

**Public consultation on the revised Climate, Energy and Environmental Aid Guidelines
(CEEAG)**

July 16th, 2021

The Spanish Bus and Coach Transport Confederation (CONFEBUS) acknowledges the revision of the State Aid Guidelines on climate, energy and environment and the extension of the scope to allow support in areas such as clean mobility. State aid rules will play a crucial role in achieving the objectives of the European Green Deal, and in particular: the efficient transition to climate neutrality by 2050 and the reduction of greenhouse gases by at least 55% by 2030.

More sustainable transport modes will be key to achieve these goals of decarbonization and climate neutrality. In this respect, it should be noted that buses and coaches are a crucial instrument to fight climate change, as they generate fewer greenhouse gas emissions than any other mode of transport: 3.7 times less than an airplane, 5.5 times less than a car and 13% less than a train. In terms of CO₂ emissions, buses and coaches generate fewer emissions per passenger-kilometer than any other land transport mode, except for rail. On the other hand, buses and coaches can replace between 14 and 30 cars on the roads, being an effective tool to reduce congestion, CO₂ emissions and the use of fossil fuels.

It is also important to note that the negative externalities associated with road transport are not related to buses and coaches. In fact, figures from the European Environment Agency show that almost all CO₂ emissions associated with road transport do not account for bus and coach transport.

In view of the above, new guidelines must facilitate investments in the most sustainable and efficient modes of transport, such as buses and coaches. The price of these vehicles, and in particular of electric and hydrogen powered vehicles, remains a major barrier to their acquisition and deployment, and even more so in a context of economic crisis in which bus and coach operators have been severely affected and the perspectives for an economic recovery are uncertain. This situation not only compromises the viability of these companies -mostly SMEs- but also the objectives of decarbonization of road transport considering the strategic role that this sector will play.

Furthermore, it is important that the evaluation of aid for fleet renewal with the aim of accelerating low-carbon and net-zero carbon alternatives accounts for CO₂ emissions correctly. In this regard, measuring tailpipe emissions will continue to distort incentives to reduce CO₂ in professional road transport. Instead, the more comprehensive well-to-wheel criterion needs to be used to assess and determine the compatibility of investments and incentives for road transport decarbonization with state aid rules. While hydrogen and electricity are often mistakenly regarded as zero-emission fuels, if all CO₂ emissions are taken into account, including emissions generated in the manufacture and distribution of

these alternative fuels, we could get a more realistic picture of the emissions and their environmental contribution.

On the other hand, the guidelines should take into account that, for heavy-duty vehicles providing long-distance services such as coaches, zero-emission technologies do not yet exist. Nevertheless, coaches are one of the most sustainable modes of transport and offer an excellent alternative to reduce the negative externalities of transport. Therefore, the Commission should take into account this environmental contribution of the coach and the lack of viable alternatives when assessing aid for fleet renewal.

Likewise, and regarding point 4.3.2.1 - aid for charging infrastructure for alternative propulsion vehicles, with a call to increase the charging and recharging network so that clean vehicles can be more widely used (provided that the conditions set out therein are met)- it should be emphasized that this is not a minor issue as the associated infrastructure is a major barrier, especially when it comes to the transition to vehicles powered by alternative fuels. It is not only a question of recharging infrastructure, but also of the necessary adaptation of the electricity grid to achieve the required power. Therefore, it is important that Guidelines address this problem by allowing possible aid schemes to address market deficiencies or barriers that currently limit the use of a greater number of clean vehicles in fleets, either because of the conditions of access to energy or because of the conditions of the infrastructures related to the transport network.

Finally, and in terms of the acquisition or leasing of clean vehicles (subsection 4.3.1 of Chapter 4.3 Aid for clean mobility), it is impossible to ignore the harmful effects of the pandemic on the mobility of people and, consequently, on the competitiveness of companies operating passenger transport services by bus and coach.

In this regard, the forthcoming implementation of the national recovery and resilience plans will coincide with the entry into force of the new Guidelines scheduled for January 2022 and, as the Commission has recalled in its assessment of the national plans, aid to companies from the Next Generation EU funds through the Recovery and Resilience Mechanism, will be considered state aid and the submission of the national plan cannot be equivalent to a formal notification, under the terms of Article 107 TFEU.

Future aid for the renewal of bus and coach fleets will therefore be State aid and will have to be notified to the European Commission for approval under the future Guidelines now open for public consultation. To ensure that, in the current context, the objectives of sustainability, free competition and business competitiveness go hand in hand, the limits proposed in paragraph 158 (page 51 of the Communication proposal) must be modified: aid for vehicles with low or zero emission technologies must be able to cover almost all (but not less than 80%) of the additional cost of acquiring the technology. The current limit of 40% of the cost overrun established in the Guidelines is impossible for many companies to make the additional investment to acquire new clean transport vehicles, compromising the absorption of the funds, the success of the post-COVID recovery and, ultimately, also the objectives of the European Green Deal.