

# Incentives to reduce CO2 emissions in transport

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**DGEC**  
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## Part I

### Taxation of energy products related to CO2 emissions



# History of the carbon tax

- Finance act for 2010: introduction of a “carbon contribution” (17€/tCO<sub>2</sub>)
- Applies to fuels consumptions: gasoline, diesel, LPG, gas, coal, heating oil,...
- Environmental goal, seen in particular from parliamentary debates
- Does not apply to several activities: EU ETS, aircraft, sea transport, road public transport, agriculture, fishing
- Banned by the Constitutional Council: breaks the principle of equality before public charges
- 2013: emergence of a new project taking into account the learnings from the 2010 carbon tax episode. To be put in the finance act for 2014.

# 2013: preparing a new project

- Preparation of the finance act for 2014
- Emergence of a new project:
  - create a tax incentive based on CO2 emissions of energy products
  - while taking into account learnings from the 2010 carbon tax episode
  - and while taking into account several other constraints
- Accepted by the Parliament as part of the finance act for 2014
- Some fundamental differences with the carbon tax of 2009

# New project exemption constraints

- EU ETS: sector already under a carbon incentive. If taxed:
  - additional burden on the French industries
  - EU overall effect is void: quotas transfer to other countries
  - decrease of the quota exchange rate
- Aircraft, sea transport, fishing: exemptions by intra-community and international commitments
- Others (road haulage, road public transports, etc.): economical or political constraints

# New project: law constraints

- A tax pursuing an environmental goal must equally apply among stakeholders
- Exemptions can apply to sectors already paying a contribution  
→ ETS in 2014 has paying quotas (not the case in 2010)
- Reduced rates can apply to pursue a public interest (e.g. the competitiveness of a sector exposed to international competition)  
→ can apply to energy intensive sectors, in compliance with article 17 of Directive 2003/96

# New project: social and economical impacts

- Households in a precarious situation
- Competitiveness of companies
- In 2014: commitment to ensure tax stability
- Since the end of 2012: Committee for Ecological Taxation (“CFE”)
  - → representatives: environmental NGOs, trade unions, companies, consumers, local authorities, French and European parliament
  - → debates over the impacts
  - → recommendations to the Government

# Finance act for 2014 (1)

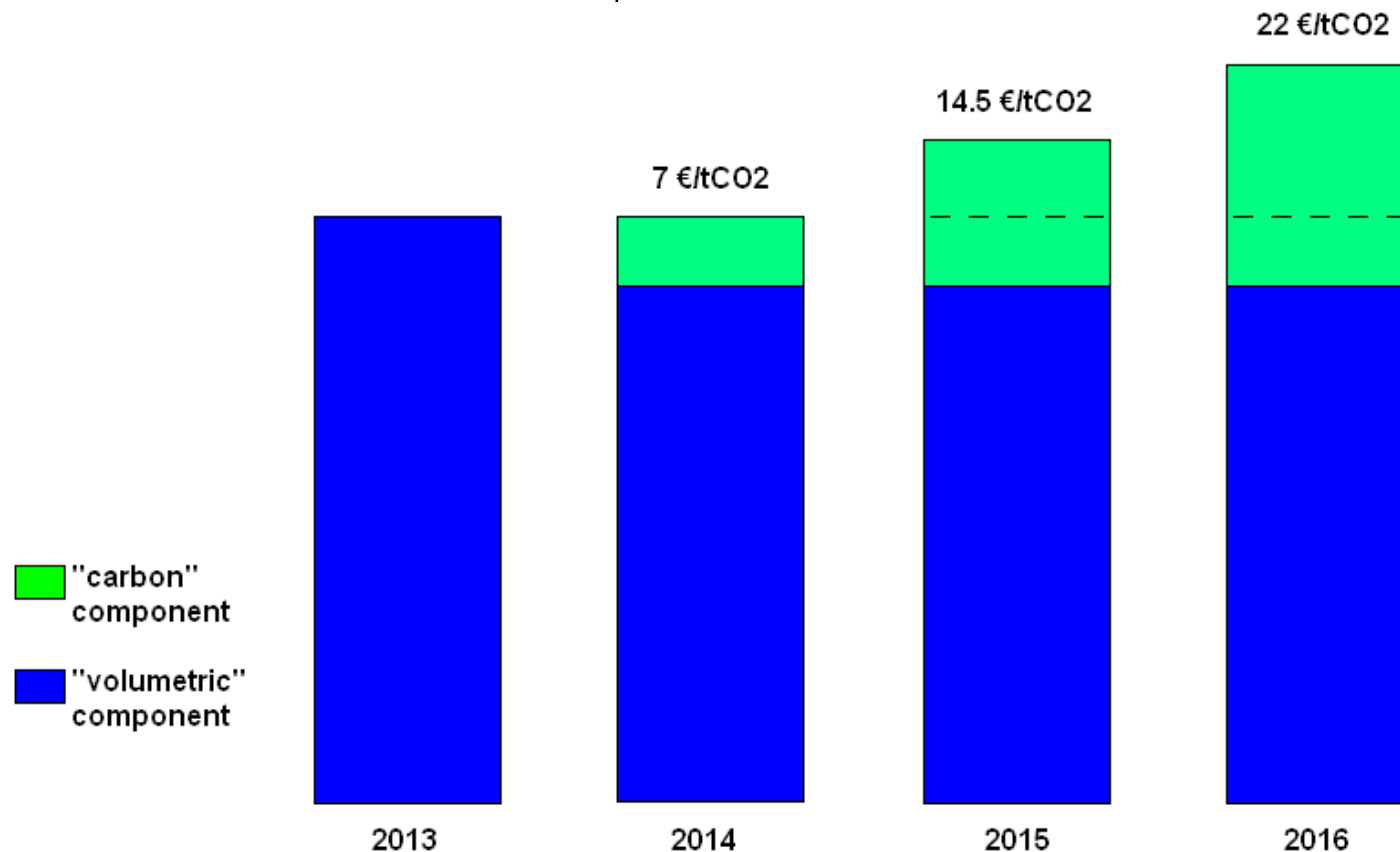
- Evolution of the rates of the excises on energy (“TICPE”)
- Base: fuels, whether for motors (gasoline, diesel, LPG,...) or heating (gas, coal, heating oil,...)
- A few TICPE rates in 2013 :

Product	Rate	Rate c€/kWh	GHG content kgCO <sub>2</sub> /kWh
Gasoline	60,69 c€/l	6,58	0,27
Diesel	42,84 c€/l	4,35	0,27
LPG	10,76 c€/kg	0,84	0,23
Natural Gas	0	0	0,20



# Finance act for 2014 (2)

- Not a new tax, but changes in an existing tax
- In order to take into account the emissions of CO<sub>2</sub> of the products
- The TICPE evolves in 2014, 2015 and 2016:



# Finance act for 2014 (3)

- EU ETS:
  - activities outside the scope of the 2003/96 Directive are not concerned
  - activities energy-intensive are explicitly exempted
- Most of TICPE exemptions and special rates remain unchanged (aircraft, sea transport, etc.) (as a consequence of being an evolution of TICPE → no explicit exemptions were needed)
- Most rates in 2014 remain the same, in particular motor fuels
- Motor fuels, from 2015:
  - diesel ~+2c€/l per year, gasoline ~+1,7c€/l per year
  - average impact on households: + 20€ per year
- Expected yield of €4bn in 2016.
  - €3bn dedicated to companies, via a reduction of employment taxes

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## Part II

### Information on CO2 emissions of transport services



# The framework of the measure

- Comes under a consistent set of measures: the “Grenelle” environmental laws (2009-2010):
  - -20% GHG emissions for the transport sector by 2020
  - information on the environmental impact of products (on an experimental and voluntary basis)
  - three-years information on GHG emissions by public entities and private companies
  - information on CO2 emissions of transport services
- White paper 2011 “Roadmap to a single European transport area”:
  - Initiative 29 – Carbon footprint calculator. *“Encourage business based GHG certification schemes and develop common EU standards in order to estimate the carbon footprint of each passenger and freight journey with versions adapted to different users such as companies and individuals. This will allow better choices and easier marketing of cleaner transport solutions.”*

# A law and a decree

- Article L. 1431-3 of the transport code (July 2010)

*“Public or private persons organizing or selling a transport service for passengers, goods or moving purposes have to provide to the beneficiary of the transport service the quantity of carbon dioxide emitted by the means of transport used.”*

- Decree enforcing this article: 24<sup>th</sup> of October 2011
  - principles of calculation: processes included, categories of values, methodologies, loaded and empty trips, allocation parameters, etc.
  - means by which the information is provided to the beneficiary
  - timetable for implementing these provisions
- Displaying CO2 information on transport services is mandatory since the 1st of October 2013

# The implementation process

- 2008: Observatory for Energy and Environment in Transport (OEET)
  - 5 stakeholders: State, elected members, associations, trade unions, companies. Secretariat by the French Environment and Energy Management Agency (ADEME).
  - 2009: 2 working groups (passengers, freight). State-of-the-practice of CO2 calculation, and advice with the aim of the new regulation
  - 2010-2012: preparation of the decree and orders implementing the measure
- 2012: production of a very broad carbon database (including transport) by ADEME. Governance by 5 stakeholders.
- 2012: production of a methodological guide by ADEME to help transport service providers to apply the measure.

available in English at:

<http://www.developpement-durable.gouv.fr/CO2-information-for-transport.html>

# A few characteristics

- In compliance with the European methodology EN 16258 (but only CO2, not GHG)
- Includes the international part of the trips
- Mandatory, but no penalty
- 4 levels of values are allowed:
  1. reference values stated in an Order
  2. average figures calculated by the service provider for all of its activities
  3. mean values calculated by the service provider based on a complete breakdown of its activity
  4. real data for the transport service



## Example of implementation (passengers) : public transport in Paris




### 1) Information on board



### 2) Information on web site



Départ	GARE DU NORD 75000 - Paris
Arrivée	PORTE DE VANVES 75000 - Paris
Date 29/04/2014	Heure de départ 11:30



 avec  2 min

27 min

Zone tarifaire 1
 Détail prix billet(s)

Emission CO<sub>2</sub> : 51 g