EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the accounting of greenhouse gas emissions of transport services

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## Executive Summary Sheet

### Impact assessment on CountEmissions EU

#### A. Need for action

**What is the problem and why is it a problem at EU level?**

Greenhouse gas (GHG) emissions accounting methods are used in several economic sectors, including transport, to generate data on the emissions produced by specific activities of businesses and individuals. Businesses and consumers seek more transparency on how transport services are organised and provided, and demand is increasing for services that minimise harm to the climate. Providing clear information on GHG emissions empowers customers to make more efficient choices and influences the business decisions of entities providing transport services on the market. However, to compare multiple transport services in a fair, transparent and meaningful way, the data on emissions must be accurate and reliable.

Currently, there is a wide range of standards, methods, calculation tools and databases of default emission values available both in the EU and internationally. These different tools produce uneven and incomparable data on GHG emissions that create confusion, both for industry and for individuals, hampering users’ ability to make informed transport choices and business decisions. In addition, transport service organisers and operators lack sufficient incentives to calculate and disclose information on the GHG emissions of their services, and users lack accurate information. This is due to the reluctance to reveal commercially sensitive information, the perceived complexity and costs of quantifying GHG emissions data at transport service level, and the lack of trust in the emissions figures shared on the market.

**What should be achieved?**

This initiative seeks to overcome the barriers to the provision of clear, harmonised GHG emissions accounting and its uptake on the transport market by creating a common framework and specific rules. This framework will encourage behavioural change among businesses and customers to reduce GHG emissions and make transport services more efficient.

On the one hand, the aim of the initiative is to ensure that GHG emissions data are comparable, by providing operators and users with a common reference method and a harmonised set of input data. On the other hand, it aims to encourage the uptake of GHG emissions accounting of transport services in business practices by providing trusted calculation tools, a common verification scheme and guidance on how to use the framework.

**What is the value added of action at the EU level (subsidiarity)?**

By setting up harmonised rules for GHG emissions accounting of transport services, the initiative encourages businesses to calculate emissions and offers the opportunity to align GHG data across modes and national networks. This level of harmonisation, which mostly covers the methodological choices, input data and common rules for verification, cannot be effectively achieved by action taken by individual Member States alone.

CountEmissions EU is designed as an enabler for the transport community to facilitate the green transition. By ensuring better transparency on the emission performance of transport services, and by supporting consumer use of GHG emissions data to make specific transport choices, it will help create incentives to use more sustainable solutions and to innovate on the European transport network.

#### B. Solutions

**What are the various options to achieve objectives? Is there a preferred option? If not, why?**

The Commission assessed six policy options in an impact assessment. All options propose solutions...
to the problems identified, but they vary in terms of the scope of action envisaged at EU level:

- Option 1 includes a comprehensive calculation methodology based on ISO standard 14083\(^1\), a centralised system for input data, and a single GHG emissions calculation tool created at EU level. It also proposes mandatory verification and proposes to make the framework applicable to all bodies involved in transport services.

- Option 2 incorporates a more conducive methodology provided by the global ISO standard 14083\(^2\) coupled with fully voluntary applicability and verification rules. Like Option 1, Option 2 includes centralised databases for input data and a single GHG emissions calculation tool.

- Options 3, 4 and 5 have a binding opt-in’ feature to use CountEmissions EU, which means that the common framework applies only to bodies that choose to calculate and disclose information on GHG emissions related to transport services. They also take a semi-centralised approach to input data so that, under certain conditions, external databases of input data can be used (except under Option 5 with fully centralised EU databases) and giving flexibility by allowing third parties to provide GHG emissions calculation tools. These options differ in terms of the methodological choice, i.e. the upgraded ISO standard 14083 for Option 3, full ISO standard 14083 for Option 4, and Product Environmental Footprint Category Rules\(^3\) for Option 5.

- Option 6 includes almost an identical set of policy measures as Option 4, except that the regulation would be mandatory to all entities involved in providing or organising transport services.

All options expect to produce an increase in the uptake of emission accounting relative to the baseline. Following the assessment, the Commission identified Option 4 as the preferred option. It strikes the best balance between the objectives to be achieved and the overall costs.

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<th>What are different stakeholders' views? Who supports which option?</th>
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<td>Stakeholders largely endorsed the relevance of the problems identified, and agreed with the objectives. They provided useful input for calculating the baseline for the uptake of GHG emissions accounting, and contributed to developing and assessing relevant policy measures and options. In response to the question on a common reference methodology for calculating emissions, most stakeholders referred to existing or emerging GHG accounting approaches, particularly those with a global scope for calculating emissions.</td>
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<td>As regards input data, stakeholders suggested the EU should promote the use of primary data and create a common environment of default values to use if these data are not available or accessible. They also expressed the need for harmonised guidelines on how to implement the framework across specific segments of the transport sector, to ensure its uniform understanding in various parts of the transport chain. The respondents echoed the need for a dedicated system for verifying emissions data and calculation processes, even if stakeholders, especially SMEs, had reservations about the associated administrative burden and costs. On applicability, while some stakeholders found that a mandatory requirement would be the most effective in levelling the playing field, overall they deemed the opt-in approach to be the most feasible and efficient.</td>
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<td>Member States provided limited feedback to the consultation, but the responses received showed general support for the rationale and objectives of the initiative.</td>
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C. Impacts of the preferred option

**What are the benefits of the preferred option (if any, otherwise of main ones)?**

Direct benefits include a reduction in total energy costs of EUR 2.4 billion relative to the baseline.

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\(^1\) Using methodology provided by ISO standard 14083 (based on well-to-wheel greenhouse gas emissions stemming from both vehicle use and vehicle energy provision) with additional components and increased accuracy

\(^2\) ISO standard 14083 was transposed in April 2023 to the European standard EN ISO 14083 by the European Committee for Standardisation. This initiative refers to the European version of the standard.

\(^3\) Addressing a full lifecycle assessment of GHG emissions generated by the production, distribution, use and dismantling of vehicles.
expressed in current prices over 2025-2050. In addition, this initiative is estimated to lead to a reduction in the external costs of GHG emissions of EUR 674 million, in air pollution emissions of EUR 163.5 million and to reductions in road accidents valued at EUR 47 million. The total benefits of the preferred policy option would therefore amount to EUR 3.9 billion relative to the baseline, while the net benefits would amount to EUR 2.4 billion relative to the baseline, expressed in current prices over 2025-2050.

These impacts are mostly driven by behavioural change to increase the use of more sustainable methods of transport and to optimise trips.

What are the costs of the preferred option (if any, otherwise of main ones)?

The costs of the preferred policy option are estimated at EUR 1.5 billion in addition to the baseline costs over the period 2025-2050 (net current value, with discount rate of 3%).

The additional costs of the preferred policy option will fall mainly on the businesses involved in transport services that opt in or are mandated to quantify and share GHG emissions data. A major share of the total costs is in starting, switching and operating the common reference methodology (ISO standard 14083). Although the unit costs of verification activities and calculation tools are lower than the corresponding baseline costs, they will also give rise to additional costs due to the increased uptake of GHG emissions accounting in the transport sector.

The European Environment Agency will incur costs in setting up and maintaining the EU databases required by this initiative, and in running quality checks of external databases, as required to integrate these external databases under the harmonised emissions accounting framework.

Other stakeholders (business-sector associations, national statistical offices, national accreditation bodies, calculation tools developers) will bear comparatively lower costs.

What are the impacts on SMEs and competitiveness?

The preferred policy option is expected to lower the barriers for SMEs for accounting GHG emissions of transport services, especially by providing a single methodology, a common framework of input data and guidelines to harmonise implementation of the initiative on the market. The quasi-voluntary character of the initiative and the exemption from need to verify GHG emissions data and calculation processes will prevent adverse economic impacts on SMEs, especially in terms of the administrative burden and costs.

Since SMEs represent the vast majority of bodies affected by this regulation, they are expected to gain the lion’s share of total benefits deriving from lower energy costs estimated under the preferred policy option, amounting to EUR 2.3 billion. The total costs for SMEs are estimated at EUR 1.4 billion relative to the baseline. Both figures are expressed in current prices over the period 2025-2050.

This initiative is therefore expected to generate overall net benefits for SMEs estimated at EUR 0.9 billion relative to the baseline over the period 2025-2050.

Will there be significant impacts on national budgets and administrations?

Most national accreditation bodies and statistical offices that would be affected by this regulation rely on state funding. As they are expected to bear only a very small share of costs associated with implementation of the initiative, it is expected to have a very limited impact on national budgets.

Will there be other significant impacts?

The preferred policy option will result in saving 5.6 million of tonnes of GHG emissions relative to the baseline over the period 2025-2050. This is mainly driven by behavioural change to make greater use of more sustainable transport options and to changes to optimise trips. It is also expected to generate positive impacts on air quality, competitiveness, innovation, on the functioning of the internal market and on digitalisation of the transport sector.

Proportionality

The preferred policy option offers the most balanced set of measures to reach the overall policy objective. It envisages the use of ISO standard 14083, allows third parties to be involved in providing input data and calculation tools, and sets proportional requirements on data verification (by exempting SMEs). In addition, by enabling users to opt in to apply the harmonised framework, it limits the binding requirements to the entities that choose to quantify and share GHG emissions data of transport services, while creating a level playing field for emissions accounting and making emissions data more
comparable across different modes and segments of transport.

### D. Follow up

**When will the policy be reviewed?**

The regulation will be evaluated five years after it becomes applicable, i.e. following adoption of the proposal and of secondary legislation laying down detailed rules.