

# **CO<sub>2</sub> Neutral Fuels and Carbon Correction Factor: Effective Climate Protection through Technological Neutrality.**

## **Regulation on CO<sub>2</sub> emission performance standards for heavy-duty vehicles.**

Madrid, November 13<sup>th</sup> 2023.

This manifesto aims to emphasize the urgent need to adopt all possible measures that legitimize and support cleaner and more sustainable energy sources in the heavy-duty road transport sector. The recognition of CO<sub>2</sub> Neutral Fuels (CNF) in heavy-duty road transport is crucial for promoting an affordable, sustainable, reliable and socially just decarbonization.

### **The European Commission's proposal on CO<sub>2</sub> emission standards for new heavy-duty vehicles is NOT technologically neutral.**

The proposed regulation leads to a technological commitment to battery and fuel-cell electric propulsion, as well as hydrogen engines. Due to the exclusive consideration of tailpipe emissions, vehicle manufacturers and suppliers can only rely on those technologies to achieve very specific CO<sub>2</sub> reduction targets.

It is important to highlight that there is no perfect technical solution for decarbonizing heavy duty road transport, and each approach has its advantages and limitations. Given the diversity of this sector, there are way too many variables and uncertainties at this early stage. Therefore, it is imperative not to dismiss any technological alternative in advance that could contribute to achieving the desired objectives and to bet on development and innovation.

Having various alternatives will provide greater resilience against market disruptions, increases in consumer costs, employment risks, and skill shortages, as well as the ability to progress efficiently during this transition period. In this regard, it is essential to consider the social and economic implications of this transition, ensuring it does not create inequalities or negatively impact vulnerable communities.

Heavy duty vehicles are essential for the European economy and the functioning of the EU's internal market. For the vast majority of goods transport, trucks are the most flexible and cost-effective option. At the EU level, 77% of goods are transported by road. However, in Spain, dependence is much greater, around 96%. This means that Spain is much more vulnerable than the European average to the impact on costs that this Regulation may bring.

While decisions regarding passenger cars are largely personal and can often be replaced by other alternatives (e.g., public transport), the heavy duty vehicle sector is much more cost-sensitive and represents a greater challenge in terms of interchangeability. This is due to the competitive nature of the activity of this sector, which operates with very narrow margins: commercial transport operators invest in trucks based on the profitability of their operations considering the total cost of ownership (TCO).

## **CO<sub>2</sub> neutral fuels (CNF) ensure decarbonization of heavy duty road transport.**

CNF are a complementary solution that can effectively, affordably, and rapidly contribute to achieving the objectives.

Several studies (IFPEN, Carbone 4, the Joint Research Centre of the European Commission (JRC)) have shown that vehicles running on CNF, electricity, and H<sub>2</sub> are efficient solutions for ultimately decarbonizing heavy transport. Only an energy mix that combines all these alternatives to diesel will tackle this significant challenge: with over six million heavy duty vehicles circulating in Europe and around 300,000 vehicles entering service each year, it will take about twenty years to renew the fleet to be decarbonized, from the moment diesel is banned in registrations. However, in 2021, this still represented 96% of heavy-duty vehicle sales in Europe.

It is indisputable that electrification and, later on, hydrogen will play a relevant role. However, the contribution of CNF, which are already a reality in the market, should not be excluded. These fuels can contribute to decarbonization immediately, complement during the transition, and offset potential delays in the development of electric vehicles and the implementation of necessary infrastructure – especially in sectors that are more difficult to decarbonize, such as long-distance road transport.

The production of CNF includes various technologies that use non-reusable or non-recyclable waste, agricultural and forestry residues as raw materials. Promoting circular economy strategies and initiatives is a key lever to achieve a sustainable future and also represents a significant development opportunity for rural and industrially depressed areas.

### **Carbon Correction Factor: a simple, proven and recognized methodology to take into account all efficient solutions.**

The Carbon Correction Factor (CCF) method, already tested in Switzerland, allows CNFs, along with electricity and hydrogen, to be taken into account for decarbonizing transportation. By maintaining a calculation of exhaust emissions, the method does not question either the logic of the text proposed by the EC or the effectiveness of "zero-emission" solutions.

For CNF to play a crucial role in transforming the commercial vehicle sector, the Vehicle Emissions Calculation Tool (VECTO) must be complemented with a technologically neutral fuel correction factor. VECTO currently operates under the mistaken assumption that internal combustion engine vehicles run exclusively on fossil fuels. However, this does not correspond to reality in Europe. The EU Shares database records the amounts of renewable fuels currently used in transportation. Based on this data, the fuel factor can consider the actual emission reduction contribution of these fuels when finally certifying the CO<sub>2</sub> emissions of the vehicle. This adjustment is known as the Carbon Correction Factor and allows for an accurate calculation of CO<sub>2</sub> emission values for a vehicle. It is also applicable to synthetic fuels produced by capturing CO<sub>2</sub> from concentrated sources or the atmosphere.

### **For all the aforementioned reasons, we request the support of the Spanish Government and Spanish Members of the European Parliament in the legislative process regarding the revision of Regulation 2019/1242 on emission standards for new heavy-duty vehicles.**

Specifically, we propose:

- The recognition of Carbon-Neutral Fuels („CO<sub>2</sub> Neutral Fuels“), including renewable or synthetic fuels that meet the criteria of Directive 2018/2001, known as RED, as a compliance tool for the Regulation on CO<sub>2</sub> emission standards for new heavy-duty vehicles.
- The introduction of the methodology called Carbon Correction Factor (CCF).

<sup>1</sup> Share: <https://ec.europa.eu/eurostat/web/energy/database>.

## **Signatory Associations and Businesses:**



Asociación de Cargadores de España



Asociación de Empresas Carroceras y de Transformadoras



Asociación de Empresas del Comercio e Industria del Metal de Madrid



Asociación Española de Vendedores al por menor de Carburantes y Combustibles



Asociación Nac. de Comerciantes de Equipos, Recambios, Neumáticos y Accesorios para Automoción



Asociación Española de Fabricantes de Automóviles y Camiones



Asociación Española de Operadores de Productos Petrolíferos



Asociación de Empresas de Energías Renovables



Asociación de Carroceros y Transformadores de Vehículos Industriales y Comerciales



Asociación Española de Profesionales de Automoción



Asociación Española de Fabricantes de Remolques, Semirremolques, Cisternas y Vehículos Análogos



Asociación del Transporte Internacional por Carretera



Asociación Empresarial del Alquiler de Vehículos Con y Sin Conductor de Madrid



Asociación de Terminales Líquidos



Asociación de Transportes Públicos Urbanos y Metropolitanos



Asociación Española del Bioetanol



Confederación Española de Empresarios de Estaciones de Servicio



Confederación Española de Transporte de Mercancías



Confederación Nacional de Distribuidores de Gasóleo



Confederación Española de Transporte en Autobús

FACONAUTO

Federación de Asociaciones de Concesionarios de la Automoción



Asociación Ibérica de Gas Natural, Hidrógeno y Gas Renovable para la Movilidad



IVECO GROUP





Asociación Española de Proveedores de Automoción



ORGANIZACIÓN EMPRESARIAL DE LOGÍSTICA Y TRANSPORTE

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Operadores Independientes del Sector Energético