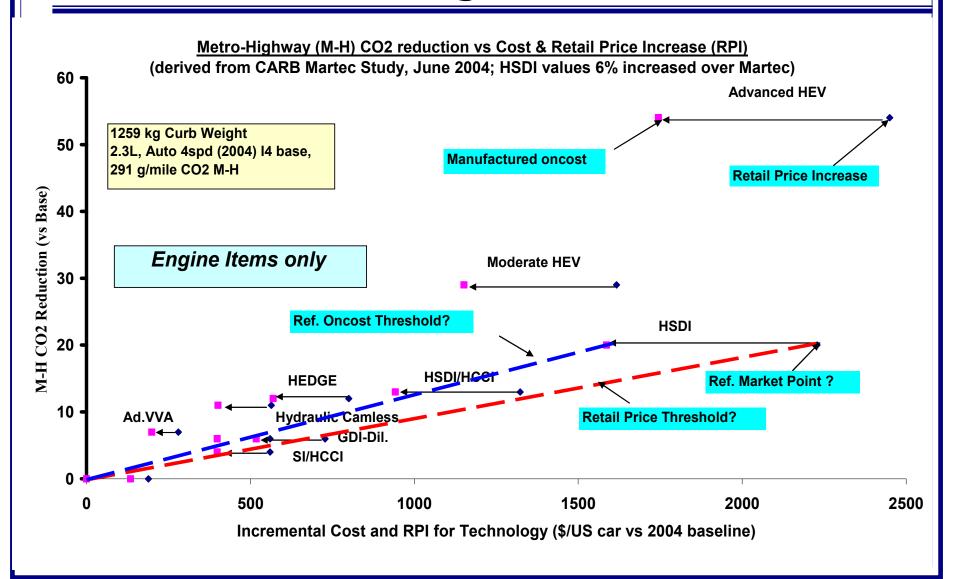


Derived Information from ARB Study

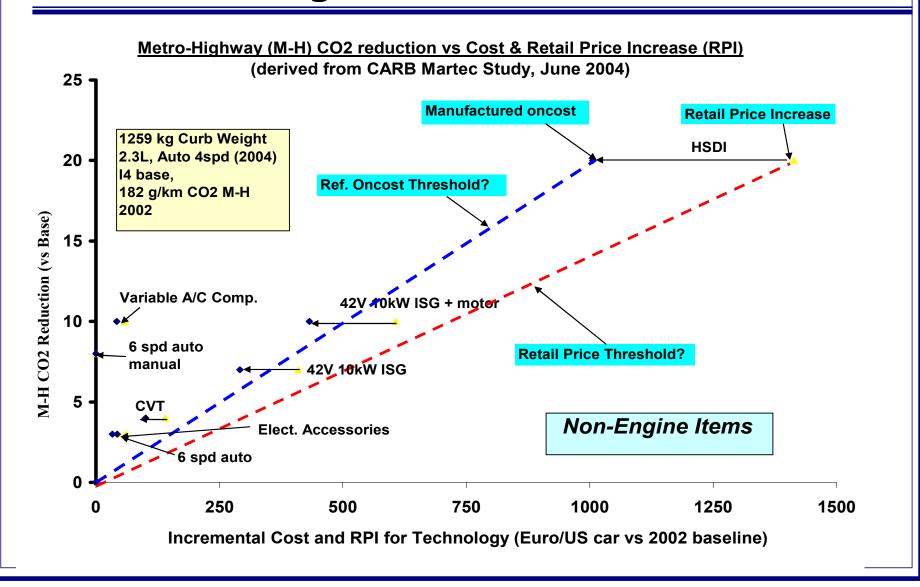
Key Aspects

- ARB (NESCCAF) study used Martec to assess price variances for technologies; updated by SwRI cost model
- NESCCAF deduced manufacturing cost relationship to retail price; updated with SwRI cost model
- AVL performed US M-H drive cycle predictions for CO₂ variances; additional points added with correlated SwRI drive model, and transposition of M-H CO2 data to NEDC
- Effects of individual and grouped technologies considered, but only "grouped" technologies pursued.
- Baseline is 2004MY
 - ~1600kg (curb weight) 3.2L V6, 4 speed auto with 345g/mile (215g/km) CO2 ...
 - ~1260kg (curb weight) 2.4L I4, 4 speed auto with 291g/mile (182g/km) CO2
- Price & cost are projected for 2008 onwards

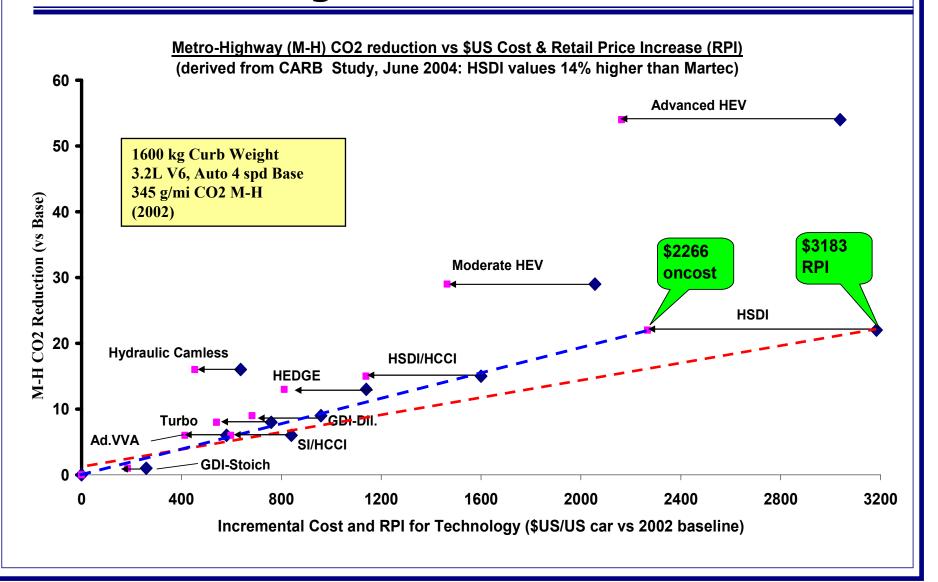
Predicted M-H CO2 Reduction vs \$US Price & Cost Changes



Predicted M-H CO2 Reduction vs Price & Cost Changes



Predicted M-H CO2 Reduction vs Price & Cost Changes



Correlations

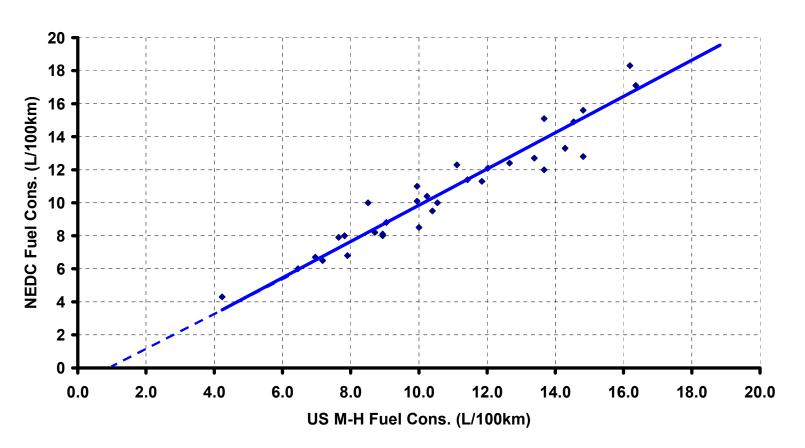
In order to transpose the previous data from the US Metro-Highway to NEDC, the following relationships are examined:

- US M-H vs NEDC fuel consumption correlation (as this is currently the most plentiful data for both markets)
- Fuel consumption vs CO2 correlation

Correlation of Metro-Highway & NEDC Fuel Consumptions

2007 US Metro-Highway & 2007 NEDC Fuel Consumption Comparisons

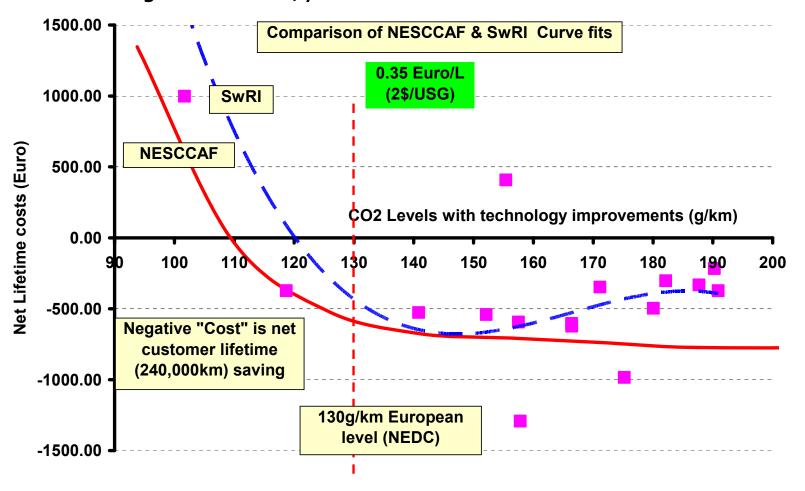
(Certification Data, ~30 vehicles with common USA & Europe specs.)



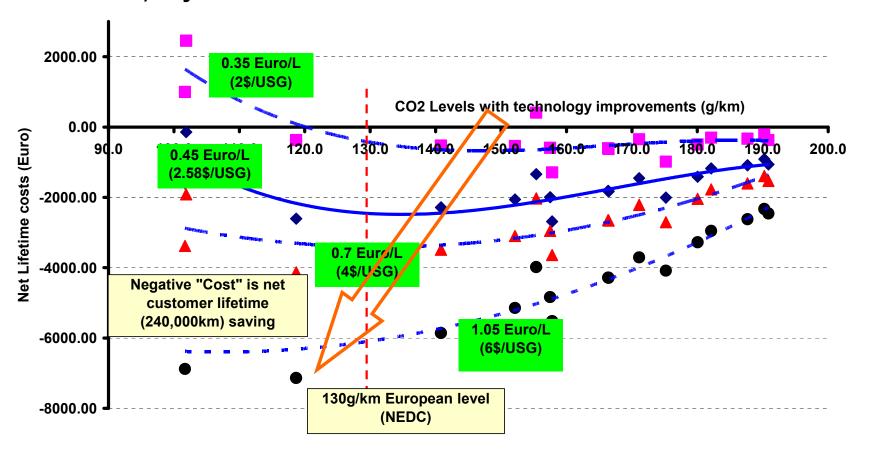
Cost of Ownership Assumptions

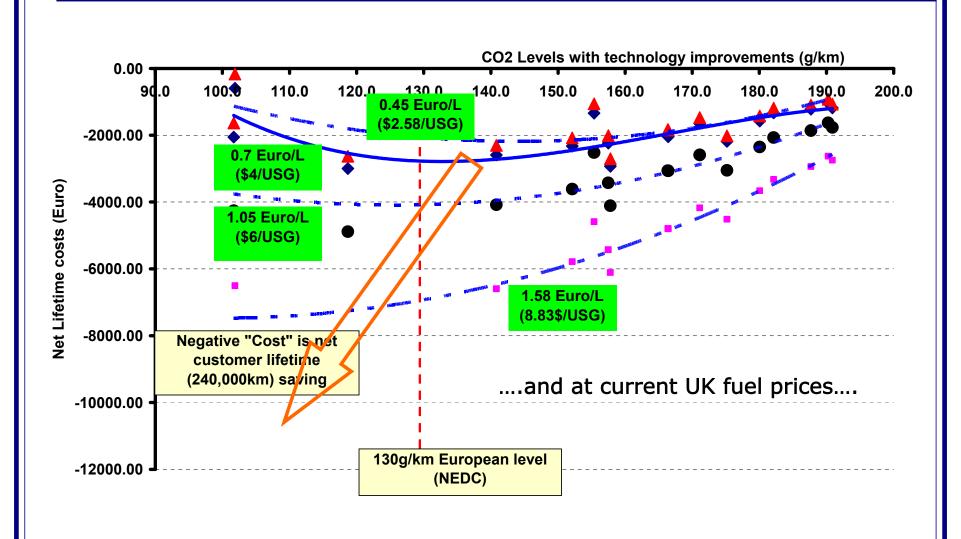
- 10 Years
- 240,000 km
- 5% inflation rate

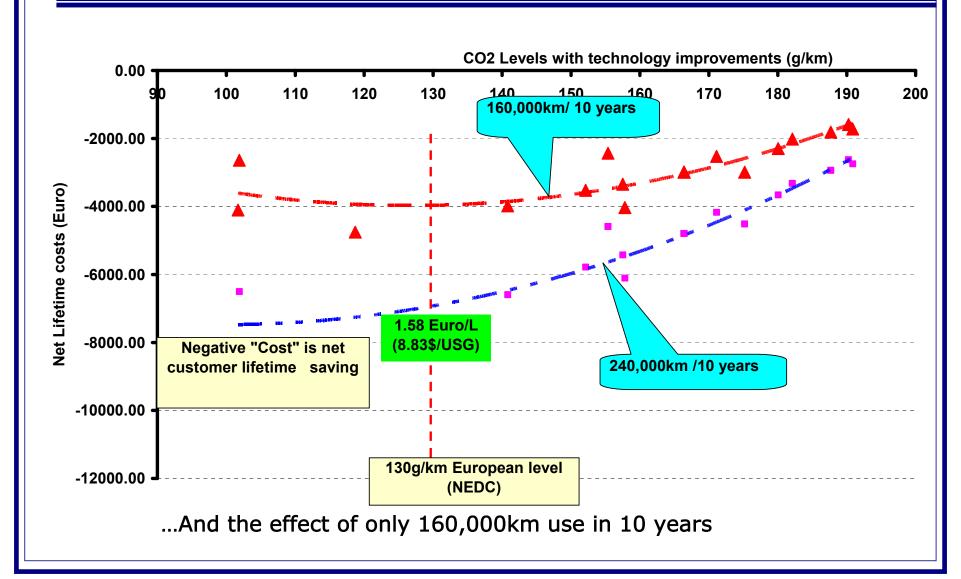
Comparison of NESCCAF and SwRI Net Cost to Customer over 10 years, including 5% inflation/year



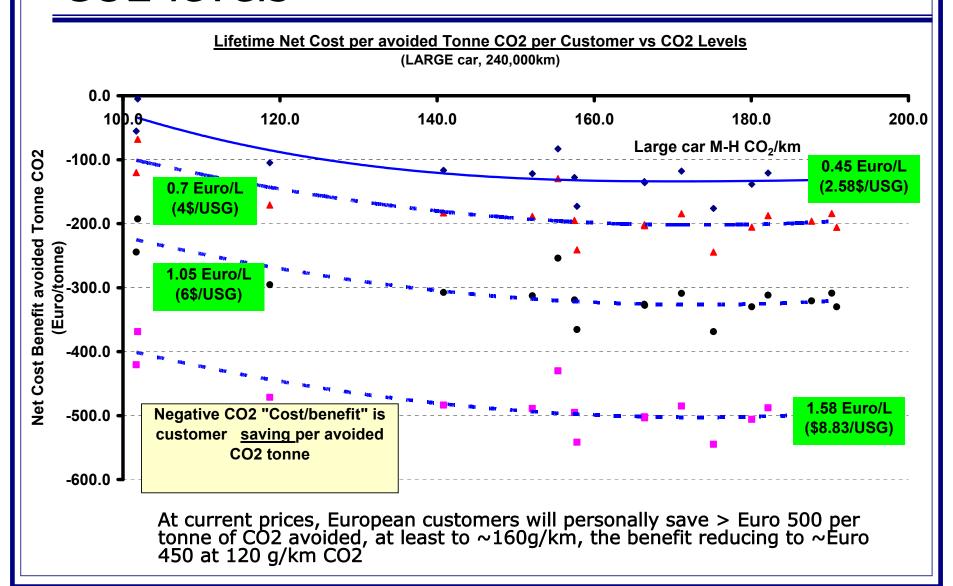
Net costs calculated by NESCCAF method for Euro 0.35-1.05/L fuel costs, adjusted for inflation







Net Cost/ton avoided CO2 vs vehicle CO2 levels



Conclusions

- The net lifetime cost of CO2 reductions by added engine technology is <u>negative</u> for current and likely future fuel pricing, <u>i.e. the customer</u> <u>benefits, as well as the climate.</u>
- For current fuel prices in Europe, the cost savings for the customer is 7000EU at 130 g/km CO2

Thank you

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