



## Briefing | EBS - Clean Transport in Europe

Dods - Debate Summary

23/05/2018

**Source:** European Business Summit

**Subject:** Roundtable: Clean Transport in Europe

**Documents:** [Programme](#)

**Date:** May 23, 2018

*On May 23, the European Business Summit held a roundtable on clean transport in Europe with representatives from the European Commission, the European Parliament and industry. The panellists debated on the future of fuels such as biofuels and hydrogen, as well as electricity and electric vehicles as means to achieve the targets set for emissions reduction by 2025. Please find a summary of the debate below.*

**Moderator Sara Stefanini** started the roundtable by saying that transport accounts for a quarter of greenhouse gas emissions in the European Union. The EU has set recently goals to reduce CO2 emissions by 20% by 2050. She then introduced the speakers.

**Artur Runge-Metzger**, **Director, Climate strategy, governance and emissions from non-trading sectors, DG Climate Action, European Commission**, said in his opening remarks that the Commission came out with 3 mobility packages recently. This shows that the Commission believes the EU cannot solve the problem of reducing emissions with one solution only. There are a couple of different areas in transport that need to be tackled. The first area is on efficiency of vehicles and the second area is CO2 intensity of fuel. Mr Runge-Metzger argued that the responsibility does not only lie on the Commission, but on Member States as well. At the end of the day, Member States are the ones that will need to implement policies to reduce CO2 emissions.

**John Cooper**, **Director General, FuelsEurope**, said that his organisation represents 42 companies in Europe. FuelsEurope recently published a position paper entitled "Vision 2050: A Pathway for the Evolution of the Refining Industry and Liquid Fuels" in which FuelsEurope outlines its vision and position on how best to contribute positively on reaching the 2050 targets to emissions reductions. Mr Cooper said that it is important to keep in mind consumers and their needs first. He asked whether electrification of the vehicles and the transport sector was the best way forward for consumers and whether it could work to a large scale for heavy duty vehicles. He argued that liquid fuels will be needed for decades to come in heavy duty transport sectors, as well as in aviation. It is therefore important to set up a circular economy for the carbon and fuel markets. He also mentioned that new technologies in the refining industry will enable it to cut on emissions.

**Bas Eickhout**, **Member of European Parliament (Greens/EFA, NL)**, said that he agreed with the comments made by Mr Runge-Metzger. The issue, he said, is what kind of levels are we talking about? Are we moving fast enough? The packages published by the Commission need to guide us to zero emissions by 2050 for the transport sector. That is not a lot of time and we cannot afford to slow down, he argued. He

also mentioned another issue that needs to be addressed at the national level which is road pricing. He said that this is a taboo policy for Member States, but is an efficient way to deal with the problem at hand. We need to find alternatives to fuel. We need to get to zero-carbon fuels. Yet, what kind of volumes can we deliver, we have the technology, but can we scale it up to the right volume, asked Mr Eickhout.

**Marta Yugo, Science Executive, Concawe**, said that the challenge is huge. We are talking about low-carbon fuels and there are a number of technologies that can lead us there. Concawe has done a number of studies that show that 50% of Europe can be powered by low-carbon fuels in the next decades. Energy-efficient vehicles can also produce a lot of emissions. She argued that the EU is still far from its targets, but has the tools to get there. It can contribute to mitigate climate change, but there are a number of challenges.

**Nicola Shaw, Executive Director of U.K., National Grid Group**, said that it is important to look at the consumer perspective. Electric cars are expensive. And many consumers are nervous about range autonomy of electric cars. Still, she believed that there will be enough models soon for better consumer choice and electric cars will become cheaper. But, there needs to be more charging stations across the roads in the EU and government intervention is required in this case. These are important interventions that only governments can fulfil. For heavy duty vehicles, it is important to think about infrastructure as well. Biogas could be a solution to reduce emissions for heavy duty vehicles.

**Neville Jackson, Chief Technology and Innovation Officer, Ricardo Plc.**, said that there is no silver bullet to this challenge. We need to throw everything that we have at the problem in order to hit the targets. He asked that we stop using the term "zero-emission vehicles" as this is not true and is misleading the public. Electrification is also a challenge. Electric cars only represent 1% of the market today. Mr Jackson also noted that it takes a lot of factories and emissions to produce batteries for electric cars and creates a serious environmental problem as well. How then, can we make environmentally sustainable, low-carbon vehicles, he asked.

**Artur Runge-Metzger, European Commission**, said that it is also question of the end of cycle and how to recuperate the batteries and how to do that in an environmentally sustainable way. There are also questions on how to finance this. This is similar to the chicken and the egg problem. Investors need to get returns on their investment if they invest in battery factories, yet there is very little demand for this at the moment.

**MEP Bas Eickhout** said that more and more industries are asking for cycle of life studies, and this is a good thing but let's do this for all the fuels, not just electric. There is no demand for electric vehicles now, but there will be in the future. We should be trying to see how our energy system is delivering, he argued. There are alternatives in the electric sector that are zero-emission solutions. Whereas coal mining, for example, is a terrible alternative, he said. There is no clean energy, yes, but we first need to tackle demand, then efficiency, then alternative fuels.

On the point being made that government intervention is needed, since there is no infrastructure yet and no demand, government intervention is indeed necessary, Mr Eickhout said. Policy-makers are asked to remain technology neutral, but they have to make decisions in infrastructure to get out of the chicken and egg problem and therefore, they need to move beyond being infrastructure-neutral.

**Neville Jackson, Ricardo Plc.**, said that cars are not emission-neutral, nothing is. We need to focus on life cycle approaches or we will face indirect problems. We are going to have to move away from expensive raw materials, the price will not be able to go down for electric cars if this is not done, he argued. For instance, cobalt is a terrible solution for battery production, it has limited supply and is expensive.

**John Cooper, FuelsEurope**, said that, on liquid fuels, advanced biofuels and green hydrogen could potentially be introduced in the long term. All of these taken together can reduce the carbon intensity of the problem. However, we do not yet have the right products and policies to attract investors yet so the rate of growth is slow for now.

**Nicola Shaw, National Grid Group**, took the view that there is not a scenario where gas is not part of the mix of solution by 2020, especially for industries where gas will still be in use. In the next 5 years, they will find out more through pilot programs, and they will learn a lot and see how reliable and viable these programs are, she argued.

**Moderator Sara Stefanini** asked if air quality and pollution would also push industry to drive down emissions.

**John Cooper, FuelsEurope**, argued that air quality is important and has raised significant problems. It is interesting to know that a lot has been set out policy-wise for this since Dieseltgate. For the first time, car-makers have to pass real driving emissions tests.

**MEP Bas Eickhout** said that what he has learnt from lobbies is that they often found that targets are too strong and too though yet Dieseltgate showed that car manufactures were more inventive on creating software to go around policies than in making quality and efficient vehicles. Therefore, car-makers can be innovating. Policy-makers must be tough because industry always says they need time and leeway, yet innovation is achieved by good target-setting and good policy-making. These are the lessons learned from Dieseltgate, he argued.

**Artur Runge-Metzger , European Commission**, said that the Commission tried to fix some of the issues such as the test cycles. People are engineers and they are very clever and we should not think that we are on cloud nine and everything is fine after Dieseltgate. Investments need to happen so that we do not repeat this.

On cities, they have to make sure that more clean vehicles arrive to the cities. Especially for public transportation vehicles such as buses, trams etc. There is no reason to wait. Manufacturers say they can produce zero-emission public transport vehicles, but there is no demand. Again, there is the chicken and egg problem.

**MEP Bas Eickhout** said that regarding public transportation, local governments are often not the ones with the money, so there are financing issues. Cities often want to do act but cannot always. There is a patchwork of city action because nothing has been done at EU level so cities had to act themselves. Cities were forced to take drastic measures because of the failures of the EU.

**Neville Jackson, Ricardo Plc.**, agreed that the problem for cities is that they do not have the funds. There are around 500 low-emission zones across the EU that are all different. We need consistency across Europe or else we will not efficient, he argued.

**Nicola Shaw, National Grid Group** , said that we need to make sure that electricity helps us. On cities, there are a few big cities whose choices will impact others, and so it is important to focus on those first and create a snowball effect.

**An audience member** asked what the role of hydrogen will play in the future.

**Neville Jackson, Ricardo Plc.**, said how can we produce hydrogen in an efficient way? We need the ability to store energy for longer periods and hydrogen can be part of the solution for this.

**John Cooper, FuelsEurope**, argued that most industries believe hydrogen will play a major role. He noted that hydrogen and along with carbon caption storages are possible solutions for the 2050 targets.

**Marta Yugo, Concawe**, thought that the role of hydrogen would be important in the future. It is a fantastic product and integrating hydrogen into products is something many are doing.

**Nicola Shaw, National Grid Group**, offered a contrary view. She thought that there is little use of hydrogen for cars. A car is a big investment and households are looking for security when buying them. Consumers do not want to be the first to buy the next technologies in cars and look for stability in their

investments. Therefore, they prefer to stick with models that work and that they trust. Today, consumers believe in electric cars, so this is the future for now, not hydrogen, Ms Shaw argued.

**Neville Jackson, Ricardo Plc.**, argued that many car-makers are saying maybe electric is not the future. There will be challenges for factories and batteries, so he said we should not be so quick to rule hydrogen out at this stage.

**An audience member** said that there are hydrogen fuels found in taxis in Paris now, so this is not something that is far in the future. We are already in the implementation phase of hydrogen, he argued.

**Moderator Sara Stefanini** asked to what extent is electricity just an expensive option for select consumers.

**Nicola Shaw, National Grid Group**, answered that electric vehicle use is higher in developed countries because there are more subsidies for them. While there are about 20 electric vehicles models today, that will increase to a hundred in a couple years and there will be many more choices for consumers.

**Marta Yugo, Concawe**, said that on life cycle analysis, it also all depends on the type of electricity used to power the cars and vehicles and it is not the same solution for all countries. There is better penetration of electric vehicles in the markets of high capital countries, yes. But it is also about the ways in which batteries are being used and how much emissions and environmental impact they cause.

**Moderator Sara Stefanini** said that oil prices are up due to geopolitical reasons, but what is effect of rising oil prices as well, she asked.

**John Cooper, FuelsEurope**, said that when the incumbent is more expensive than new technologies, this will help the change globally. If the alternative is less expensive than what is currently in use, then of course more people will move to them.

**MEP Bas Eickhout** said that it is also about the volatility of the price. Volatility of oil prices will also help consumers move away from it.

**Artur Runge-Metzger , European Commission**, said that if electricity becomes as cheap as people predict, then people will move away from fuel. He said that it is important to talk about circular economy instead of thinking linearly. The Commission will have a paper coming out in September and Mr Runge-Metzger hoped that it will start a wider debate.

**Neville Jackson, Ricardo Plc.**, said that there needs to be a holistic approach that is not just a European one. There is a need for a level of government intervention in the market that we have never seen before in order to achieve this. Market forces alone will never reach the targets and governments need to step in.

**An audience member** asked what the impact of road transport would have on electricity demand and the environment.

**Nicola Shaw, National Grid Group** , said that her view was that there will be an increase in electricity demand of about 5% and is not as much a challenge as it sounds.

**MEP Bas Eickhout** said that the Parliament has done many analyses for the future if the Paris Agreement is indeed implemented and leads to zero-emission electricity as well. There will be a modest increase in electricity, but efficiency in electricity use will be vital.

**An audience member** asked if the Commission or Member States will try to move merchandises from lorries to rails.

**Artur Runge-Metzger , European Commission**, answered that this has been an objective for some time now. Road pricing should be rolled out in the next decade for instance to push companies to move to more rail.

**MEP Bas Eickhout** said that road pricing will hopefully be implemented. We need to better connect European facilities. The Connecting Europe initiative has mainly gone to roads and not railways and this should change, but he said that it did not appear as though the Commission would change this in the Multiannual Financial Framework.

[View article online](#) - [Back to top](#)

---

Contact the Dods UK Monitoring Team Monday to Friday to alter your preferences; [monitoringalerts@dods.co.uk](mailto:monitoringalerts@dods.co.uk);  
Tel: +44 (0)20 7 593 5500

This email may contain Parliamentary information licensed under the Open Parliament Licence v1.0, public sector information licensed under the Open Government Licence v1.0.; information subject to copyright of the National Assembly for Wales Commission and/or; information reproduced under the terms of the Click-Use Licence. All other material may be subject to copyright. Dod's Parliamentary Communications Limited Registered in England under Company number 01262354 Registered Office: The Shard, 32 London Bridge St, London SE1 9SG.