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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	12 July 2023
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SEC(2023) 441 final
Subject:	REGULATORY SCRUTINY BOARD OPINION Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the accounting of greenhouse gas emissions of transport services

Delegations will find attached document SEC(2023) 441 final.

Encl.: SEC(2023) 441 final



EUROPEAN COMMISSION

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REGULATORY SCRUTINY BOARD OPINION

CountEmissions EU

{COM(2023) 441}

{SWD(2023) 441, 442}



Opinion

Title: Impact assessment CountEmissions EU

Overall opinion: POSITIVE WITH RESERVATIONS

(A) Policy context

“CountEmissions EU” is a legislative proposal for a harmonised methodological framework to calculate and report passenger and freight transport-related greenhouse gas emissions. Comparable information will allow transport service providers to monitor and reduce their emissions. This type of information will also enable users to choose the most sustainable mobility option, enabling behavioural change towards low and zero emission transport.

CountEmissions EU is part of a framework of EU measures – such as the European Green Deal, the European Climate Law, the Sustainable and Smart Mobility Strategy, and the Greening Freight Transport Package – aimed at achieving climate-neutrality by 2050.

(B) Summary of findings

The Board notes the useful additional information provided and commitments to make changes to the report.

However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the DG to rectify the following aspects:

- (1) The report does not explain clearly how a harmonised methodological framework is coherent with existing reporting regimes and methodologies and will enable the reduction of GHG emissions of the transport sector.
- (2) The report does not provide a complete and realistic set of options.
- (3) The report does not sufficiently analyse the intended versus unintended consequences of the options, including as regards SMEs. It is not sufficiently clear to what extent the options will achieve behavioural changes among transport service providers and users.
- (4) The report does not well explain the scoring methodology used when comparing the options.

This opinion concerns a draft impact assessment which may differ from the final version.

(C) What to improve

(1) The report should explain more clearly in its problem definition and intervention logic how a harmonised methodological framework will enable the reduction of the GHG emissions of the transport sector. The problem drivers behind a limited uptake of GHG emissions accounting in business practice are of a different nature than the problem drivers behind the limited comparability of GHG emissions accounting results. The report should make more use of evidence underpinning the assumed changes in the transport activity under each option. Given that rules on emissions reporting exist also elsewhere in EU law and exist through other methodologies in areas such as Emission Trading System and corporate sustainability reporting, the report should better assess the coherence of the initiative (and later the options) with existing instruments.

(2) The report should provide a complete and realistic set of options. While it presents an ambitious option which requires mandatory emissions counting for all entities, this option comes with additional requirements with less flexibility and raises short-term feasibility and coherence issues. To present a more credible and ambitious option, the report should consider presenting an option based on ISO 14083 while designing the other measures in a more SME friendly manner.

(3) The report should analyse more deeply what the intended as well as unintended consequences would be of the options. Although the preferred option is quasi-voluntary, there seems to be a likelihood that transport actors will impose emissions accounting on their subcontractors, often SMEs, to meet the sustainability expectations of the transport demand side. Consequently, a quasi-voluntary approach for enterprises below a certain threshold might then become a de facto standard. The report should elaborate on the likelihood of this happening and on what the main implications for the key actors in terms of costs and benefits would be. The report should also clarify whether the adoption of the specific methodology and related reporting would be expected to influence other reporting regimes or become obligatory under current or future initiatives, and if so, what would be the consequences, in particular on SMEs, including for areas such as financing.

(4) The report should better explain how the options will incentivise behavioural change, made both on the supply and demand sides of the transport market, towards their choice of transport services. It should provide evidence on the causality effect between the GHG emissions accounting, changes in transport activity and the related reduction in the GHG emissions. If empirical evidence is limited or unavailable, it should present use cases and case studies used to support the assumptions made in the modelling of changes to transport activity due to this initiative. The report should be clearer on how the different transport modes will be affected by the options. Given the high uncertainty related to the estimates, the report should undertake a sensitivity analysis on the key assumptions driving the results.

(5) The report should explain better the scoring methodology used when comparing the options. The scores attributed per criteria for the options should be consistent with the preceding analysis and adequately reflect the differences in observed impacts. If, for example, there are large differences in the effectiveness or coherence of options, this should be clearly explained and adequately reflected in the scoring. The report should clarify if factors outside the initiative's scope have been factored in or out in the effectiveness scoring, including acknowledging limits to the analytical work itself.

(6) The report should ensure analytical consistency throughout. Costs related to the One In, One Out approach should be presented in the aggregated format.

The Board notes the estimated costs and benefits of the preferred option(s) in this initiative, as summarised in the attached quantification tables.

Some more technical comments have been sent directly to the author DG.

(D) Conclusion

The DG must revise the report in accordance with the Board's findings before launching the interservice consultation.

If there are any changes in the choice or design of the preferred option in the final version of the report, the DG may need to further adjust the attached quantification tables to reflect this.

Full title	CountEmissions EU - harmonised framework for greenhouse gas (GHG) emissions accounting of freight and passenger transport services
Reference number	PLAN/2021/11499
Submitted to RSB on	2 March 2023
Date of RSB meeting	29 March 2023

ANNEX: Quantification tables extracted from the draft impact assessment report

The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.

If the draft report has been revised in line with the Board's recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.

I. Overview of Benefits (total for all provisions) – Preferred Option (Policy option 4)		
Description	Amount	Comments
Direct benefits		
Benefits for passengers from avoided fuel used, expressed as present value over 2025-2050 relative to the baseline	EUR 108.1 million	Benefits to passengers due to more sustainable transport choices leading to energy costs savings, estimated at EUR 108.1 million, expressed as present value over 2025-2050 relative to the baseline. This is mostly due to the improved comparability of the data on which passengers can make informed decisions.
Benefits for transport service providers from avoided fuel used, expressed as present value over 2025-2050 relative to the baseline	EUR 2.3 billion	Benefits to transport service providers due to more sustainable transport choices leading to energy costs savings, estimated at EUR 2.3 billion, expressed as present value over 2025-2050 relative to the baseline. This is mostly due to the improved comparability of the data on which passengers can make informed decisions.
Indirect benefits		
Reduction in external costs of GHG emissions, expressed as present value over 2025-2050, relative to the baseline	EUR 674.1 million	Indirect benefit to society at large, due to the tonnes of GHG emissions saved, enabled by more sustainable transport choices by passengers and transport service providers. The reduction in the external costs of GHG emissions is estimated at EUR 674.1 million, expressed as present value over the 2025-2050 horizon relative to the baseline.
Reduction in external costs of air pollutant emissions, expressed as present value over 2025-2050, relative to the baseline	EUR 163.5 million	Indirect benefit to society at large, due to the tonnes of air pollutant emissions saved, enabled by more sustainable transport choices by passengers and transport service providers. The reduction in the external costs of GHG emissions is estimated at EUR 163.5 million, expressed as present value over the 2025-2050 horizon relative to the baseline.
Reduction in external costs of road accidents (fatalities and injuries), expressed as present value over 2025-2050, relative to the baseline	EUR 645.2 million	Indirect benefit to society at large, due to the lives saved and injuries avoided, enabled by more sustainable transport choices by passengers and transport service providers and thus a reduction in the road transport activity relative to the baseline. The reduction in the external costs of road accidents is estimated at EUR 645.2 million, expressed as present value over the 2025-2050 horizon relative to the baseline.
Administrative cost savings related to the 'one in, one out' approach*		
-	-	-

II. Overview of costs – Preferred option (Policy option 4)							
		Citizens/Consumers		Businesses		Administrations	
		One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
Direct adjustment costs, expressed as present value over 2025-2050, relative to the baseline		-	-	For transport service organisers (TSO), transport service users (TSU) and hub operators (HO): EUR 0.9 billion For other entities involved in accounting of GHG emissions of transport services (business sector associations): EUR 0.1 million	For transport service organisers (TSO), transport service users (TSU) and hub operators (HO): EUR 0.6 billion	For national public authorities: EUR 0.1 million For EEA: EUR 0.7 million	For EEA: EUR 2.1 million
Direct administrative costs, expressed as present value over 2025-2050, relative to the baseline		-	-	-	For other entities involved in accounting of GHG emissions of transport services (business sector associations): EUR 0.2 million For other entities involved in accounting of GHG emissions of transport services (calculation tool developers): EUR 0.3 million	For National Accreditation Bodies (NABs): EUR 0.1 million	-
Indirect costs		-	-	-	-	-	-
Costs related to the 'one in, one out' approach							
Total	Direct adjustment costs, expressed as present value over 2025-2050, relative to the baseline	-	-	For transport service organisers (TSO), transport service users (TSU) and hub operators (HO): EUR 0.9 billion	For transport service organisers (TSO), transport service users (TSU) and hub operators (HO): EUR 0.6 billion		

II. Overview of costs – Preferred option (<i>Policy option 4</i>)							
		Citizens/Consumers		Businesses		Administrations	
		One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
				For other entities involved in accounting of GHG emissions of transport services (business sector associations): EUR 0.1 million			
	Indirect adjustment costs	-	-	-	-		
	Administrative costs (for offsetting), per year	-	-	-	For other entities involved in accounting of GHG emissions of transport services (business sector associations): EUR 8,343 per year For other entities involved in accounting of GHG emissions of transport services (calculation tool developers): EUR 18,076 per year		