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**Heavy Duty Vehicles CO₂ emissions
Stakeholder consultation meeting**

3rd July 2012

Borschette Centre, rue Froissart 36, 1040 Brussels

SUMMARY OF THE MEETING

Chairman: Philip Owen, DG Climate Action

List of participants in Annex

1. Introduction

The chairman introduced the meeting and welcomed the participants. The Commission is currently considering and developing options with regard to an EU HDV strategy and will prepare and finalise an Impact Assessment (IA) by the end of 2012 with a view to having a Communication on an HDV CO₂ emissions strategy adopted in summer 2013. No further stakeholder meetings are planned prior to the adoption of a strategy, although the Commission is happy to meet with stakeholders individually during early autumn 2012.

2. Results of the Public Consultation on Reducing CO₂ Emissions from Road Vehicles (Ian Hodgson, DG Climate Action)

The Commission gave a short presentation on the results and comments, relevant to HDVs, provided in respect of a public consultation on reducing CO₂ emissions from road vehicles. There was significant overall support for a HDV emissions strategy and a consensus that any Commission proposal should cover all types of HDVs. In general, individuals expressed stronger support than organisations for setting long term targets and adopting a regulatory approach while organisations' support for such actions tended to be more nuanced. Individuals expressed strong support for a modal shift in transport, while a broad range of comments in respect of HDVs was received from organisations. A summary of the responses is available on the DG Climate Action website at: http://ec.europa.eu/clima/consultations/0012/summary_en.pdf

3. Development of a simulation tool to measure HDV emissions. State of play & discussion (Peter Brunner, DG Climate Action)

The Commission provided an overview with regard to the development of the HDV CO₂ emissions simulation tool. Detail on the methodology was presented including a description of the input parameters for the tool. The tool will be further developed under a new contract. It should be completed by mid-2014. The aim is to develop a tool which is sophisticated and accurate while also being user friendly. The Commission thanked JRC, ACEA and OEMs for providing assistance and expertise in the development process.

Participants highlighted other fuel consumption measurement industry initiatives and foot-printing schemes which are currently in place or being developed such as the Green Freight Initiative. Some participants requested clarity on the timeline in view of the adoption of a HDV strategy foreseen in 2013. The Commission stated that it should be possible to confirm the tool's feasibility in early 2013, well in advance of any proposed strategy. Controlling environmental conditions during testing, identifying accountability for meeting standards and the relationship with CEN standards were raised as issues by other participants. The Commission confirmed that the simulation tool aims to facilitate technology uptake and incentivise the promotion of greater fuel efficiency. Other issues raised included the metrics being used and whether the tool was

designed to simulate lifecycle (Well-To-Wheel) or tailpipe (Tank-To-Wheel) emissions. It was confirmed that it is intended to simulate tailpipe emissions.

4. Presentation and discussion of the first results of an on-going study on cost curves on HDV CO₂ emissions abatement costs (Arno Schrotten, CE Delft)

The contractor¹ presented some detail and examples of the marginal abatement cost curves in respect of packages of technical measures which it has developed for the Commission. Curves were derived for 8 vehicle categories, with average curves also being derived for trucks and buses. Tailpipe emissions are considered and biofuels were not taken into account. The project considered the AEA Ricardo² and TIAX³ studies which covered abatement technologies for HDVs. The input values were eventually based on the TIAX study. Sensitivity analyses were carried out using the CE Delft model and adjusting different variables. The main conclusion of the project was that there is significant CO₂ abatement potential with zero or negative costs for operators of trucks and buses and from society as a whole.

Several participants sought further clarity with respect to the break-even abatement potential tables. The contractor reiterated that the analysis presented provided an indication of costs and potential savings which could be achieved over the lifetime of the vehicles. The Commission indicated that internal analysis concluded that the effect of adding a carbon price to the oil price had a minimal impact on the cost curves. A number of participants suggested that biofuels (in particular biomethane) should have been considered in the study. The contractor confirmed that biofuels were not considered mainly because they currently do not greatly reduce emissions and their costs would be at the high end of the scale. The contractor also indicated that a study assessing market barriers to implementing reduction measures is currently being performed. Costs for measures referred to in the study were based on mass deployment of these technologies and so the actual cost may still be greater at the moment.

The exclusion of vehicles powered by natural gas in the study was considered disappointing by a number of participants. The ACEA representative highlighted reservations with regard to the original TIAX study, which was based on the US market and adapted to the EU market. The Commission confirmed that further analysis and studies would be carried out before any decision to legislate is taken. T&E supported the cost curves study's findings and emphasised that the industry was capable of achieving large reductions in emissions at costs beneath current estimates. This was considered premature by another stakeholder.

The cost curves report and calculator will be placed on the DG CLIMA website by the end of July.

5. Main Policy options: Commission preliminary assessment and discussion (Christophe Pavret De La Rochefordiere, DG Climate Action)

A preliminary assessment of the main EU strategy policy options was provided.

1. Baseline Scenario

The baseline scenario differs slightly from that in the 2011 Transport White Paper (TWP) and incorporates policies which are already proposed by the Commission but not yet formally adopted by the co-legislators. The scenario assumes some decoupling with GDP and 1% per year improved fuel efficiency of vehicles. The outcome is that the rate of HDV emissions increase slows down beyond 2020, stabilising and returning to 2005 emission levels by 2050. This option was not considered compatible with the Commission CO₂ policy objectives as announced in the Transport White Paper.

¹ CE Delft, author of the report on Establishing marginal abatement cost curves for Heavy Duty Vehicles for packages of technical measures

² http://ec.europa.eu/clima/policies/transport/vehicles/docs/ec_hdv_ghg_strategy_en.pdf

³ http://ec.europa.eu/clima/policies/transport/vehicles/heavy/docs/icct_ghg_reduction%20potential_en.pdf

ACEA suggested that this may under-estimate possible annual improvements in fuel efficiency, indicating that a 20% improvement versus 2005 levels was possible by 2020. The Commission highlighted that the decoupling assumption was based on increasing energy prices and the impact of existing policies to shift more traffic to rail and waterways. Some stakeholders stated that restrictions caused by HDV size and weight legislation were counter-productive. Following a query on differentiating between decoupling of freight and passenger transport from GDP, the Commission confirmed it was expected that freight transport would grow slightly more than passenger transport.

2. Implement Transport White Paper (TWP) actions (DG MOVE)

The Commission gave indications on the timing of a number of initiatives foreseen in the 2011 TWP for which impact assessments are on-going. A Clean Power for Transport Initiative proposal will be finalised in the 4th quarter of 2012 as will a proposal on the review of the weights and dimensions legislation. The announced "e-freight" initiative proposal will be finalised in the 1st quarter of 2013. A review of the cabotage legislation proposal should be finalised in the 2nd quarter of 2013. The review of the road user charging directive will also be completed in the 2nd quarter of 2013. Finally, work on the "zero emissions urban logistics" initiative is on-going and it is planned to bring a proposal forward in the 2nd quarter of 2013. DG MOVE was working closely with DG CLIMA on all of these areas.

It was asked whether DG MOVE's initiative on CO₂ foot-printing was linked to DG CLIMA's calculation project on HDV emissions. The Commission confirmed that the DG MOVE project was linked to action 29 from the TWP and would rather support private sector schemes. It was also considered unlikely that carbon pricing would be included in the revised road charging legislation given the Commission proposal in the draft revised Energy Taxation Directive to already include a carbon price in fuel prices.

3. Improve Knowledge and Transparency of HDV CO₂ emissions

This option is linked to the simulation tool being completed. It foresees a subsequent introduction of registration and reporting legislation and the possible development of a certification or labelling scheme. Legislation would be required to introduce recording of emissions and some data would have to be available before a labelling scheme could be introduced. Reporting would apply to new vehicles. This option would not be expected to contribute sufficiently to the level of emission reductions required and committed to under the TWP and the 2050 Roadmap.

Some participants argued that increased transparency would increase competition and drive the industry towards further emission reductions and possibly be sufficient to achieve objectives. Others felt that increased transparency should only be part of the overall package of measures considered. ACEA stated that market forces can be a significant factor in reducing emissions but recognised that they would not be sufficient to achieve the overall reduction objectives being considered. A more comprehensive strategy was required. The UK FTA highlighted the 2.6% reduction in carbon emissions recorded by its members in the second annual report of its scheme.

The Commission emphasised that option 3 was not about foot-printing but would complement such schemes in place or envisaged. It was considered appropriate for the Commission to discuss the methodological aspects further with Green Freight Europe representatives. A query concerning possible scrappage schemes was raised, and the Commission confirmed that the Impact Assessment will not cover such schemes. As regards availability of CO₂ information upon completion of the simulation tool, the Commission confirmed its intention in principle to make the information publicly available in a transparent way.

4. Include HDVs in Emissions Trading Scheme (ETS)

This option involves including HDV CO₂ emissions in the existing EU ETS. The most likely outcome would be that HDV operators would purchase allowances for their emissions rather than invest in upgraded vehicles and it could therefore have limited effectiveness in curbing HDV CO₂ emissions. An alternative solution may be to integrate HDV CO₂ emissions in the ETS at the level of fuel distribution companies but this could also have a limited effect in reducing their emissions. In conclusion this option may face limitations in terms of achieving overall transport

emission objectives. The purchasing of allowances would mean that more emissions reductions in other sectors would be achieved. Furthermore, the purchasing of allowances from other sectors would be accompanied by overall cost savings due to the increased flexibility.

T&E agreed that this option would not deliver CO₂ savings in transport or have any benefits for the ETS. Other participants argued that it was important to widen the analysis and conduct further studies into the possible benefits of joining the ETS scheme.

5. Limits on HDV CO₂ emission

The final option presented by the Commission was the setting of either engine-only CO₂ limits or whole vehicle limits. Setting engine-only limits would be quite straightforward and practical since Euro VI legislation already covers measurement of engine CO₂ emissions. The Commission was still assessing the legal aspects of this option. This option would have limitations in terms of lowering emissions. ACEA highlighted developments in the U.S where there are engine regulations and a simulation approach for the rest of the vehicle, but they did not consider this to be the most cost effective and consistent approach. T&E considered that the engine only approach was inferior to the whole vehicle analysis.

The second option in terms of CO₂ emission limits (whole vehicle) would be a medium to long term option requiring the simulation tool to be finished, a registration and reporting system to be in place and an appropriate dataset available from which to arrive at appropriate limits. Further cost curve studies and cost benefit analyses would be needed before finalising a proposal to legislate for whole vehicle limits. Initial indications are that this option could be effective in contributing to meeting transport CO₂ reduction targets. The IA will provide indicative estimates of the likely costs and benefits for different sectors of introducing such legislation.

One participant emphasised the importance of providing incentives for hauliers to implement improved management and driving practices. The issues of WTW emissions and accountability for achieving limits within the multi-stage manufacturing process of vehicles were again highlighted. T&E considered the setting of limits to potentially be beneficial but emphasised that it is also important to concentrate on making progress in the short term. The Netherlands representative supported the setting of limits as market forces would not be sufficient to reach the level of reductions required. Participants emphasised that OEMs and transport operators would have to be confident about gaining an adequate return for investment in new technologies. The Commission recognised the issue of designating accountability for meeting limits as one which would have to be given further consideration and a solution arrived at before any legislation could be drafted.

6. Commission concluding remarks

The chairman provided a short summary of some of the key issues which had been raised. It was noted that stakeholders wanted the simulation tool development to be coordinated with private foot-printing schemes already in place. The request for considering biofuels and gas powered vehicles was noted. With regard to the main options presented, it was noted that stakeholders asked for a coordinated approach on the various policies monitored and implemented by DG MOVE and DG CLIMA. Transparency was considered important. Stakeholders requested that the Commission ensures that the cost-benefit outcome of options eventually pursued should be favourable for the transport industry and technologically neutral. Participants were also keen for the Commission strategy to be consistent with voluntary private carbon emissions mitigation and foot-printing schemes already launched in a number of Member States. Finally, the Commission confirmed that the Impact Assessment will be finalised by the end of the year with a view to having a strategy Communication adopted in summer 2013.

Organisation

AEA consulting	
Association des Industries de Marque, AIM Delegation (Procter & Gamble / Unilever)	AIM
Association for Emissions Control by Catalyst	AECC
Association of European Vehicle Logistics	ECG
Association of French Road Haulage	
BAE Systems	
Belgian federal administration of environment	
Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit (Germany)	
CE Delft	
Comité de Liaison de la Construction de Remorques	CLCCR
Climate, Energy and Building Affairs Energy Agency	
Continental Automotive GmbH	
Continental Reifen Deutschland GmbH	
Cummins Ltd	
DAIMLER	
Dr. Koch Consulting e.K. On behalf of Continental	
European Biodiesel Board	EBB
European Aluminium Association	
European Association for Electric Vehicles	AVERE
European Association for Forwarding, Transport, Logistic and Customer Services	CLECAT
European Association of Automobile Suppliers (CLEPA(DELPHI/DENSO/ZF/BOSCH))	CLEPA
European Automobile Manufacturers' Association	ACEA
European Renewable Ethanol	ePURE
European Shippers Council	
European Small Business Alliance	
EvoBus GmbH/Daimler Buses	
Flemish Government - Environment, Nature and Energy Department	
Freight Transport Association	FTA
General Directorate of Traffic, Ministry of Interior, Government of Spain	
Goodyear Innovation Center	
Greater Than AB	
Green Freight Europe	
HARTENERGY	
International Council for Clean Transportation	ICCT
International Association of Public Transport	UITP
International Road Transport Union	IRU
IVECO	
MAN SE	
Michelin	
Ministerio de Industria, Energía y Turismo (Spain)	
Ministry of Environment of the Republic of Lithuania	
Ministry of Environment, Climate Change Section, Belgium	
Ministry of Infrastructure and the Environment, Netherlands	
National Union of Road Hauliers from Romania	UNTRR
Natural & bio Gas Association	NGVA Europe
Nordic Logistic Association	NLA
Permanent Representation of Lithuania to the European Union	
Polish Automotive Industry Association	PZPM
Robert Bosch GmSH	
Royal Federation of Belgian transport and logistics service providers	FEBETRA
Scania	
Spanish Confederation of Freight	CETM
Spanish Federation of Transport by Bus	Fenebus
Swedish Transport Agency	
Transport & Environment	T&E
Transport en Logistiek Nederland	
United Parcel Service	UPS
Verband der Automobilindustrie	VDA
Voith Turbo GmbH & Co. KG	
Volvo Group	
Volvo Trucks	