OPTIMIZING VEHICLE CHOICES: A DATA-DRIVEN **APPROACH TO FUEL** CONSUMPTION AND CO2 EMISSIONS **IN CANADA**

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INTRODUCTION

Problem Statement

Today's consumers rely on static fuel efficiency labels like EnerGuide, which provide only generic, lab-tested ratings. These labels don't consider:

- Real-Long-term fuel costs
- Environmental penalties like carbon tax
- Personalized vehicle usage behavior

This gap leaves consumers under-informed, policymakers under-prepared, and manufacturers out of tune with emissions realities.

Objective

To develop a machine learning-powered web dashboard that dynamically predicts:

- CO₂ emissions (g/km)
- Annual fuel cost (CAD) Eco and fuel efficiency scores
- Estimated carbon tax impact

based on user-selected vehicle configurations and up-to-date fuel pricing.

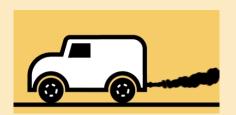
Significance

This solution transforms how vehicle choices are made in Canada by offering:

- **Consumers:** Personalized insights that go beyond marketing and labels—enabling informed, cost-effective, and environmentally conscious decisions.
- Policymakers: Accurate emissions forecasts and cost models to guide carbon tax policy. rebates, and eco-incentives.
- Automakers: Data-driven signals for design improvements and compliance with sustainability targets.

It's more than just picking a car. It's empowering a nation to choose sustainability with confidence.

"What if choosing your next car wasn't just about style or speed-but about saving money and the planet, all powered by data?"



DATA OVERVIEW

Data Source:

Natural Resources Canada (NRCan) – Fuel Consumption Ratings Dataset, provided by the Government of Canada.

A trusted and publicly available resource under Canada's Open Data initiative.

Important Factors:

1. Identification of the Vehicle:

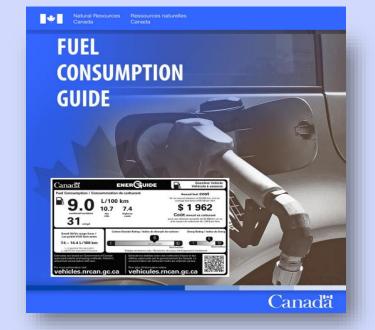
- Make
- Model
- Model Year
- Vehicle Class

2. Performance Details:

- Fuel Type (e.g., Gasoline, Diesel, E85, Electric)
- Transmission Type (e.g., Automatic, Manual, CVT, Electric Drive)
- Engine Size (in Litres)

3. Measures of Efficiency:

- City, Highway, and Combined Fuel Consumption (L/100 km)
- CO₂ Emissions (grams/km)
- Estimated Annual Fuel Cost (in CAD)



Type of Data:

- Structured tabular dataset, Regression Dataset
- Designed for descriptive and exploratory analysis
- Suitable for regression modeling and predictive insights

Dataset Size:

- 8,296 vehicle records with 15 features.
- Covers model years from 2015 to 2025
- Clean and ready for analysis with no missing values

Exploratory Data Analysis (EDA)

Pandas Profiling:

- High correlations between CO₂ emissions and engine size, cylinders, and fuel consumption.
- Fuel type patterns vary notably across brands.
- Some fields like Model need additional cleaning due to inconsistency.
- Dataset is clean: no missing values detected.

Histogram Analysis

- Engine Size: Right-skewed; most engines fall between 1–3L.
 - **Cylinders**: Peaks at 4 & 6 cylinders; higher counts are rare.
- Fuel Consumption: Most vehicles consume 5–15 L/100 km.
- CO₂ Emissions: Majority emit 100–300 g/km, with high outliers >500 g/km.
- MPG: Left-skewed; most cars are moderately efficient.

Action: Outliers flagged for removal; skewed features normalized.

Shapiro-Wilk Normality Test

- None of the numerical features follow a normal distribution (p < 0.05).
- Fuel consumption and emissions are highly skewed due to outliers.
- CO₂ rating and smog rating show non-normal behavior from categoricallike distribution.
- Suggests use of non-parametric methods or transformation for modeling.
 Action: Applied RobustScaler for normalization to mitigate the effect of skewed distributions and enhance model performance.

Q-Q Plot Observations

- Most features deviate significantly from the diagonal line, confirming nonnormality.
- Model Year, Cylinders, Ratings: Step-like patterns indicate discrete values.
- Fuel Consumption & Emissions: Skewed tails highlight presence of extreme values/outliers.
- CO₂ Emissions: Slight skew at high values, mostly aligns with normal line.

Feature Selection

- Employed Boruta algorithm to identify top influential features for CO₂ emissions.
- Cross-validated with **VIF analysis** and correlation matrix.

Action: Retained only statistically and practically relevant predictors, ensuring low redundancy and high model accuracy.

Box Plots

- Model Year: Left-skewed; most vehicles are from 2020–2025.
- Engine Size & Cylinders: Right-skewed; 4–6 cylinders are most common.
- Fuel Consumption (City, Highway, Combined): Right-skewed; a few heavy-duty outliers.
- MPG (Miles Per Gallon): Left-skewed; most vehicles cluster around 25–30 mpg.
- CO₂ Emissions: Right-skewed with significant outliers.
- Smog Rating: More symmetric; centered around 5.

Conclusion: Most fuel and emission-related features show skewness and outliers, justifying normalization and outlier treatment.

Spearman Correlation

- 22 strong correlations identified (ρ > 0.8), confirming multicollinearity among key features.
- Fuel Efficiency Metrics (City, Highway, Combined): Highly correlated (ρ > 0.95)
- Combined vs. City Fuel Consumption → **0.99**
- Highway vs. Combined Fuel Consumption → 0.97
- Fuel Use vs. Emissions:
- Combined Fuel Consumption ↔ CO, Emissions → 0.96
- City Fuel Consumption \leftrightarrow CO₂ Emissions \rightarrow **0.95**
- Engine & Design Features:
- Engine Size ↔ CO₂ Emissions → 0.84
- Cylinders \leftrightarrow CO₂ Emissions \rightarrow **0.83**
- Environmental Ratings:
- CO₂ Rating
 ← Emissions
 → -0.97 (strong inverse)
- Smog Rating ↔ Emissions → **-0.46** (moderate inverse)
- Clear multicollinearity exists among fuel consumption metrics.

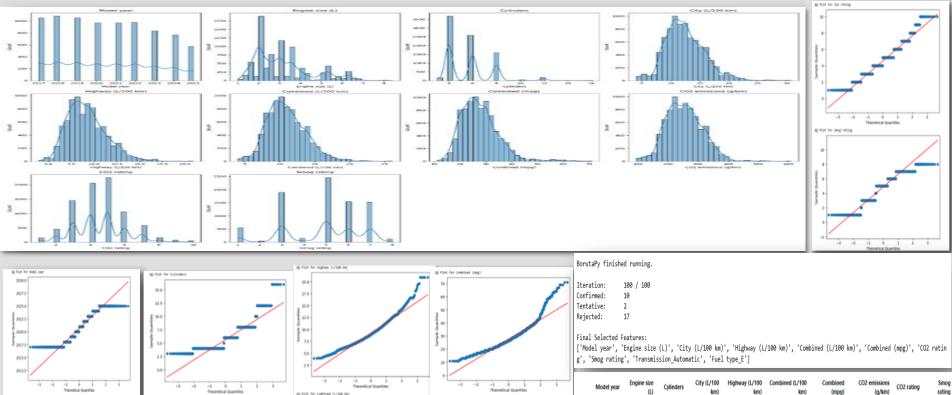
Action: To address multicollinearity, dropped City and Highway fuel consumption features and retained Combined for model input and downstream calculations.

Outlier Detection & Handling

- Implemented Isolation Forest algorithm with 5% contamination.
- Removed ~300 outliers (e.g., cars with engine sizes >7L or >10 passengers).

Action: Improved model robustness and reduced noise; training dataset trimmed to 6,305 records for better generalization.





8296.000000

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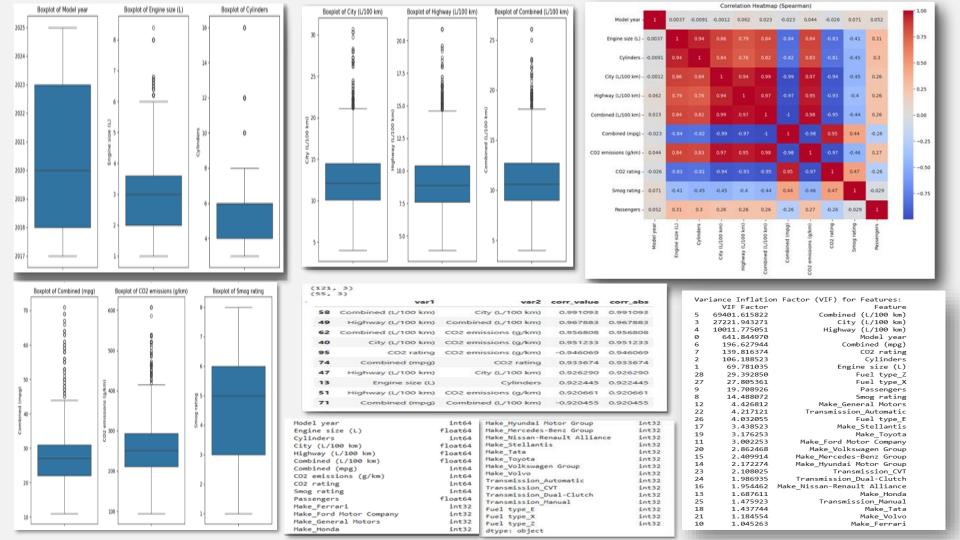
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	120		ž 400 ·	std	2.477466	1.340042	1.903399	3.411809	2.187367
· /	0 13	8	g 300 -	min	2017.000000	1.000000	3.000000	4.000000	3.900000
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	,	3	100	50%	2020.000000	3.000000	6.000000	12.100000	8.900000
4	0.			75%	2023.000000	3.600000	6.000000	14.500000	10.400000
-3 -2 -1 0 1 2 3 Theoretical Quantiles	-3 -2 -1 0 1 2 3 Theoretical Quantiles	-3 -2 -1 8 1 2 3 Theoretical Quantiles	-3 -2 -1 0 1 2 3 Theoretical Quantiles	max	2025.000000	8.400000	16.000000	30.700000	20.900000



Data Transformation

Data Preparation & Encoding Overview

- ✓ Passenger Mapping: Most cars have seating capacities matching their type, improving dataset consistency.
- ✓ Handling Special Cases: Special-purpose vehicles assigned specific values, enhancing accuracy.
- ✓ Cleaned Data Structure: Reduced redundancy by removing the Vehicle class column, resulting in 31 columns and 8,296 rows.
- ✓ Parent Firms: Parent companies like Toyota and Volkswagen Group merged under the Make column.
- ✓ Transmission Types: Streamlined into CVT, Dual-Clutch, Automatic, Manual, Automated Manual categories.
- ✓ Fuel Types: Categorized into E, X, Z, D for easier analysis.
- ✓ Machine Learning Compatibility: One-Hot Encoding used to convert categorical data into numerical form, adding binary columns for brands, transmission types, and fuel types.
- ✓ Numerical Features: Key characteristics like mileage, CO₂ emissions, fuel consumption, and engine size remained unchanged.

Data Types (Post-Transformation)

- ✓ Categorical Columns: Vehicle Make, Transmission Type, Fuel Type encoded as binary (0 or 1) using int32 data type.
- ✓ **Numerical Columns:** Fuel Consumption, Engine Size, CO₂ Emissions represented as continuous data with **int64** and **float64** data types.
- ✓ Summary: The dataset includes both categorical and numerical variables, with categorical variables encoded as binary and numerical variables represented as continuous values.

```
Final dataset shape: (8296, 31)
  Model year
                          Model
                                  Engine size (L)
                                                   Cylinders
                                                              City (L/100 km)
                            ILX
                                              2.4
         2017
                                                                           9.4
                                              3.0
         2017
                 MDX Hybrid AWD
                                                                           9.1
         2017
                     MDX SH-AWD
                                              3.5
                                                                          12.6
         2017
               MDX SH-AWD Elite
                                              3.5
                                                                          12.2
         2017
                            NSX
                                              3.5
                                                                          11.1
                      Combined (L/100 km)
                                             Combined (mpg)
  Highway (L/100 km)
                  6.8
                                        8.2
                                        9.0
                  9.0
                                                         31
                                       11.0
                                                         26
                                       10.7
                  9.0
                                                         26
                                                         26
                 10.8
                                       11.0
  CO2 emissions (g/km)
                         CO2 rating
                                           Make Toyota
                                                        Make_Volkswagen Group
                    192
                    210
                    259
                    251
                    261
               Transmission Automatic Transmission CVT \
  Make Volvo
   Transmission_Dual-Clutch Transmission_Manual
                                                   Fuel type E
   Fuel type Z
```

Modeling Approach

Methods Overview:

We evaluated a variety of machine learning models and finalized the following three for our regression task of predicting CO₂ emissions:

- 1. Linear Regression
- 2. Ridge Regression
- 3. XGBoost Regressor

Rationale for Selection:

Linear Regression

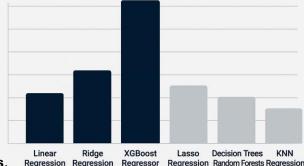
- Chosen as a **baseline model** for its simplicity and interpretability, assuming a linear relationship between independent variables and CO₂ emissions.
- Helps establish a performance benchmark for more advanced models.
- Easily explains relationships between input variables and the target,

Ridge Regression

- Ideal for datasets with multicollinearity (as confirmed by Spearman correlation & VIF).
- Adds **L2 regularization**, which penalizes large coefficients and prevents overfitting.
- Improves model generalization while retaining interpretability.

XGBoost Regressor

- Selected as a **robust non-linear model** to capture complex relationships in the data.
- Performs automatic feature interaction and handles skewed or noisy data well.
- Known for high accuracy, speed, and regularization capabilities.
- Performs better on datasets with a mix of numerical and encoded categorical features.



Models Which Were Not Chosen

- Lasso Regression was tested but overly shrunk important coefficients due to L1 regularization.
- Decision Trees and Random Forests offered less consistent performance and interpretability compared to XGBoost.
- KNN Regression was avoided due to computational inefficiency on larger datasets and poor handling of high-dimensional encoded features.

Model Outputs

Model Performance:

- Linear Regression: Although Linear Regression achieves a high test R² score of 0.9966, it lacks regularization, which makes it potentially sensitive to multicollinearity or noise in the data. This can lead to less stable performance in real-world applications compared to models like Ridge, which are specifically designed to handle such issues.
- ✓ Ridge: It performs similarly to Linear Regression, but with added regularization to prevent overfitting. In this regularization had little effect due to the dataset's fit.
- ✓ XGBoost: It achieved a high R² score but with slightly higher RMSE.

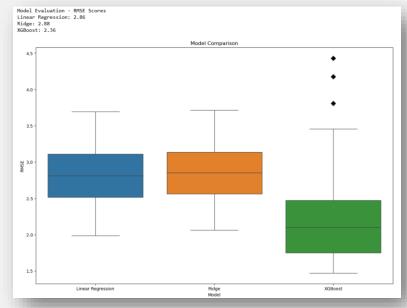
 However, its MAE is lower than Linear and Ridge Regression, indicating it makes smaller errors on average

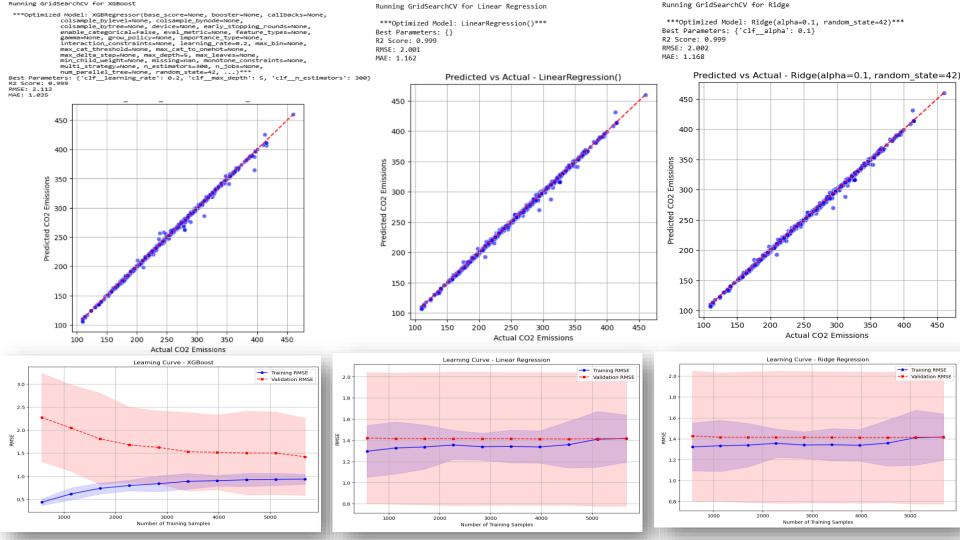
Learning Curves:

The learning curves, plotted after hyperparameter tuning, help visualize model performance and learning behavior, indicating whether more data could improve the model or if the model is underfitting/overfitting.

- ✓ **Linear Regression:** Training and validation RMSE are very close and remain relatively flat across all sample sizes.
- ✓ Ridge: Similar to Linear Regression, but with slightly improved generalization
- ✓ XGBoost: Training RMSE is much lower than validation RMSE; validation RMSE decreases with more data.

Metric	Linear Regression	Ridge Regression	XGBoost	
Train R ²	0.9987	0.9987	0.9997	
Test R ²	0.9966	0.9966	0.9959	
Train RMSE	2.0095	2.0099	0.9146	
Test RMSE	3.6252	3.6435	3.9703	
Train MAE	1.1608	1.1638	0.6277	
Test MAE	1.5447	1.5511	1.3001	





Final Model Selection - XGBoost

Selected Model-XGBoost

- Captures complex, non-linear relationships in the dataset.
- Outperformed Ridge and Linear Regression in Mean Absolute Error (MAE).
- Handles skewed data, multicollinearity, and categorical variables effectively.
- Robust performance after outlier removal and hyperparameter tuning.

Final Model Performance (Test Set)

• R² Score: 0.9959

RMSE: 3.97MAE: 1.30

Train RMSE: 0.91 (High accuracy with controlled overfitting)

Key Takeaways

- XGBoost provides a balance of accuracy and feature importance.
- Slight variance, but better at generalization after tuning.
- Chosen for deployment in the live dashboard for real-time predictions.

Final XGBoost Model Outputs

Explanation of Model Performance Metrics:

- R² Score (0.9959)
 - Indicates that 99.59% of the variance in CO₂ emissions is explained by the model. Near-perfect fit.
- RMSE (3.97)
 - Root Mean Squared Error shows the average deviation of predictions from actual values. Lower is better.
- MAE (1.30)
 - Mean Absolute Error measures average magnitude of errors in predictions. XGBoost had the lowest MAE among all models.
- Train RMSE (0.91)
 - Indicates excellent learning on the training data. Confirms the model has high predictive accuracy.

```
*XGBoost Model Equation:**  \text{CO}_2 \text{ Emissions (g/km)} \approx \\ \textbf{0.0000} + (0.8918 \times \textbf{CO}_2 \, \textbf{Rating}) + (0.0628 \times \textbf{Combined Fuel Consumption}) + \\ (0.0345 \times \textbf{Fuel type_E}) + (0.0032 \times \textbf{Make\_General Motors}) + \\ (0.00022 \times \textbf{Fuel type_X}) + (0.0012 \times \textbf{Transmission\_Automatic}) + \\ (0.0007 \times \textbf{Make\_Tata}) + (0.0006 \times \textbf{Smog Rating}) + (0.0005 \times \textbf{Fuel type_Z}) + \\ (0.0005 \times \textbf{Engine Size}) + (0.0004 \times \textbf{Model Year}) + \\ (0.0003 \times \textbf{Make\_Hyundai}) + (0.0003 \times \textbf{Cylinders}) + \\ (0.0002 \times \textbf{Make\_Ford}) + (0.0001 \times \textbf{Make\_Toyota}) + \\ (0.0001 \times \textbf{Make\_Mercedes}) + (0.0001 \times \textbf{Transmission\_Dual-Clutch})
```

Practical Application

Empowering Smarter Vehicle Choices

This model simplifies vehicle selection by helping consumers identify cars with lower fuel costs and CO₂ emissions based on their unique driving needs. By using our interactive carbon reduction efforts dashboard, users can:

- Make informed, eco-friendly decisions
- Reduce long-term fuel expenses
- Contribute to Canada's carbon reduction efforts

Even a 5% drop in emissions could lead to significant savings and improved air quality, supporting a greener lifestyle for all Canadians.

Faster Decisions with Forecasting

Consumers no longer have to wait for future models to assess performance:

- The dashboard can **predict fuel cost and emission impact** of unreleased vehicles based on their specifications
- Suggests similar existing vehicles, providing instant, data-driven results
- Enhances buyer confidence, saves time, and promotes responsible purchasing decisions

Insights for Automakers

Automakers can use the dashboard's visual analytics to:

- Understand which configurations reduce emissions and operating costs
- Innovate more efficient engines and drivetrains aligned with market demand
- Streamline R&D efforts, improve sustainability, and strengthen market competitiveness



Actionable Insights:

- Consumers should prioritize vehicles with alternative fuel types (E, X, Z) and lower fuel consumption (L/100 km) for cost savings and reduced emissions.
- Policymakers should expand incentives for electric and hybrid vehicle adoption to encourage a nationwide reduction in CO₂ output.
- Automakers should invest in improving engine efficiency, promoting compact engine sizes, and advancing transmission technology.

Future Enhancements:

- Incorporate real-world driving behavior, weather, and road conditions into the prediction model.
- Extend the model to evaluate lifecycle emissions for a more holistic environmental impact.
- Integrate solid-state battery and hydrogen fuel cell metrics for future-ready analysis.

Limitations:

- The model does not yet account for external real-time driving variables (e.g., traffic, terrain).
- Current emissions predictions rely on standardized data, not telematics or on-road sensor data.

Recommendations



Implementation

Frontend - User Interface and Interaction

Purpose: Provides the user interface for vehicle data input and prediction display.

Components:

- HTML: Form for input (Model Year, Make, Transmission, Fuel Type) and results display.
- **CSS**: Responsive design with circular progress bars and animations.
- JavaScript: Handles form submission, dynamic updates of predictions, and error handling.
- Charts: Shows fuel consumption and emission insights using Chart.js.
- Service Used Render.

https://forecasting-fuel-efficiency.onrender.com/

Backend - API & Model Predictions

Purpose: Handles data processing and predicts vehicle metrics (fuel consumption, CO2 emissions).

Components:

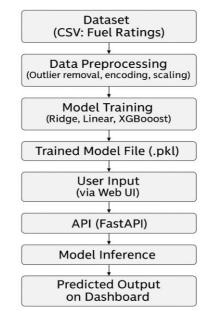
FastAPI:

/predict_json: Receives vehicle data and returns predictions.

/emission_insights: Provides insights on emissions.

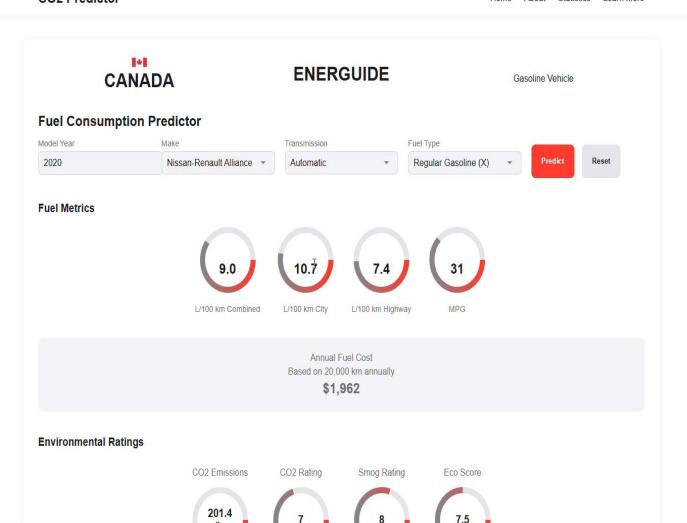
/qr-code: Generates QR code for easy sharing.

- Machine Learning: Ridge regression models predict fuel consumption and CO2 emissions.
- Data Preprocessing: One-hot encoding.



Future Improvements

- Model Enhancements: Integrate Deep Learning models (e.g., Neural Networks) for complex patterns.
- Frontend & UX: Introduce vehicle image previews based on selected inputs.
- Data & Insights
 - ✓ Enable real-time CO2 statistics dashboard Using Apache Spark.
 - ✓ Scaling the Project with Larger and broader Dataset.
- Backend Enhancements: Switch to Dockerized deployment for easy scaling.



Conclusion

Project Summary:

- ✓ We built a XGBoost Regression-based predictive model to estimate CO₂ emissions, fuel costs, and efficiency scores for Canadian vehicles.
- The final model demonstrated high accuracy ($\mathbb{R}^2 = 0.99$), helping users make environmentally and financially informed vehicle decisions.
- ✓ Electric and hybrid vehicles emerged as clear winners in reducing emissions.

Final Thoughts:

- ✓ This project showcases how data science bridges the gap between environmental goals and consumer decision-making.
- ✓ With further enhancements, the dashboard and model have the potential to serve as a **nationwide tool** for eco-conscious vehicle selection and climate-focused policy planning.
- As global climate concerns intensify, predictive analytics will play a crucial role in driving sustainable transportation solutions.



In closing, our project not only highlights the environmental impact of vehicle choices but also empowers consumers and stakeholders to take informed, data-driven action.

By harnessing machine learning and real-world data, we pave the way toward smarter, cleaner, and more sustainable transportation decisions.

The journey to a greener future starts with the right information and this project is a step in that direction.

THE END



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