



Position Paper on Clean Fuel Deployment in the BSR

Short version

2.4 | Clean Fuel Deployment

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The platform project, BSR Access

BSR Access is not a regular Interreg project. It is a project platform – a special purpose vehicle organised by the Interreg BSR Programme to ensure a streamlined communication of results by projects of a similar kind. BSR Access combines expertise from projects on transport interoperability in connection to the TEN-T core network corridors. For more information please visit: www.bsraccess.eu.

Purpose of the position paper on clean fuel deployment

The deployment of clean fuels in road transport is one of the BSR Access project's key objectives. The overall aim is to create better basis for integrated and interoperable clean fuel systems across the countries of the BSR.

This position paper is the result of the activities specially related to group of activities 2.4 Clean Fuel Deployment for which Capital Region of Denmark as project partner has been responsible. The position paper should provide input to discussion on measures needed to ensure the future development of clean fuel deployment in the BSR. The position paper will also serve as a background document at the Clean Fuel Agora in June 2021. Note that this is a short version of the position paper. The entire *Position Paper on Clean Fuel Deployment in the BSR* can be downloaded from www.bsraccess.eu.

Vision and goals

The European Commission presented in 2019 the *European Green Deal* – a set of policies to make the EU's economy more sustainable. The Green Deal aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient, and competitive economy where there are no net emissions of greenhouse gases in 2050. The main goal of the EU regarding the European Green Deal is to reduce emissions from all sectors by 80 % below levels until 2050. For the transport sector the goal is 90%.

In the next years it will be crucial to develop and implement measures to reduce GHG emissions from road transport and at the same time to handle the expected growth in transport volume to meet the targets set by the Green Deal.

On December 9, 2020, the *Sustainable and Smart Mobility Strategy* was released by the European Commission. This new strategy and its action plan with 82 concrete initiatives aims to support and help the stakeholders – both public and private – to make the big change of the European transport sector. There are also clear links between this strategy and the ongoing revisions of TEN-T regulation and AFID – Alternative Fuels Infrastructure Directive.

Challenges

Clean fuel deployment means challenges on all levels - EU, macro-regional (e.g., BSR), national, local – and represents only a minor part of the much bigger challenge, the climate change.

Phasing out - during a limited number of years - the hegemony of fossil fuels and fossil fuel vehicles and replacing them by other fuels and drive lines takes time. Collaboration, public awareness, new business ideas, infrastructure for green fuels, legislation and regulations are needed to make it happen.

For the BSR countries there are some specific challenges identified in the [Status Quo Report](#), that was made by BSR Access in autumn 2019. These challenges are summarised below:

Summary - from a BSR perspective, the main challenges are:

- Different ambitions in targets and goals across countries and corridors
- Different focus on the different fuels between countries
- Some countries do not have tax benefits or incentives for alternative fuels in place
- Lack of concrete targets for infrastructure and vehicles for alternative fuels for transport
- Many countries are characterised by short-term plans and incentives.

Revised strategies and new efficient measures are needed

To tackle these challenges and to respond to the Green Deal and its more ambitious goals the BSR countries must revise their strategies and actions plans. When during the spring 2021 EU will present an updated and much more demanding AFID and a revised TEN-T regulation with several mandatory requirements,- for instance infrastructure for clean fuels - it is necessary for all BSR countries to make their policies for clean fuels more ambitious and more concrete.

Efficient instruments should substantially contribute to reducing GHG emissions. Review of current instruments to foster clean fuels shows that there is not any single instrument that fits all countries and every stage of market development. The effectiveness of instruments broadly depends on their ability to bridge the gap between conventionally fuelled vehicles and those using alternative fuels. Therefore, it is important to introduce measures that make it more attractive to invest in clean fuel vehicles according to the polluter pays principle, e.g. bonus-malus systems.

It also seems important to have technology neutral policies and by that support all clean fuel technologies, even if there is no “ideal” technology available but rather technologies that have “use-specific” advantages. This is especially important in an international context, as it is necessary to avoid a situation where a certain technology or technical standard is limited to only some of the countries and by that will become a barrier for border-crossing transports and travel.

Issues and positions on clean fuel deployment in the BSR

With above presented background and prerequisites, we consider that the most important areas and issues which with priority need coordinated actions are following:

1. Strengthen the collaboration and interplay between public and private actors

Collaborations and the interplay between public and private actors of all levels will be crucial to stimulate and support the growing interest for renewable fuels from consumers and users. And as it is said in the Scandria[®]2Act Clean Fuel Development Strategy:

“Market supporting mechanisms should stimulate the market to allow a market-driven achievement of goals. However, especially in imperfect markets, regulatory instruments are necessary to guarantee GHG emission reduction and technology development.”¹

Clean fuel deployment is part of the ongoing necessary conversion to fossil free transports and society. For this big challenge we need public awareness, broad involvement of all actors and an increased coordination between different initiatives.

We recommend the BSR governments to consider initiating a new regime/platform to support and strengthen this collaboration. One of the existing mechanisms, EUSBSR, could be used for setting up a coordination and supporting platform – the BSR Clean Fuel Platform. Within this platform, relevant ministries of member states, the EU Commission, the Corridor Coordinators, regional organisations and private companies via business networks could be involved.

2. A common clean fuel vision: Clean, renewable fuel is the new normal in BSR by 2030

Despite the differences between the countries in BSR but since they all have ambitions and plans it might be possible to agree on a common clean fuel vision: Clean, renewable fuels is the new normal in Baltic Sea Region by 2030.

Such a vision should be followed by clean fuel deployment goals and a road map with concerted actions, including awareness campaigns, in the coming years that assure the fulfilment of Climate Protection goals of the Paris Agreement and the related European Strategies, such as the European Green Deal and the Sustainable and Smart Mobility Strategy.

We recommend all present actors – national governments, industry, regions, etc – to decide on the vision above as a guiding star for the important work that need to be done in the BSR. The vision should be developed at the BSR level by a working group representing national governments and other actors including the existing platforms EUSBSR, CPMR and BSSSC. It is recommended to include the development of a BSR clean fuel vision as a strategic flagship of the EUSBSR Action Plan directly contributing to the Action 2 “Development of measures towards climate-neutral and zero pollution transport” in the Priority Area Transport.

¹ Pathway to the future – Scandria[®]2Act Clean Fuel Deployment Strategy. 2018, Deutsche Energie-Agentur GmbH

3. All BSR countries should revise and rise their ambition and targets for Clean Fuel Deployment

The national legislation is crucial for the success of clean fuel deployment. Only then the private stakeholders and some regional authorities will start making specific plans. And in the light of ongoing revision and upgrading of EU goals we recommend all the BSR countries to revise existing strategies and plans. If national strategies and plans do not exist – we recommend the countries to decide on such important steering documents, as they are necessary to create stability and certainty both for public and private stakeholders.

To ensure the necessary and fast enough development per country and to ease a fruitful collaboration between the countries and between public and private actors within the BSR it is necessary:

- To set up concrete targets on national level for infrastructure and vehicles
- To set up and implement nationwide infrastructure plans
- To ensure that public investment would serve to address market failures, while a good part of the infrastructure investment can be covered by the market
- To decide on long term plans and incentives to support the desired development

The BSR Clean Fuel Platform presented above in Position 1 could be used to support this process in terms of e.g. platform exchange, policy guidelines etc.

4. Clean Fuel Deployment as part of the future TEN-T implementation – need for more precise EU-goals and mandatory targets for member states

The EU transport commissioner Vălean stated in a speech to the European Parliament in beginning of July 2020 that “alternative fuel infrastructure will be integrated as a mandatory TEN-T requirement”. New regulatory instruments should ensure charging and refuelling infrastructure for clean vehicles. This was also confirmed in December 2020 when the new EU transport Strategy was presented.

We welcome and support this statement and recommend the BSR member states to proactively follow these changes by planning for investments in such infrastructure along the core network corridors. Both the ScanMed corridor and the North Sea – Baltic corridor could, with help of strong partnership and a multi fuel perspective, become forerunners. A new BSR Clean Fuel Platform could support national governments in setting up transnational infrastructure projects.

The BSR Access project platform would like to add following proposals to the Commission (DG MOVE, etc) when working out the regulatory instruments:

- It is necessary to present more precise EU goals and to set up and give the member states more concrete requirements and measurable targets for the member states
- Increase the number of charging points and refuelling stations for all type of vehicles: passenger cars, vans, and heavy-duty vehicles
- Give priority for CEF-funding to transnational cooperation and projects especially along core network corridors that implement infrastructure for alternative fuels across borders

5. Multi fuel perspective – technology neutral

Review of current instruments to foster clean fuels in the BSR shows that there is not any single instrument that fits all countries and every stage of market development. The BSR countries have made different

decisions on clean fuels – electricity, biofuels, or gas. Different priorities in investments are done and different mix of subsidies and taxes are chosen.

There is no single solution for alternative renewable fuels. And still, it exists little knowledge and experiences of use specific advantages of the different fuels for different type of vehicles: which fuels suits for which vehicle in the most efficient way, etc.

All available technologies with market potential should be supported. Transparency and exchange of/in knowledge of available clean fuels is crucial as it will give a better picture of what is possible and where there are restrictions. This should include research projects as well.

Public support for multi-fuel stations at strategically important sites along the core network corridors and other corridors as well as common standards for these multi-fuel stations, could stimulate future investments by energy providers.

We recommend all BSR countries to take a strategic decision to support all types of clean fuels. Until now only Finland, Germany and Sweden do so.

6. Hydrogen strategy for BSR

Until recently hydrogen has not been a realistic alternative when looking for clean fuels. This was also obvious when the BSR Access project presented the Status Quo Report in Autumn 2019. But now during 2020 the situation has changed. The EU and several countries in Europe have decided on a hydrogen strategy. Hydrogen is prognosed to represent 24 percent of the total energy demand in Europe 2050. The European Commission has pointed out hydrogen as a focus area for the recovery of Europe after the Covid-19 crisis within the Green Deal. Together with the industry EU is planning a huge investment program for green hydrogen. Green hydrogen is hydrogen made without fossil fuels. Instead it is produced from electrolysis powered by renewable electricity

In the transport sector the big OEMs have taken strategic decisions to invest in H2 and fuel cell technology. For instance, Daimler and Volvo has recently signed an agreement on investment in a joint venture company for production of fuel cells and development of fuel cell systems.

We recommend the BSR governments to initiate developing a common H2-strategy for the BSR based on green hydrogen and including a roadmap for the transport sector.

We also recommend the BSR countries, in line with the multi fuels perspective, to initiate a process together with other countries, potential partners and the European coordinators to make the two corridors ScanMed and North Sea-Baltic pilot corridors for green hydrogen – production, network of filling stations etc.

7. Ban on distribution of vehicles on fossil fuels

A few countries in Europe, for instance the British government, have already taken decisions to stop all production and/or distribution of fossil fuel vehicles from a specific date. Similar decisions have also been made by some European OEMs. To stop the distribution of vehicles using fossil fuels and to set up long term plans for phasing out fossil fuels in transport are radical steps towards a fossil free society. This would make market players dare to invest and minimise the barrier of uncertainty.

The banning of fossil-fuelled vehicles of a defined scope requires authorities to enact legislation that restricts them in a certain way. The combustion engine is not necessarily the problem. Driving a biogas vehicle have

emissions comparable to an EV. Current EU legislation (type approval directive, internal market rules etc) make it impossible to introduce national bans on sales on fossil fuel cars and sales of fossil fuels.

Denmark has decided to work for changes in EU legislation and to make it possible to introduce a national ban in Denmark in 2030. In Sweden, a governmental investigation on these issues is going on.

So, to conclude, within EU the member states are not allowed to make this decision. Therefore, we need decisions on EU-level, and we recommend the Commission to start the preparatory work for such decisions.

8. Coherent infrastructure for clean fuels within the entire Baltic Sea Region

Cross-border travel and transport with alternative fuels must be supported to ensure growth and economic development. Cross-border connectivity is crucial. Therefore, it is important to build a coherent infrastructure for clean fuels within the entire Baltic Sea Region.

New projects funded by CEF or The Recovery and Resilience Facility along the North Sea – Baltic corridor like GREAT and other already fulfilled projects along the ScanMed corridor could be a good starting point. New Interreg projects could play an important role for dissemination of knowledge and experiences from West to East.

Ensuring adequate national networks of all alternative fuels without gaps or white spots is very important. It must be easy to drive cars and trucks across the BSR without hinders or disturbances.

We recommend the BSR's governments to agree on a building and invest plan. Dialogue should be initiated with EU to get CEF-money for BSR as a macro region to support such an initiative. This requires coordination and transparency with regard to ongoing initiatives and project developments. Also, here a proactive approach from BSR community within the BSR Clean Fuel Platform could be helpful.

9. Harmonised EV-roaming

Currently, the e-roaming charging markets are very fragmented and based upon different regions, different protocol adoptions as well as national and local regulatory frameworks. These are currently not providing a uniform way or ability to provide cross network as well cross-border charging possibilities. Therefore, to ensure harmonised EV-roaming, the following should be considered:

- Standardised payment methods (VAT-standards)
- Optimisation of the infrastructure to make it more seamless by cross-border collaboration. This could for instance be done by assuring a good EV roaming system across the Core Network Corridors as a beginning.
- Prioritise interoperability and open networks to facilitate the adoption of non-discriminatory and uniform communication protocols and related standards.
- In the absence of regulatory requirements at the EU level regarding use/support of specific protocols, mandatory rules could be part of the new updated TEN-T regulations or directive, and the BSR can pave the way for this EU-wide development.

We recommend the BSR governments to agree on a plan for harmonising roaming for EV charging and roaming within BSR to encourage and speed up the harmonising work which normally is carried out by the standardisation authorities. At the same time, the BSR countries should demand EU-wide directives. The

practical solutions should be in place before 2025. However, tests in roaming across national borders have already been done, and it has been shown that it is indeed already possible to provide national and cross-border e-roaming using the current protocols.²

10. Consistent taxes and harmonised taxation

The implementation of clean fuels in road transport is still going too slow and further instruments are needed to enable a market growth in clean fuel deployment. Here both sticks and carrots can be and should be used. Not only use subsidies - the customer must also be challenged.

Currently the most effective political actions to foster the use of clean fuels by private consumers have been purchase incentives for AF vehicles, either in form of direct subsidies or registration tax rebates. This of course, only works if the rebates cover the gap in price difference between an ICE and an AF vehicle. In all countries it is still cheaper to buy a “fossil” car than a corresponding AF vehicle. It must become cheaper and more attractive to buy and to use an AF vehicle than an ICE.

Legislation and regulations in the countries should be more harmonised. Not such rather big differences as today that generate unexpected and unwished effects. The Swedish bonus-malus model is a concrete example. Swedish consumers are buying new EV’s and sell them further as used cars to Norway to a higher price than new. The Swedish consumer get the bonus and the benefit from selling. Norwegian consumers buy the EV’s to a good price. Norwegian and Swedish consumers are winners, while the Swedish taxpayers and the Swedish government are losers.

For harmonisation to take place you need to have something to harmonise. All countries should at least have tax benefits or incentives for clean renewable fuels in place.

We recommend the BSR governments to initiate a common investigation on how to harmonise the legislation between the countries. A first step could be an expert group study with recommendations to the governments. This should include a united approach towards the new Energy Taxation Directive. The final aim should be consistent taxes within the entire EU to support creating of this new market but at the same time avoiding unwished effects.

² Roadmap for OCPI implementation at European level including recommendations for policymakers and market parties. evRoaming4EU - Realising cross-boarder charging in Europe, 2020.