

## AEGPL Position Paper on the Future of Transport:

### Short and medium term options should not be overlooked

AEGPL, the European LPG Association, strongly welcomes the forward looking approach taken by the European Commission on the future of the European Transport Policy and would like to offer its comments.

#### The road to 2050: Evolution, not Revolution

Since the 2001 White Paper on European Transport Policy (ETP), two things have become increasingly clear. The first is that the transition toward a more sustainable European transport model will be one of gradual progress rather than overnight revolution. The second is that a genuinely sustainable system will require a balanced approach based on a broad portfolio of energies and associated technologies.

With a view to fostering progress towards a more sustainable and diverse transport model, the AEGPL highlights the need to ensure that any future ETP is designed not only to promote the development of emerging new technologies such as electric vehicles but also to ensure that potential for improvements in existing, commercially viable alternative fuels - as regards the fuels themselves and the associated vehicle technologies - are suitably exploited. It is likely that internal combustion engines, presumably powered by liquid or gaseous energy produced from renewable sources, will remain on the market in 2050. Efforts to improve the performance of this technology must therefore not be abandoned.

Instead, proven technologies such as alternative gaseous fuel-systems could pave the way towards a more sustainable transport fuel mix, providing a bridge for all relevant stakeholders (automotive sector, public authorities and end-users) as they move towards the use of new technologies and fuels.

One member of the alternative gaseous fuels family, Automotive LPG -often referred to as Autogas, is the leading alternative fuel in Europe, powering more than 5 million vehicles in the EU-27 in 2008. Autogas has exhibited steady growth in Europe over the past decade. Moreover, in parallel with the more widely discussed developments regarding biomethane, production of bio-LPG has started and considerable potential for future development has been identified.

Autogas powered vehicles offer numerous advantages for European society, including: reduced pollutant, noise and CO<sub>2</sub> emissions, enhanced security of supply, and lower running costs (the latter advantage is of increasing interest to European citizens eagerly looking for economical alternatives in this period of economic crisis).

## Towards a technology-led system

As the move to zero-emission vehicles will take time, the EU should optimize the potential contribution of immediately available alternative and actively promote their continued emergence.

The European Commission should strengthen research activities on alternative propulsion systems and fuels to ensure that a range of viable and sustainable technologies are available as quickly as possible today and in the future.

A greater focus should be placed on alternative gaseous fuels R&D programs, for example through the European Green Cars Initiative, the Framework Research Program and Joint Technology Initiatives.

In the R&D field, in addition to the encouraging potential identified in the field of bio-LPG, the following promising avenues are being actively explored and could be effectively supported at EU level:

- A pilot project (HyWays project in Berlin) demonstrates that LPG could be used as a feedstock for the on-site production of hydrogen at a filling station.
- A blend of Autogas and diesel for Heavy Duty Vehicles has been shown to increase the efficiency of compression Ignition engines.
- Autogas infrastructure has demonstrated potential to facilitate the emergence of bio-DME introduction.

As said in COM (2009) 279 under paragraph 76 "Europe must pave the way to sustainable mobility, where possible providing solutions that are valid on a global scale and that can be exported to other regions of the world". European companies are world leaders in design and manufacturing of gaseous feeding systems. They export European made products, know-how and standards throughout the world. The European Autogas sector has developed a wide range of standards which are now used as a reference in several parts of the world. The industry will continue to invest and to set new standards, building on the safety and environmental principles which are central to its plans and priorities.

## Demand shaping options: Possible policy tools

AEGPL believes that the EU has a key role to play in stimulating the emergence of the demand for alternative gaseous fuelled vehicles. EU legislation, already successfully employed by Member States, widely promotes measures aimed at guiding consumers toward environmentally friendly products.

In shaping the future European Transport, the European Union should ensure that policies across Europe are both harmonized and optimized.

There exists a wide range of instruments through which public authorities can enhance citizens' awareness of Autogas. Similarly, there are numerous practically applicable mechanisms through which public policy can encourage the switch to an alternative fuel such as Autogas:

- Taxation: the implementation of a taxation framework favouring the development of clean alternatives such as Autogas is a crucial tool for shaping the future. An optimal exploitation of this type requires a stable and long-term strategy. Such measures are an effective means of overcoming reluctance on the part of drivers to make the initial investment associated with a switch away from conventional fuels. Autogas already benefits from the application of a favourable tax rate due to its environmental advantages. Independent econometric analysis demonstrates that any limited reduction in excise revenue associated with increased uptake of Autogas would be compensated in the form of a reduction of external costs linked to its low impact on the environment and public health compared to conventional fuels.
- The European Commission allows for enhanced flexibility on the use of state-aid as support for measures favouring environmental protection or tackling climate change. The provision of state-aid to regions or cities wishing to encourage the use of Autogas-fuelled vehicles, particularly in urban areas, would be entirely compatible with the letter and spirit of this policy. Moreover, it would allow newer Member States, many of which are still in the early stage of developing their renewable energy capacity, to take immediate action aimed at establishing a cleaner energy mix. In order to give an initial boost to the emergence of a dynamic Autogas market, some Member States could offer tax exemptions to operators actively investing in the development of associated infrastructure, notably to reach a suitable density of Autogas filling stations.
- Increasingly, cities across Europe are taking exemplary action in the promotion of low-polluting vehicles. These measures include exemption from congestion charges for low emission vehicles, free parking for alternative fuel vehicles, and access restriction to town centres during peak pollution periods for high polluting vehicles. The European Commission should introduce guidance on demand side management measures. Autogas is consistently included in the category of desirable fuels, particularly in urban areas. This approach, already in place in major centres such as London and Milan, as well as many mid-sized cities, should be propagated by other municipal authorities and encouraged by their national and European counterparts.
- Through public procurement and Clean & Urban Transport policies, the EU helps and should continue to help Member States and local authorities to set a positive example for citizens by actively promoting the switch to alternative fuels.

## Autogas in a nutshell

Autogas offers the following advantages:

- Reducing pollution: an independent study demonstrates that one diesel vehicle emits the same quantities of NOx as over 20 LPG vehicles, and PM (particulate matter) emissions from LPG-fuelled vehicles on an urban cycle are below reliably measurable levels;
- Mitigating climate change: Well-To-Wheel analysis demonstrates that an Autogas-fuelled vehicle generates 14% and 10% fewer CO2 emissions than its petrol and diesel run equivalents respectively;
- Enhancing security of supply: With its diverse origins -LPG is primarily derived during the extraction of natural gas and oil, and is also produced in refineries-, flexible supply chain and increasing production levels, LPG is an alternative energy Europe can rely on in the next decades. According to experts, LPG from Natural Gas fields alone could last at least 60 years at the current reserve to production ratio;
- Stimulating competitiveness and employment in Europe: Composed largely of SMEs, the Autogas industry employs thousands of citizens from all across Europe in high-skill jobs. Moreover, European companies are able to export their technology abroad, thereby contributing to Europe's goal of moving toward a knowledge-based economy;
- Reducing fuel costs for citizens: By virtue of its strong supply prospects, LPG is cheaper than conventional fuels. Furthermore, as a result of its environmental advantages, it benefits from a favourable tax framework, making it by far the most affordable transport fuel option for citizens.

The European Autogas sector has recently developed the "Autogas vision" scenario, a scenario foreseeing a future in which Autogas meets 10% of Europe's road transport needs by 2020 (see document attached). This will yield positive and significant social and economic benefits for European society:

- € 20.3 billion in external costs saved thanks to reduced emissions;
- European CO2 emissions reduced by 350 million tonnes;
- € 41.2 billion in savings for individual end-users;
- An improvement of at least € 7.3 billion in Europe's balance of payments;
- A fuel mix that is more diverse, secure and more affordable, notably due to anticipated softening of diesel prices;
- A greener and more competitive European automotive industry.

More references and information would be found in the Autogas Roadmap.

## CONCLUSION

To transform the transport system of the future into a sustainable, diverse and economically thriving aspect of the European Community, Europe should use all the tools at its disposal. In this context, AEGPL highlights the desirability of an EU-level Directive or Action Plan on Alternative Gaseous Fuels, stimulating the development of not only Autogas but gaseous fuels in general for the road transport sector.

Our sector is ready to play an active role in moving gaseous fuel technology forward and looks forward to making a meaningful and enduring contribution as the EU transport system moves forward towards 2050.

Attachment: the Autogas roadmap

For further information, please contact the AEGPL's Manager Transport & Innovation, Arnaud Duvielguerbigny on +32 (0)2-566-9125 or via email at [arnaud.duvielguerbigny@aegpl.be](mailto:arnaud.duvielguerbigny@aegpl.be)