



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2012)

Opinion

Title

**DG MOVE - Legislative proposal on Alternative Fuels
Infrastructure**

(draft version of 17 August 2012)*

(A) Context

In the European Union transport depends for 96% of its needs on oil and oil products. The White Paper “Roadmap to a Single European Transport Area – Towards a Competitive and Resource Efficient Transport System” called for breaking the oil dependency of transport and set a target of 60% greenhouse gas (GHG) emissions reduction from transport by 2050. It also announced that the Commission will develop a sustainable alternative fuels strategy including an appropriate infrastructure and will ensure guidelines and standards for refuelling infrastructures. Market development of alternative fuels has been held back by three major and interdependent shortcomings: technological immaturity, lack of consumer acceptance and missing fuel infrastructure. This impact assessment report focuses on the deployment of appropriate infrastructure for alternative fuels.

(B) Overall assessment

The report does not fully inform decision making and should be significantly improved in several important respects. Firstly, the report should strengthen the problem definition by describing other initiatives relevant for deployment of alternative fuels and by better motivating the choice of alternative fuels whose infrastructure need to be additionally supported. Secondly, it should develop options that present the real alternative ways of reaching the objectives. In doing so it should better describe the content and practical implementation of each option, clearly indicating who will finance the infrastructure. In particular, the report should explain the nature, level and basis for setting the infrastructure targets for each alternative fuel in each Member State and how the necessary private investments will be ensured. Thirdly, the report should better assess impacts, in particular, on environment, employment, consumers, competitiveness and SMEs. Most importantly, it should elaborate more transparent cost and benefit estimates for all options. Finally, the report should better present stakeholders' views, in particular where they do not support the proposed options.

Given the nature of these recommendations, the Board asks DG MOVE to submit a revised version of the report, on which it will issue a new opinion.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

(C) Main recommendations for improvements

(1) Strengthen the problem definition and the baseline scenario. The report should better explain the policy context by describing the existing and planned legislative and non-legislative initiatives relevant to the deployment of alternative fuels. Using evaluations of these initiatives the report should discuss why exactly these three alternative fuels (electricity, hydrogen and liquefied natural gas) need additional infrastructure support, taking into account their market potential and technological development. It should analyse the reasons why voluntary standardisation has failed so far. The baseline scenario should clarify to what extent the existing and planned infrastructure, and other policy measures by the Member States are sufficient for deployment of alternative fuels while taking into account the current macroeconomic climate as well as future expected production and consumption trends. The report should explain why the necessary infrastructure investments require EU intervention, i.e., if it would not be undertaken anyway in response to the expected further development and marketing of more affordable electric cars with higher autonomy.

(2) Better define the policy options. The report should describe in greater detail the exact nature and content of the proposed options, as well as whether each option offers a realistic way of solving the problem and how it will be implemented in practice. It should better distinguish between the issue of standard setting and targets for infrastructure network development. The report should describe the nature of standards (voluntary/mandatory) for infrastructure of each alternative fuel and use clear terminology in that respect. It should assess whether the setting of standards at this stage would not hinder innovation or affect the technology-neutral approach. As some of the options contain mandatory or indicative targets, the report should be clear as to whom these targets will be addressed, and who is expected to pay for the proposed infrastructure development. In this context, the report should clarify how binding infrastructure targets can be achieved and guaranteed when they are to be financed (exclusively) by private investors and whether, in case of lack of private funds, there would be implications for the public budget. The report needs to be more concrete on the precise incentive mechanisms that will ensure effective delivery of the targets. As the current alternative fuels infrastructure differs greatly among the Member States, the report should also clarify the level and the method for setting the infrastructure targets for each alternative fuel and for each Member State. In doing so, the report should justify the need for infrastructure targets in all Member States for each alternative fuel taking into account the projected baseline developments.

(3) Improve the assessment of impacts and comparison of options. The report should present a more balanced assessment of impacts, in particular, by elaborating more transparent cost and benefit estimates for all options. Most importantly, the report should assess any financial implications of proposed options for Member States and EU budget. The report should strengthen the assessment of environmental impacts, such as reduction in greenhouse gas emissions and other pollutants, reduction in transport noise. It should also better assess social impacts, in particular on consumers and employment. It should assess impacts on the "traditional" fuel sectors. It should separate and improve the assessment of impacts on competitiveness and SMEs. The comparison of options should be more explicitly based on the results of the impact analysis. The report should justify scores assigned to each option when summarising the impacts. In addition, the report should explain what monitoring indicators will be employed to measure the efficiency and effectiveness of these options in achieving key objectives. Moreover, the report should clearly describe the envisaged timing, scope and nature of the evaluation of this initiative.

(4) Better present stakeholders' views. The report should clarify which stakeholders were consulted on what issues, summarise the main results of consultations and explain how the contributions have been taken into account. The (different) views of different stakeholder groups should be systematically presented throughout the key sections of the report.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The report should be shortened by avoiding repetitions. It should be made more accessible to the non-expert reader by streamlining the sometimes technical language and by including a glossary of technical terms. The cost analysis should be made clearer by bringing all the necessary elements together in the same chapter and by better presenting the overview tables.

(E) IAB scrutiny process

Reference number	2012/MOVE/014
External expertise used	No
Date of IAB meeting	19 September 2012