

European Commission proposal for a regulation on the accounting of greenhouse gas emissions of transport services

IRU Position on the European Commission proposal for a regulation on the accounting of greenhouse gas emissions of transport services

I. IRU POSITION

IRU welcomes the introduction of a common EU methodology to calculate and disclose greenhouse gas (GHG) emissions. Emissions accounting is a useful instrument to facilitate efforts made by commercial road transport operators to improve their environmental footprint and contribute to achieving the objectives of the European Green Deal and Fit for 55 package.

To further improve the proposal, IRU calls for specific changes reflecting the following aspects:

- **Clarify the scope of the verification process** of GHG emission values (output data) carried out by conformity assessment bodies.

Reasoning: The proposal mentions that once output data has been generated by transport operators, it will undergo a verification procedure carried out by a conformity assessment body. This risks to be regarded as a prior official verification requirement for every operation, which would add an excessive administrative burden on transport operators and disrupt transport flows. Instead, it should be clarified that conformity assessment bodies verify output data only upon the request of a transport operator and are allowed to carry out random inspections based on samples of past reporting.

- Provide main contractors **flexibility** in using a **combination of both primary and secondary data** when using own fleets and subcontractors.

Reasoning: In situations involving subcontracted transport services, the main contractor should be able to accept a combination of primary and secondary data from subcontractors when measuring GHG emissions of an operation. This should be irrespective of the method chosen by the main contractor to report the GHG emissions of its own fleet. The main contractor should be allowed to add up the values when reporting, regardless of how the values were calculated (i.e. based on primary or secondary data).

- **Clarify how GHG emissions** deriving from transport operations **originating or ending in third countries** are accounted for.

Reasoning: While the scope of the proposal includes origin or destination points situated in a third country, it is unclear if non-EU entities will have access to the necessary resources to adhere to CountEmissions EU. This should be clarified in the proposal.

- **Define the date of establishment of EU databases** and **clarify how secondary data** on EU databases of default values for GHG emission intensity and GHG emission factors is **collected and verified**.

Reasoning: EU databases should be swiftly established since it is one of the conditions to use secondary data. Moreover, the proposal describes the verification process for datasets and databases for GHG emission intensity operated by third parties, but it is

unclear how data will be collected and verified by the European Commission and European Environmental Agency for the databases they will manage, update, and maintain.

- **Support road transport operators** that want to implement the common methodology based on the ISO standard.

Reasoning: Entities that decide to start calculating and disclosing GHG emissions based on CountEmissions EU but do not have access to the necessary tools and resources should be adequately supported.

II. ANALYSIS

On 11 July 2023, the European Commission (EC) tabled, as part of the [Greening Transport Package](#), a legislative proposal ([COM\(2023\) 441](#)) establishing a common greenhouse gas (GHG) emissions methodology (CountEmissions EU).

CountEmissions EU aims to introduce a harmonised framework on how emissions are calculated in the European Union (EU). The commercial road transport sector is already investing in solutions to measure and decrease its emissions, however, support measures are necessary for the industry to progressively adopt the CountEmissions EU methodology.

1. Output data and verification

The proposal sets a verification procedure where output data is checked by a conformity assessment body. The verification procedure consists of assessing the reliability, credibility, adherence, and accuracy of the output data. Importantly, the conformity assessment body will verify if the output data followed the CountEmissions EU methodology and the source(s) of the input data. While verification procedures related to default values, databases and the certification of calculation tools are already foreseen by the proposal, allowing for an extra layer of verification risks to be regarded as a prior official verification requirement for each operation.

Moreover, external calculation tools are required to undergo a compliance check, with a positive evaluation resulting in a certificate of conformity that is valid for two years. Calculation tools used from entities in-house do not require any form of certification, transparency should be promoted wherever possible to allow for an equal comparison among different transport modes.

Once external calculation tools have been aligned with the EU common methodology, entities of any size, including small and medium-sized enterprises (SMEs), should be able to access and use them. While the ISO standard provides guidance on the quantification and reporting of GHG emissions for both passenger and freight transport, it should be highlighted that these differ in terms of modes, products, routings, supply chains and timelines. Calculation tools should therefore clearly distinguish the differences in passenger and goods transport.

IRU calls for:

- Clarifying the scope of the verification process carried out by conformity assessment bodies of GHG emission values (output data).

2. Scope

Situations in which a main contractor relies on subcontractors for their services should be considered. CountEmissions EU is not mandatory for all entities providing transport services in the EU. However, the interrelation with other relevant EU legislation, such as the Corporate Sustainability Reporting Directive (CSRD) and its European Sustainability Reporting Standards (ESRS), should be monitored and assessed. Entities that fall under the scope of the CSRD may use the CountEmissions EU to collect information that is then included in their wider CSR reporting. It should be noted that a main contractor relying on subcontractors may face difficulties in obtaining values that need to be reported. Consequently, the main contractor should be able to accept a

combination of primary and secondary data from subcontractors, irrespective of the method chosen by the main contractor to report GHG emissions of its own fleet.

Moreover, while the scope of the proposal includes origin or destination points situated in a third country, it is unclear if non-EU entities will have access and the necessary resources to successfully calculate and disclose information on GHG emission data. Obtaining data on GHG emission factors outside of the EU might prove to be challenging, risking altering output data that is generated by adhering to the CountEmissions EU.

IRU calls for:

- Providing main contractors flexibility in using a combination of both primary and secondary data when using their own fleets and subcontractors.
- Clarifying how GHG emissions deriving from transport operations originating or ending in third countries are accounted for.
- Ensuring consistency and compatibility with existing EU legislation that mandates additional or complementary methodologies.

3. Input data and sources

The possibility given to entities to use secondary data in their calculations is positive, as collecting primary data is usually more complex and costly. At present, significant differences in default values provided by various GHG emissions databases are a burden for the sector, hindering the efficient use of existing methodologies and creating a competitive distortion. As a result, the establishment of EU databases of default values for GHG emission intensity and default GHG emission factors are welcome, as they can act as reference points for those entities who choose to use secondary data. It is expected that entities that do not have the resources to collect primary data will at first rely on secondary data, increasing the importance of having reliable figures.

The proposal does not specify the date by which the EU databases need to be set up. Efforts should be made to have accurate and reliable data and databases swiftly accessible to entities of any size. Cybersecurity mechanisms should be in place to avoid any external distortion of default values. In addition, while there is a clear process on how to carry out technical quality checks for databases and datasets of default values for GHG emission intensity operated by third parties, there are no indications on how the EC and the European Environmental Agency (EEA) plan to verify the data in the two databases they will manage. Technical quality checks carried out by the EC, with the support from the EEA, of default values provided by third parties should not be excessively lengthy. This could delay the availability of secondary data. Notably, data generated by commercial road transport operators should not be used without prior agreement.

IRU calls for:

- Defining the date for establishing EU databases and clarifying how secondary data on EU databases of default values for GHG emission intensity and factors is collected and verified.

4. Communication

The proposal opts for encouraging the disclosure of output data in a digital format. This is positive, as digitalisation has clear benefits in terms of cost reduction. Despite this, the proposal only outlines the data metrics that need to be fulfilled to qualify as output data and does not clearly specify conditions related to the format. A harmonised format should be carefully defined in secondary legislation. Additionally, it could be challenging for entities carrying out transport services in numerous countries to present output data in the official language of the territory of a Member State in which the service is performed. Communication requirements should be clearly defined to avoid legal uncertainty and any additional administrative burden.

The proposal mentions that recipients of the output data must take measures to ensure the confidentiality of relevant commercial data. This should be strictly guaranteed by recipients, especially since it was identified by the EC that the reluctance of transport service organisers and operators to reveal commercially sensitive information remains a bottleneck. Clear agreements should be in place.

IRU calls for:

- Safeguarding the confidentiality of relevant commercial information generated by entities.

5. Methodology for calculating GHG emissions of transport services

The decision to base the CountEmissions EU on ISO14083:2023 is positive, since a wide number of GHG emissions reporting methodologies are currently used in the EU. CountEmissions EU will provide a uniform basis for the calculation and disclosure of GHG emission data for both passenger and freight transport services. Moreover, the ISO standard follows a well-to-wheel (WtW) approach, allowing for a holistic measurement of GHG emissions emitted by the vehicle, including emissions of the particular energy source used. While this approach is more comprehensive than a tank-to-wheel (TtW) one, it could create additional complexity for entities as supplementary parameters will need to be considered. It is therefore important to have accurate and reliable default GHG emission factors on the central EU database, allowing for precise calculations.

Going beyond the approach and further strengthening the rules proposed by the EC should be avoided. The EU commercial road transport sector is composed of over one million transport companies, 80% of which are SMEs. In most cases, SMEs do not possess the necessary expertise or tools to collect data as well as to calculate and disclose their GHG emissions. A considerable number of road transport operators will therefore require support and facilitation measures, as well as mentoring on how to implement the common methodology.

IRU calls for:

- Supporting entities that want to implement the common methodology based on the ISO standard.

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