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IRU OBSERVATIONS ON THE EUROPEAN COMMISSION'S "CLEAN POWER FOR TRANSPORT" PACKAGE

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and by the IRU Passenger Transport Council (CTP) on 11 April 2013.*

IRU Observations on the European Commission "Clean Power for Transport" package.

I. INTRODUCTION

On 24 January 2013, the European Commission presented its long awaited "Clean Power for Transport" package which consists of a Communication on "Clean Power for Transport: A European alternative fuels strategy" (COM(2013)17) and a proposal for a directive on the deployment of alternative fuels infrastructure (COM(2013)18). The objectives of the new package are to introduce common EU standards for alternative transport fuels and to develop, in a coordinated way, fuelling and refuelling infrastructure so that alternative fuels to oil can be used on a wider, cross-border scale in the EU.

II. IRU POLICY

The IRU has proactively committed to driving towards achieving sustainable development, and has developed the 3 "i" Strategy based on innovation, incentives and infrastructure as the most effective way to achieve sustainable development.

- **Innovation:** to develop and implement ever more effective "at-source" technical measures and operating practices to reduce transport's environmental impact, such as cleaner and less fuel consuming vehicle technologies, alternatives to fossil fuels and eco-driving;
- **Incentives:** to encourage the faster introduction by transport operators of the best and cleanest available technology and practices;
- **Infrastructure:** to ensure free-flowing traffic through adequate investment in new infrastructure, to remove bottlenecks and missing links and to make full use of existing infrastructure.

Furthermore, in 2009, the IRU and its Member Associations voluntarily committed on the basis of innovative technologies and practices, to reduce CO₂ emissions by 30% by 2030 through a mix of investments in innovative technologies, driver training and better use of innovative concepts in logistics. Vehicle and tyre manufacturers and telematics and energy providers were invited to ensure that their products achieve a minimum 10% reduction in fuel consumption and CO₂ emissions and strive to replace fossil fuels with alternative energy sources or CO₂ neutral fuels from renewable sources. The aim is to dramatically reduce the CO₂ emissions of the road transport sector in absolute terms. Competent authorities were invited to provide real business incentives to

facilitate the penetration of innovative technologies, best practices and training and to promote the change from fossil to alternative fuels where possible.

The IRU also actively participated in the work of the Future Transport Fuels Expert Group of the European Commission which contributed to the preparation of this “Clean Power for Transport” package.

III. IRU OBSERVATIONS

The IRU therefore welcomes the new EC “Clean Power for Transport” package as an important and positive step towards EU harmonisation of standards and requirements for alternative fuels to oil, which should allow commercial road freight and passenger transport operators to use alternative fuels in all EU Member States on a much larger scale. The “Clean Power for Transport” Communication indicates that most alternative fuels listed can be used in commercial road freight and passenger transport over short, medium and long distances, except for hydrogen, electricity (over medium and long distance) and CNG (over long distance). The measures proposed in the directive can improve the availability of the alternative fuels, but it is important to further encourage the market uptake of alternative fuel vehicles and increase the scope of incentives to users, including commercial road freight and passenger transport operators, to invest in such vehicles and use them. This holistic approach will accelerate the putting in place of all the necessary tools for commercial road transport to green at-source and fully contribute to the establishment of a sustainable, resource-efficient EU transport system comprising all modes, which is the key objective of the 2011 EU Transport Policy White Paper. However, the promotion of alternative fuel use should not be a pretext to introduce measures to force transport operators who have invested in the latest oil based technologies to switch to alternative fuels before they have had the opportunity to obtain a reasonable return on investment over an adequate period of time.

Industry stakeholders should also be more closely involved in the follow up to the implementation of these measures. Therefore, the IRU calls for the continuation of the work of the Future Transport Fuels Expert Group as a stakeholder advisory body to the European Commission in parallel with Member State experts to facilitate the implementation of the measures of this proposal and for industry stakeholder involvement in the preparation and implementation of the national policy frameworks for the market development of alternative fuels and their infrastructure.

Meanwhile, there are also still a number of challenges relating to operational efficiency, economic viability and safety which should receive a higher priority if the widespread use of alternative fuel vehicles is to be further encouraged.

1. Operational efficiency and economic viability

Commercial vehicles running on alternative fuels are still not only more expensive to purchase, but are also still more expensive to run. A LNG vehicle is still 30000-60000 euro more expensive than a diesel vehicle when purchased and has a smaller depreciation value. An electric vehicle costs twice as much as a diesel and a hydrogen vehicle four times as much. In addition to higher purchase prices annual operating costs increase between 2500-6500 euro depending on the type of operation and type of alternative fuel vehicle used.

The comparison of weight versus volume coefficient of various fuels shows that all of the alternative fuels, such as hydrogen, propane and ethanol, require a much heavier and larger tank than the diesel tank presently used on commercial vehicles. Additional weight and volume would significantly reduce the remaining vehicle capacity and, as a consequence, reduce the overall efficiency of the commercial freight and passenger vehicle.

Very few alternative fuels match the range of a diesel propelled vehicle and will thus require more frequent refuelling which will in turn increase costs due to more frequent stops. A report from 2012 prepared by the IRU Dutch Member Association TLN together with ING Bank and the consultant NEA indicates that whereas a standard heavy commercial vehicle (consuming 33 litre per 100 km

with a 700 litre tank) running on diesel has a range of 2100 km, the same vehicle running on LNG is limited to 1200 km.

Solutions:

In the long run, purchase prices and operating costs of alternative vehicles is expected to decrease significantly. Meanwhile, vehicle manufacturers and energy providers can contribute more actively in providing information on operational aspects of alternative fuel vehicles, on commercial vehicle compatibility with the different fuels and on short and long term cost savings which can be made, including in terms of fuel consumption. This could in turn lead transport operators to take favourable decisions on investment in such vehicles as today there are still too many open questions.

In addition, privately-owned commercial road freight and passenger transport companies need easy access to capital for investments in innovative and clean vehicles. When the operators have chosen the cleanest technology available on the market, investments can be further incentivised by allowing an adequate return over a reasonable period of time.

Furthermore, potential loss of carrying capacity needs to be compensated not only for vehicles running on batteries but also for those running on other alternative fuels.

2. Safety

When promoting the use of alternative fuels, safety issues are not always duly considered, as e.g. fire and explosion incidents due to technical issues with pressure relief valves have been reported for vehicles running on CNG.

Solutions:

Safety aspects should be better taken into account in risk analysis prior to the promotion of any alternative fuels. In this respect, inspections of vehicles using alternative fuels should also be harmonised and standardised across the EU.

3. Scope of use of alternative fuel technologies

Currently, the scope of available alternative fuels such as electricity and hydrogen, is still very limited for certain types of commercial freight and passenger transport operations, especially in the heavy duty medium and long distance segments. More research and tests should be encouraged to see how this scope could be widened.

When it comes to testing alternative fuels and propulsion systems for cars in real life conditions, many studies have shown that, because of their very intensive use (5 times more than the normal car), taxis are an excellent “test sector” for new technologies and fuels. There are striking examples of new fuels penetration in the taxi sector in countries like Germany and Sweden, as a result of fiscal incentives.

Solutions:

The European Commission needs to encourage more research in and testing of the use of all alternative fuels for all segments of the commercial road freight and passenger transport market. A better exchange of information on government and industry lead initiatives can be established in order to facilitate the identification of best practice and promote their further development and EU wide deployment. The commercial road transport operators, including in the taxi sector, should also be more closely involved in the testing of innovative vehicle technologies and alternative fuels.

IV. CONCLUSION

The “Clean Power for Transport” package is an important step forward in harmonising national Member State initiatives in the field of alternative transport fuels and could contribute significantly to increasing the market for alternative fuel vehicles and bring down prices and operating costs of such vehicles in the long run. Meanwhile there are still a number of challenges which need to be

addressed in order to facilitate widespread deployment of alternative fuel vehicles in commercial road freight and passenger transport. The IRU and its Member Associations are fully prepared to continue working together with the European Commission, Member States and other industry stakeholders in finding solutions to these challenges.

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