Accounting of greenhouse gas emissions of transport services

2023/0266(COD) - 11/07/2023 - Legislative proposal

PURPOSE: to lay down harmonised rules for accounting greenhouse gas emissions of freight and passenger transport services.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: greenhouse gas emissions accounting is used in various economic sectors – including transport – to quantify greenhouse gas emissions data from specific activities of businesses and individuals. Making reliable data on emissions available can encourage sustainability, innovation and behavioural change towards sustainable transport options. Unlocking the potential of greenhouse gas emissions accounting in transport requires that the underlying calculations are comparable and accurate, addressing the specific characteristics of a particular transport service. Therefore, emissions should be quantified based on a scientifically sound, detailed and harmonised methodological approach. However, there is **currently no universally accepted framework for greenhouse gas emissions accounting of transport services**. To quantify those emissions, transport stakeholders can choose among different standards, methodologies, calculation tools and multiple emissions default values databases and datasets. This often leads to a significant **discrepancy** in results that compromises the comparability of greenhouse gas emission figures on the market and provides inaccurate and misleading information on a transport service's performance. It also risks selecting an emissions calculation method and default data based on what is more beneficial for an individual entity. This creates conditions for **greenwashing** and can give wrong incentives to users. The lack of a standard framework is generally recognised and has resulted in several attempts by industry or national governments to produce one. However, none of these efforts have led to harmonising greenhouse gas emissions accounting methods or consistently using greenhouse gas data at Union level.

It is estimated that almost 600 000 entities in the EU transport sector measure their greenhouse gas emissions (2020), but only 21 660 of these do it at the disaggregated level needed to produce greenhouse gas emissions data of transport services. This is only 1.2% of approximately 1.8 million entities performing transport operations on their own. The low uptake of greenhouse gas emissions accounting is mainly observed among SMEs, which represent the vast majority of entities operating in the EU transport market.

Laying down harmonised rules for accounting greenhouse gas emissions of freight and passenger transport services is therefore appropriate. This initiative should make available a **reference framework** for other emissions reduction measures that may be further undertaken by public authorities and industry, including where establishing greenhouse gas transparency clauses in transport contracts, providing information on greenhouse gas emissions of a travel or delivery option to passengers or customers, or setting climate-related criteria for green procurement procedures.

This legislative proposal is part of the **Greening Freight Package** of proposals covering several modes of transport. Its aim is to advance the decarbonisation of freight transport, promote intermodal transport and complete the single European railway area. In addition to this proposal, it includes:

- the revision of Council Directive 92/106/EEC (the Combined Transport Directive) to encourage the use of intermodal transport;

- the proposed revision of Council Directive 96/53/EC on weights and dimensions;

- this proposal for a regulation establishing a harmonised framework for GHG emissions from freight and passenger transport services (the CountEmissions EU initiative).

CONTENT: the proposed regulation establishes **rules for the accounting of the greenhouse gas emissions of transport services** that start or end on the Union territory. It will apply to any entity providing or organising freight and passenger services in the Union that calculates greenhouse gas emissions of a transport service starting or ending on the Union territory and discloses disaggregated information on those emissions to any third party for commercial or regulatory purposes.

In particular, the Commission is proposing a **common methodological approach** for companies to calculate their greenhouse gas emissions if they choose to publish this information, or if they are asked to share it for contractual reasons. The proposed methodology is based on the recently adopted EN ISO 14083 standard for the quantification and reporting of greenhouse gas emissions arising from the operation of transport chains of passengers and freight.

The general objective of this proposal is to **incentivise behavioural change among businesses and customers to reduce greenhouse gas emissions from transport services** through the uptake and use of comparable and reliable greenhouse gas emissions data.

The proposal includes:

- a **common reference methodology** provided by EN ISO 14083 standard, ensuring that the calculation of greenhouse gas emissions of transport services is performed in a standardised way across the entire transport sector;

- a **harmonised approach for input data**, by incentivising the use of primary data, allowing modelled data, increasing the reliability, accessibility and adequacy of default values (default values for emission intensity and greenhouse gas emission factors) and mitigating variations between national, regional and sectorial datasets;

- a **core EU database** of default values for greenhouse gas emission intensity to improve the comparability of greenhouse gas emissions results;

- a **central EU database** of default greenhouse gas emission factors;

- **appropriate metrics** for generating and sharing the greenhouse gas emissions data, as well as common rules on the communication and transparency of the emissions accounting results;

- a **common, proportionate and reliable verification system** for the information on greenhouse gas emissions generated from transport services, and for the underlying calculation processes. **SMEs** should be exempted from the requirements related to the verification, unless these enterprises wish to obtain a respective proof of compliance;

- rules related to the development and use of technical emissions calculation tools.

It is proposed that all these provisions should be fully applicable 42 months after the entry into force of this Regulation.

Budgetary implications

The proposal gives rise to net present costs for the Union Budget of EUR 600 000 over the period from 2025 to 2027, and additional resources of EUR 6.3 million from 2028 to 2050.