POSITION

AD/BR5894/ASM Brussels, 2 May 2018

IRU Position on the EU Clean Mobility Package – recommendations relating to the Clean Vehicles Directive.

Technical analysis and IRU recommendations to European legislators on the European Commission proposal to modify the Clean Vehicles Directive (2009/33/EC)

I. INTRODUCTION

IRU is committed to sustainable development in the commercial road transport sector and to bringing the necessary tools for transport operators to make their fleets and operations as sustainable and energy efficient as possible. IRU therefore supports the Clean Vehicles Directive (CVD) and welcomes the revision proposed by the European Commission (EC) (COM(2017) 653 final) as part of the Clean Energy Package from November 2017.

The CVD is a public procurement instrument that obliges contracting authorities to take into account environmental characteristics of purchased vehicles. The aim is to drive wider sectoral uptake of 'clean vehicles' through boosting demand first at the public authority level. Greater uptake should by extension create market stimulus for wider affordability of 'cleaner vehicles'.

The proposed revision suggests to define 'clean vehicles' in relation to their CO_2 and pollutant emission levels (and based on a list of alternative fuels for HDVs until HDV CO_2 standards come into force). The proposal also widens the scope to include lease, rent or hire-purchase of road transport vehicles by authorities and transport operators contracted to perform public services.

IRU welcomes the EC's ambition to improve the CVD's impact and supports the primary aim of a technological shift to alternatively fuelled vehicles however there are some concerns relating to the scope of the CVD, the methodological approach and the potential economic impact on private operators.

II. COHERENT METHODOLOGY

While IRU supports the CVD's aim of creating market uptake for alternatively fuelled vehicles with lower pollutant and CO_2 emissions, it is essential that the methodological approach is coherent, brings certainty and sets the path in the right direction. Primarily, it would be logical to align the definition of clean vehicles with that provided in Article 2 (1) of the Alternative Fuels Infrastructure Directive (2014/94/EU).

While it is clear that the CVD addresses vehicle technology as opposed to fuels, it is inconsistent to exclude any mention of sustainably produced biofuels. The current proposal risks sending mixed signals to operators who could get the impression that vehicles running on sustainably produced biofuels are not 'clean'. This is a potential issue particularly in some Member States where there has been substantial investment in such biofuels. Buses running on these fuels should not be discriminated against in terms of access to public service contracts (PSCs).

IRU welcomes that vehicles running on biomethane are offered an extra incentive in the form of double counting, however it is incoherent that the same approach is not extended to internal combustion engine vehicles running on sustainably produced biofuels. The CVD should recognise all vehicles that use alternative fuels and should grant extra incentives to those using renewable sources. In the same vein, electrification should not receive double counting if the source of the energy is not renewable.

In the long-run, there must be a wider debate on shifting to a Well-to-Wheel or Lifecycle Analysis approach in order to correctly assess the full emissions footprint.

The proposed change of methodology to consider tailpipe emissions as soon as the HDV CO_2 emissions reduction standards are in place will make operators' investment strategies even more uncertain. If this approach is pursued, it must be ensured that the future delegated legislative act providing for the definitive methodology does not discriminate against early adopters.

Amendments:

Article 4 paragraph 4 (c): *a vehicle of category M3 class 1 (as defined by UN Regulation 107), N2 or N3 which is powered by alternative fuels as defined by Article 2 paragraph 1 of Directive 2014/94/EU and as listed in Table 3 of Annex 1.*

Annex 1, Table 3: *electricity, hydrogen, biofuels as defined in point (i) of Article 2 of Directive 2009/28/EC, synthetic and paraffinic fuels, CNG and LNG, including biomethane.*

Annex 1, Table 4: *Vehicles operating on renewably sourced energy shall be counted as 1 vehicle contributing to the mandate.*

III. LEVEL PLAYING FIELD FOR ALL OPERATORS

When it comes to scope IRU is concerned that the proposed revision, and in particular its ambitious targets for buses, could place private transport operators, who are primarily SMEs, at a disadvantage compared to publicly owned operators for the competition for PSCs. There should be a level playing field between public and private companies recognising that the latter face a more challenging business model to the uptake of potentially more expensive vehicles and new technologies. Even if the price of PSCs does rise to reflect the provision of clean vehicles, this will not necessarily enable private operators to fairly compete as they lack upfront investment.

Therefore, it is key that public procurement targets are accompanied by both national and European financing and funding mechanisms in order to ensure private operators can remain competitive in the bidding process. These measures should be consistent, provided for a limited time and technology neutral. It is essential that all technologies supported have long-term market sustainability and will not remain dependent on subsidies for success.

Amendment:

IRU proposes to add Amendment 5 from TRAN's Draft Opinion:

Recital 13 a (new): *Targeted support measures for the procurement of clean vehicles are indispensable. In order to achieve the minimum procurement targets for clean vehicles as soon as possible, the Commission and Member States' public authorities at all levels should expand their financial and non-financial incentives in order to speed up the market uptake of such vehicles.*

In order to reflect the public-private issue, IRU proposes the following addition:

Recital 13 b (new): *In order to ensure a level playing field between public and private transport operators, there should be a recognition that the latter have less financial leeway for the uptake of potentially more expensive alternatively fuelled vehicles. Funding mechanisms must be made available for private operators so that they can remain competitive compared to public operators in the bidding process and invest in cleaner vehicles.*

IV. EXCLUDE COACHES FROM SCOPE

For inter-city and occasional services, it will be very difficult to source ‘clean vehicles’ and they may continue to rely on diesel vehicles for a longer time span than buses. For example, some public authorities may contract coaches for longer-distance trips and coaches are classed in the same category as buses in terms of targets. However, the technology for coaches is nowhere near as developed as it is for urban buses, therefore it may not be feasible to force the uptake of alternatively fuelled coaches in the short term (before e.g. 2035).

Due to the technological differences within the M3 vehicle category, coaches should be exempt from this Directive. While it is the intention of the EC that the CVD only applies to buses, there is too much room for interpretation in the current wording.

In order to exclude coaches, IRU suggests to use the UNECE definition that clearly distinguishes between buses and coaches. As follows, the CVD should only apply to "Class I" within the M3 category (as per UN Regulation 107[1]). It should not be applied to Class II which refers to coaches.

Amendment:

Article 4 paragraph 4 (c): *a vehicle of category M3 class 1 (as defined by UN Regulation 107), N2 or N3 which is powered by alternative fuels as defined by Article 2 paragraph 1 of Directive 2014/94/EU and as listed in Table 3 of Annex 1.*

(this amendment applies throughout the text of the Directive and its Annex when M3 vehicles are mentioned)

V. APPLICATION ONLY TO NEW CONTRACTS

It should also be ensured that existing PSCs are respected and that the CVD revision only applies to new contracts. It must also be considered that Euro VI vehicles are still relatively new and operators need sufficient return on investment before they are able or willing to invest in cleaner vehicles.

Amendment:

Article 3 (b): *operators for the discharge of **new** public service obligations under a public service contract **concluded after the Directive becomes applicable**, within the meaning of Regulation (EC) No 1370/2007 of the European Parliament and of the Council;*

* * * * *

[1] ‘Uniform provisions concerning the approval of category M2 or M3 vehicles with regard to their general construction’ UN Regulation 107, p.4