

Air quality: provisions for engines placed on the market under the flexibility scheme

2010/0195(COD) - 07/07/2010 - Legislative proposal

PURPOSE: to amend Directive 97/68/EC and adapt the rules applicable to the flexibility scheme provided for in that directive in order to extend the application of that scheme to engines for use in propulsion of railcars and locomotives.

PROPOSED ACT: Directive of the European Parliament and of the Council.

BACKGROUND: it is recalled that Directive 97/68/EC regulates the maximum exhaust emissions carbon oxide (CO), hydrocarbons (HC), nitrogen oxides (NO_x) and particulates (PM) from diesel engines installed in construction, agricultural and forestry machinery, railcars & locomotives, inland waterway vessels, constant speed engines and small petrol engines used in different types of machinery. The Directive provides for emissions limit stages of increasing stringency with corresponding compliance dates. Manufacturers must ensure that new engines comply with these limits in order that they can be placed on the market.

Directive 2004/26/EC introduced the current applicable stage of emission limits for the majority of diesel engines referred to as Stage III A. These limits will be replaced by the more stringent Stage III B limits progressively as of 1st January 2011. The type approval period for these engines started on 1 January 2010. A great diversity of machinery production (approximately 1500 companies in the EU) is affected.

To comply with Stage III B limits, current engines will need to be substantially modified. Changes to the configuration, size or weight of engines have a knock-on effect for Original Equipment Manufacturers (OEM) who will have to adapt the design of their machines in order to accommodate the modified engines. This process can only start once the engine is fully developed. Technical solutions for complying III B engines are not yet finalised. Thus, OEMs are not in a position to fully redesign the machinery where the engine is to be installed. In addition, compliance costs for manufacturers to cope with the new emission limits are significant. Directive 2004/26/EC also introduced the flexibility scheme to facilitate the transition between the different emission stages. The flexibility scheme allows the OEM to place on the market, during the period between two successive stages of exhaust emissions limit values, a limited number of non-road mobile machines which are fitted with engines that still comply with the exhaust emission limits of the previous stage. The flexibility scheme applies to compression ignition (diesel) engines used in construction, agricultural and forestry machinery, generator sets and pumps using constant speed engines, but not to locomotives, railcars and inland waterway vessels.

IMPACT ASSESSMENT: a detailed Impact Assessment has been carried out on the basis of technical studies and a stakeholder consultation. It covers the different scenarios for engines covered by the existing flexibility scheme and identifies the need to include railcars. In addition to the conclusions of the Impact Assessment, locomotives have been added to the flexibility scheme.

The Impact Assessment analyses different options ranging from the implementation of a scrapping scheme, variations of the flexibility scheme as regards the allowed percentage/number of engines to the set-up of a trading system whereby firms that would not use the entire flexibility could sell their flexibility rights to firms that need additional flexibility. The use of a scrapping scheme has been discarded as it is not suitable for assisting OEMs in financing R&D to make Stage III B machinery available. The set-up of a flexibility trading system was considered as a too complex system in a short time scale and thus disproportionate to the expected results. The option of increasing the existing flexibility scheme and

extending it to sectors not yet included has been considered as the best option, balancing the environmental impact and an economic benefit in saved compliance costs for a limited period of time.

LEGAL BASE: Article 114 of the Treaty on the Functioning of the EU. the proposal makes the following amendments to Directive 97/68/EC:

CONTENT: it is proposed to modify the provisions of the flexibility scheme to mitigate further the economic costs of the transition of emission Stages III A to III B by extending its application for some type of non-road mobile machinery while maintaining the entry into force of the exhaust emission limit Stage III B to preserve the objective of the Directive of reducing emissions of gaseous and particulate pollutants in the Union. In addition, some engine manufacturers have progressed in developing compliant IIIB engines for locomotives while OEMs will yet not be entirely ready to place III B compliant locomotives on the market by 1st January 2012 as provided for in the Directive Therefore it appeared necessary to apply the flexibility scheme also to locomotives.

The main amendments to the Directive are as follows:

- an increase of the percentage of the number of engines used for application in land based machines, placed on the market under the flexibility scheme in each engine category from 20% to 50% of the OEM's annual sales of equipment and an adaptation of the maximum number of engines that may be placed on the market under the flexibility scheme as an optional alternative, in the period between emission Stage III A to emission Stage III B;
- inclusion of engines used for the propulsion of railcars and locomotives in the flexibility scheme providing the possibility for the OEM to place on the market a limited number of engines under the flexibility scheme;
- these measures will expire on 31 December 2013.

FINANCIAL IMPLICATIONS: the proposal has no implication for the Union's budget.