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## Measuring, calculating and reporting GHG emissions in transport, mobility and logistics operations in the EU

### IRU position on measuring, calculating and reporting GHG emissions in transport, mobility and logistics operations in the EU

#### I. POSITION

IRU welcomes the European Commission's CountEmissions initiative and considers that greenhouse gas (GHG) emissions accounting is an important instrument to help economic operators in transport, logistics and mobility to reduce their environmental footprint and contribute more to achieving the European Green Deal's decarbonisation objectives.

A common European legal framework can be beneficial to account for GHG emissions in a coherent and comparable way.

To ensure an effective implementation of the EU Commission's CountEmissions initiative, IRU recommends that the new EU legal framework considers the following aspects:

- **All-inclusive and non-discriminatory system.** It should be applicable to all economic operators in the transport, logistics and mobility sector, taking into account the specificities of the industry's subsectors. CountEmissions EU shall not be used as a political instrument to decide which mode(s) of transport (road, rail, aviation, maritime or multimodal) are to be used. Calculation methodologies must be neutral and nondiscriminatory and should not intend to be judgemental in determining the best transport option.
- **Voluntary use.** Economic operators in the transport, logistics and mobility sector who choose to report their carbon footprint should use a methodology compatible with the new EU legal framework, but the initial decision on whether to engage in measuring, calculating and reporting should remain voluntary.
- **Compatibility of service providers with the EU methodology.** All existing and new providers of carbon footprinting services should ensure that their methodology is compatible with the new EU legal framework.
- **A tool for industry only.** Carbon footprinting should be considered as a tool to be used by the industry only to reduce its environmental footprint and increase operational efficiency. It should not become a tool to introduce new taxes, charges and duties for economic operators that are unable to meet a certain emission threshold.
- **Single solution vs multiple standards.** Consistency and interoperability with other EU and international (regulatory and non-regulatory) measures in the field is key to avoid multiple conflicting standards. At the same time, the new EU calculation method should provide for a transition phase so that transport operators and other stakeholders using existing methodologies have enough time to adapt. The CountEmissions methodology contained in the new EU legal framework should have the following basic **characteristics**:
  - **Be simple and easily accessible.** Economic operators of any size, including small-sized road transport operators, should be able to access

and use the calculator. A large range of road transport operators will need support measures, facilitation and mentoring.

- **Be based on a well-to-wheel approach (WTW)** and cover all activities in the logistics or mobility chain, including goods and passenger terminal/station and warehousing activities.
- **Operators need to have the choice to either opt for calculations and reporting based on primary data collected from the actual operations or use scientifically established default unit values or parameters.** Both elements, primary and secondary data, should be part of the assessment.
- **Consider the specific conditions of passenger and goods transport operations where relevant and appropriate.** The methodology should provide the flexibility required to reflect the different operational variations between these two activities, for example, in terms of modes, products, routings, supply chains and timelines.
- **Consider different conditions existing in Member States.** These can be related to, *inter alia*, fuel quality and electricity generation in Member States, as well as geographical and regional specificities.
- **Compatibility with methodologies used outside the EU.** Mobility and logistics services do not start and end at the EU's external borders. Carbon footprinting services are also used in other parts of the world. Compatibility between what is used in the EU and elsewhere, including relevant international standards (e.g. ISO Standard 14083), should be ensured as much as possible.

## II. ANALYSIS

### 1. Technology and modal neutrality

To deliver useful and comparable data to consumers and passengers, the methodology needs to comprise all modes of logistics and transport chains. The different modes cannot always be looked at separately and compared with one another individually, mainly because, in most cases, logistics and transport operations demand combined solutions. Rail transports, for example, will always need to be combined with other modes of transport. A formula compatible with all modes is a precondition to successfully implement an EU carbon footprinting methodology. Calculation methods should be comprehensive and technology neutral. Many commercial transport companies are active in multimodal operations, and the parameters used by them to opt for one or another transport mode, or multimodal mode, are not just based on environmental impact. Depending on the nature of transport (i.e. passenger or goods transport), other relevant criteria may be linked to safety, costs, routings, timelines, volume, weight and flexibility for adjustment in the course of transaction.

CountEmissions EU shall not be used as a political instrument to decide which mode(s) of transport a customer or an operator should use. Calculation methodologies must be neutral and non-discriminatory and should not intend to be judgemental in determining the best transport option. They should simply seek to provide a measure for GHG emissions accounting.

At present, significant differences in default values provided by various emission databases are a burden for the sector, hindering efficient use of existing methodologies and creating competitive distortion. The CountEmissions EU framework has the potential to improve the status quo by setting neutral default values for all modes. Furthermore, standardised EU calculation methods based on updated and correct data assessments should improve reliability and comparability of emission figures and increase market acceptance.

## **2. Voluntary utilisation of CountEmissions EU methodology and use of results only by economic operators**

Voluntary data assessment in the first place would allow time to provide guidance and support to the market. It would also allow for adjustments and gradual inclusion of more complexity to achieve a complete and precise calculation tool.

Reporting should remain market-oriented and not include mandatory obligations to report to EU or national public authorities. Results should serve customers and consumers in their choices for sustainable solutions and should not serve as basis for other initiatives that are not directly linked to the logistics, transport and mobility sector.

Verification and certification of the implementation of GHG emissions accounting should not be done by public authorities, but by third parties that are already involved in setting up and using accounting systems in order to maintain coherence. Reporting can be verified by an accredited independent auditor or certifier who will ensure that the sustainability information complies with the certification standards adopted by the EU.

## **3. Necessary characteristics of the CountEmissions EU methodology**

The CountEmissions EU methodology should be based on a WTW approach to build a genuine EU framework for harmonised calculation of transport and logistics emissions. This includes well-to-tank (WTT) emissions, i.e. emissions caused during the production of fuels and energy, such as from mining, refining and transport, as well as tank-to-wheel (TTW) emissions. All activities in the transport, logistics or mobility chains need to be covered, including goods and passenger terminal and warehousing activities. Regarding data assessment methods, the use of default values, also referred to as secondary data, in emission budgeting and accounting systems is necessary to facilitate the application. It is often collected by a third party and from past operations and made generally available. However, real-world (or primary) data might improve accuracy as it is collected directly from the source where the data originates from. It should coexist with the default-based method. As it will likely increase complexity and lead to additional administrative burdens for users, the choice of the method should be left to market players and not be pre-set by EU framework.

The methodology should be simple and easily accessible by economic operators of any size, encouraging them to collect and use real data to calculate GHG emissions. Support mechanisms could help to facilitate and provide assistance to market players who decide to take up the EU methodology.

The methodology should also be updated regularly, taking into consideration new available technology.

Furthermore, since the initiative aims to cover both goods and passenger transport, the methodologies will have to reflect each of their different needs and concerns. Goods and passenger transport differ in terms of modes, products, routings, supply chains and timelines.

Differences in geographical and regional conditions should also be considered, such as differences in fuel quality and electricity generation. Fuel quality varies depending on blending compositions. The carbon neutrality of electricity may also vary, depending on the percentage of “green” electricity produced from renewables and electricity generated from carbon-intensive feedstock, such as coal. The choice of technologies used for rail infrastructure and in public transport can also vary between Member States. Other aspects that need to be considered may be linked to different geographical locations. For transport, mobility and logistics operations involving islands, limited options are available in terms of modal and vehicle technology choice. This should not automatically lead to a competitive disadvantage. It will therefore be important to follow a territorial principle and account for different conditions among Member States.

#### **4. Single solution versus multiple standards**

Decarbonisation is a top priority for the EU commercial road goods and passenger sector. The monitoring of GHG emissions can be instrumental for transport operators to continuously improve the environmental performance of their operations. It is a tool to monitor and improve operational efficiency, and thereby reduce fuel consumption and achieve a better environmental performance. Many companies are already measuring their carbon footprint in the context of environmental social governance programmes and as part of commercial contracts with customers.

Beyond private initiatives, some Member States have already mandated transport companies to report on emissions at the national level. These ongoing initiatives should be examined, considered and converged for the development of a common European framework in order to not increase administrative burdens and costs.

The idea behind the new framework is to harmonise the way GHG emissions are calculated in Europe, while at the same time allowing for an inclusion of existing and developing methods applied in specific parts of the transport system.

In addition, the new regulatory and non-regulatory measures should be consistent with current EU legislation, avoiding the creation of double standards. Harmonisation between different regulations and methodologies needs to be achieved, such as Renewable Energy Directive, Fuel Quality Directive, Sustainable Batteries Regulation, CO<sub>2</sub> emission standards, and Corporate Sustainability Reporting.

Further to alignment at the EU level, the Carbon Footprinting methodology needs to be coherent with international standards. Transport, logistics and mobility chains do not start, nor end, at the EU's external borders. GHG measuring tools and methodology in transport, mobility and logistics activities at EU level should be aligned with those existing at the global level, such as the ISO 14083 that is currently being developed. An increasing number of GHG emissions reporting methodologies are in use in the EU and across the world, and many more are being developed. The EC should ensure alignment and transparency and build on synergies of best practices in order to promote interoperability.

To summarise, due to market fragmentation and a variety of Carbon Footprinting methodologies currently in place, IRU welcomes the implementation of a standardised EU-wide calculation system. However, this should happen gradually, allowing a transition phase for operators as well as customers and consumers who are used to existing methodologies and standards. A revision clause needs to be introduced, allowing for market assessment, preferably two years after the introduction of the new EU methodology.

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