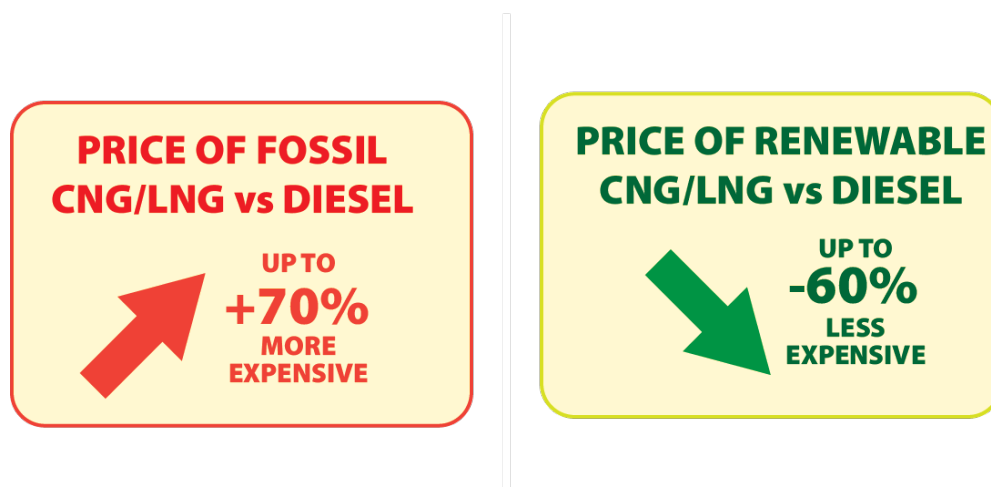


## Position Paper

### 5-point plan to support clean fuel trucks amidst fuel price crisis

Europe is faced with an inflationary supply chain crisis due to the commercial road transport sector being heavily impacted by the unprecedented threat to fuel prices and energy availability, on top of driver shortages, high demand and recovery from the Coronavirus pandemic. With escalating gas fuel prices, especially for LNG, economic dislocation in the transport sector is inevitable unless government support is provided.

Historically, natural gas has been 30%-40% cheaper than diesel. Today, however, natural gas is as much as 70% more expensive than diesel.<sup>1</sup> At the same time, biomethane, which accounts for about 20% of the truck gas fuel market, is as much as 60% cheaper than diesel. While the industry is accelerating the shift to green gas, the escalating fuel price differential has particularly devastating consequences for the economic viability of trucking companies relying on bioCNG and bioLNG today.



SOURCE: NGVA EUROPE

Some 3,200 transport companies in the European Union – comprising 31,000 trucks<sup>2</sup> – are fuelled by compressed natural gas (CNG) and liquefied natural gas (LNG). These trucks increasingly use CO<sub>2</sub>-neutral biomethane and represent the most practical and important alternative fuel of all vehicle registrations in the market, resulting in a total CO<sub>2</sub> reduction of 776,000 tons per year<sup>3</sup>. But the economic business model that motivated these companies to run their trucks exclusively on a cleaner, low carbon fuel alternative to diesel

<sup>1</sup> This is, for example, the case in Germany with approx. €5,-/kg of LNG, while CNG has a price as low as approx. €1,-/kg. This is possible because CNG in Germany is entirely biomethane based.

<sup>2</sup> European Alternative Fuels Observatory.

<sup>3</sup> Thinkstep, includes 20% biomethane.

has been decimated by the recent and dramatic increase in the price of natural gas. With over 326 million tons of goods moved annually by companies with bioCNG and bioLNG fleets<sup>4</sup>, the negative economic impact on European economies and citizens could be significant.

Trucking companies must not be discouraged from considering cleaner fuel alternatives to diesel, like bioLNG. The growth potential of biomethane production relies on a strong and sustainable gas vehicle market. Limiting its development is the antithesis of the EU's Green Deal and its ambition to accelerate decarbonisation of the transport sector.

Timm Kehler, President of NGVA Europe said: "Without immediate support, there will be a devastating domino effect on national economies and businesses alike, which also will have a lasting, negative impact on the environment. Transport companies relying on bioCNG and bioLNG need urgent clarity on fuel price deterioration, so they do not lose faith in the most reliable, low carbon technology currently available for heavy-duty trucking", he concluded.

NGVA Europe asks governments to stabilise CNG and LNG prices in Europe in order to support the transport sector and the communities that depend on them by considering the following actions:

- 1) Reduce energy taxes and excise duties to ensure CNG/LNG prices are stabilised and do not exceed the level of petrol and diesel;
- 2) Establish rescue funds to protect transport companies operating CNG/LNG vehicles from economic dislocation or possible bankruptcy;
- 3) Include bioCNG/LNG in incentive policies such as road user charges, zero-emissions zones, etc. to avoid unfair market distortions oriented toward zero-tailpipe-emission vehicles;
- 4) Prioritise renewable energy subsidies to stimulate biomethane fuel production in support of the Green Deal targets;
- 5) Use taxation and tax relief as a means to support the market uptake of low and zero-carbon fuels by not applying energy taxes and excise duties on the renewable component of the fuel.

These actions are intended specifically to keep road transport companies that rely on bioCNG and bioLNG in business and accelerate the use of biomethane in commercial road transport, which has the potential to replace fossil natural gas in European countries impacted by the current fuel price and availability crisis.

NGVA Europe stands ready, with its members, to work with governments, regional or local authorities and international organisations to implement these critical policies.

#### *About NGVA Europe*

*The Natural & bio Gas Vehicle Association (NGVA Europe) is the European association that promotes the use of natural and renewable gas as a transport fuel. Founded in 2008, its 114 members from 27+4 countries include companies and national associations from across the entire gas and vehicle manufacturing chain.*

*NGVA Europe is a platform for the industry involved in producing and distributing vehicles and natural gas, including component manufacturers, gas suppliers and gas distributors. It defends their interests to European decision-makers to create accurate standards, fair regulations and equal market conditions.*

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<sup>4</sup> Based on Eurostat.