EU POSITION PAPER

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ZERO-EMISSION FLEETS IN PUBLIC TRANSPORT

SUMMARY

The International Association of Public Transport (UITP) and its members are fully committed to climate protection and the objectives set out in the European Green Deal. New EU legislation such as the Clean Corporate Vehicles initiative should help to promote public transport services. Please find below UITP's comments on the new initiative :

1. Public transport operators are not conventional corporate fleet owners; they are part of the mobility ecosystem providing essential public services. If local and regional bus operators were included in the new legislation, this framework should explicitly recognise public transport as a distinct category and set rules according to the sector's specificities.
2. The transition to zero-emission vehicles is more complex for buses, inter-urban buses and coaches than it is for company cars and other light-duty fleets. These challenges and constraints must be recognised and reflected in the new legislation.
3. Any new legislative framework should avoid duplicating or contradicting existing legal requirements for buses, in particular the Clean Vehicles Directive (CVD). The new initiative should focus on fleet segments that are not yet regulated in EU legislation, while keeping the administrative burden to a minimum.
4. While the EU framework should encourage the use of zero-emission technologies, it must not lead to fewer services due to higher costs. Any new European legislation should be matched with sufficient, targeted EU-level funding and other incentives to support the transition.
5. The framework should be such that it supports the transition in all regions of Europe.
6. Public transport operators providing rail or bus services usually have a support fleet to ensure the smooth running of services. Any new European legislation setting targets for fleets must be mindful of the requirements for special-purpose and maintenance vehicles.

7. Any new EU legislation should be carefully drafted to avoid negative effects on competition and on the bus vehicle market in Europe.

THE PUBLIC TRANSPORT PERSPECTIVE

The International Association of Public Transport (UITP) and its members are fully committed to climate protection and the objectives set out in the European Green Deal. Amongst motorised transport, public transport has always been the most ecological and sustainable way of travelling – especially (but not only) with zero-emission technologies, including electric trams, metros, and buses. The sector, cities and regions are working towards expanding the public transport offer, as more public transport means better overall energy efficiency, improved economic opportunity for the region, more inclusive and affordable mobility for citizens, and an efficient use of scarce public (road & parking) space.

While ten years ago, in 2015, the adoption of electric buses in European cities was still minimal with approximately 170 electric buses in operation, according to UITP's calculations based on "Chartrou Alternative Drivelines for City buses 2022 / 2023", the number of electric buses in Europe has surged since, reaching the point that now, in 2025, approximately 35,000 electric buses should be in operation. In 2024, every third new urban bus registered in the EU was battery-electric, representing the highest share of new zero-emission vehicles in European fleets.

Currently, the European Commission aims at accelerating the proliferation of zero-emission road vehicles in Europe. Beyond supply-side regulation, such as the CO2 emission standards for manufacturers[1], and the AFIR regulation[2] for charging point suppliers, demand-side regulation exists currently only in the form of the Clean Vehicles Directive (CVD) which applies to certain types of publicly procured vehicles, including city buses. The new Clean Corporate Fleets initiative is meant to complement the demand-side stimulation leading to higher numbers of electric vehicles being bought by various types of (private) corporate fleet owners.

This paper contains specific concerns and recommendations of the public transport sector regarding the upcoming legislative initiative.

1. PUBLIC TRANSPORT: A SPECIFIC SECTOR PROVIDING SUSTAINABLE MOBILITY TO CITIZENS, BASED ON PUBLIC PROCUREMENT

Public transport operators (PTOs) are not conventional corporate fleet owners. They are part of the mobility ecosystem which provides daily mobility for millions of Europeans. As such,

[1] Regulation (EU) 2024/1610 of the European Parliament and of the Council amending Regulation (EU) 2019/1242 as regards strengthening the CO2 emission performance standards for new heavy-duty vehicles and integrating reporting obligations, amending Regulation (EU) 2018/858 and repealing Regulation (EU) 2018/956

[2] Regulation (EU) 2023/1804 of the European Parliament and of the Council of 13 September 2023 on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU

PTOs contribute not only to climate objectives, but also to accessibility and affordability of mobility, social cohesion, economic and cultural opportunity of citizens, and modal shift.

Public transport services are essential public services, often operated under public service contracts awarded through competitive tendering or direct award. The level of service, the financial compensation, and the emission targets or the technology used for bus services is determined by the public transport authority (PTA). Nowadays, many cities strive to reach their own climate neutrality targets or simply wish to procure zero-emission bus services. However, the financial situation does not always allow for the technological change to happen as fast as desired. Operators make an offer and provide the services as requested by the authority. They own or lease their fleet and will adapt it to the new tenders to the extent possible.

Any new EU legislation must be mindful of the specificities of the public transport sector, including the fact that the impetus for technological change comes via public procurement of the transport authorities. If local and regional bus operators were included in the new legislative framework on clean corporate vehicles, this framework should explicitly recognise public transport as a distinct category and adapt the rules according to the sector's specificities. In particular, the new legislative text should not impose direct obligations on bus operators independently of the contracting authorities.

2. THE SPECIFIC CONTEXT OF HEAVY-DUTY FLEETS

The transition to zero-emission vehicles is more complex for buses, inter-urban buses and coaches than it is for company cars and other corporate fleets. There is not as much public infrastructure available for heavy-duty vehicles, and the upfront infrastructure investments are much higher than for cars and vans. Transforming a bus depot is only possible if a sufficiently performant connection to the grid is available and there are no building restrictions in place. Operators will need to set up charging stations on their depots, while in many cases these need to be complemented with on-road charging stations at specific, carefully selected locations. The maintenance and repair workshops need to be modified as well, and the workforce upskilled. Experience shows that it may take about five years from planning to finalisation of infrastructure works. Hence, it is *now* that the electric bus infrastructure must be set up in order for bus operators to procure 90% zero-emission buses as of 2030. The focus of European efforts to decarbonise the bus fleets must clearly be on the acceleration of infrastructure projects. Without the infrastructure being in place, no electric bus can be used in operations.

It is difficult for bus companies – especially those operating under an 8-year contract – to invest in new technologies on their own. Zero-emission vehicles remain more expensive, and the upfront investment for infrastructural changes are enormous. In many cases, the contract duration is not long enough for bus operators to get a return on the investments for vehicles and infrastructure. The sector needs solutions for the question what happens with the infrastructure in the event of a change of operator. One way forward could be that the PTA provides the infrastructure for the bus operator to use during the duration of its concession. In practice, this remains a rare case so far. Alternatively, contractual clauses would be needed to clarify under which terms operator B may continue to use the infrastructure set up by

operator A, once the concession passes from A to B. In the absence of any rules, the investments must be paid back during the time of the concession (8-10 years), which makes the provision of public transport services more expensive. Longer contracting periods would also bring relief.

There are still challenges related to the reliability, range, and availability of zero-emission buses, inter-urban buses and coaches in Europe. In some of the colder regions, operating such vehicles in the winter months is especially challenging.

Coach services have the additional problem that they cannot build their own infrastructure but rely on publicly available HDV infrastructure along highways and in cities. As they offer passenger services, they can only use fast charging stations that are combined with attractive rest facilities (restaurants, bathrooms, safe spaces for moving/walking), hence limiting their choice of charging stations, while the increase in travel time makes travelling by coach less attractive to passengers. This is very relevant as long-distance bus/coach connections are usually market driven and not publicly procured; hence they compete with rail and air travel. Alternative fuels still play a role in this segment where electrification cannot be achieved in the short term.

Any new EU regulation must account for the structural differences occurring in the heavy-duty vehicle segment, in particular for operators of buses, inter-urban buses and coaches used for passenger transport.

3. LEGAL STABILITY AND LESS ADMINISTRATIVE BURDEN

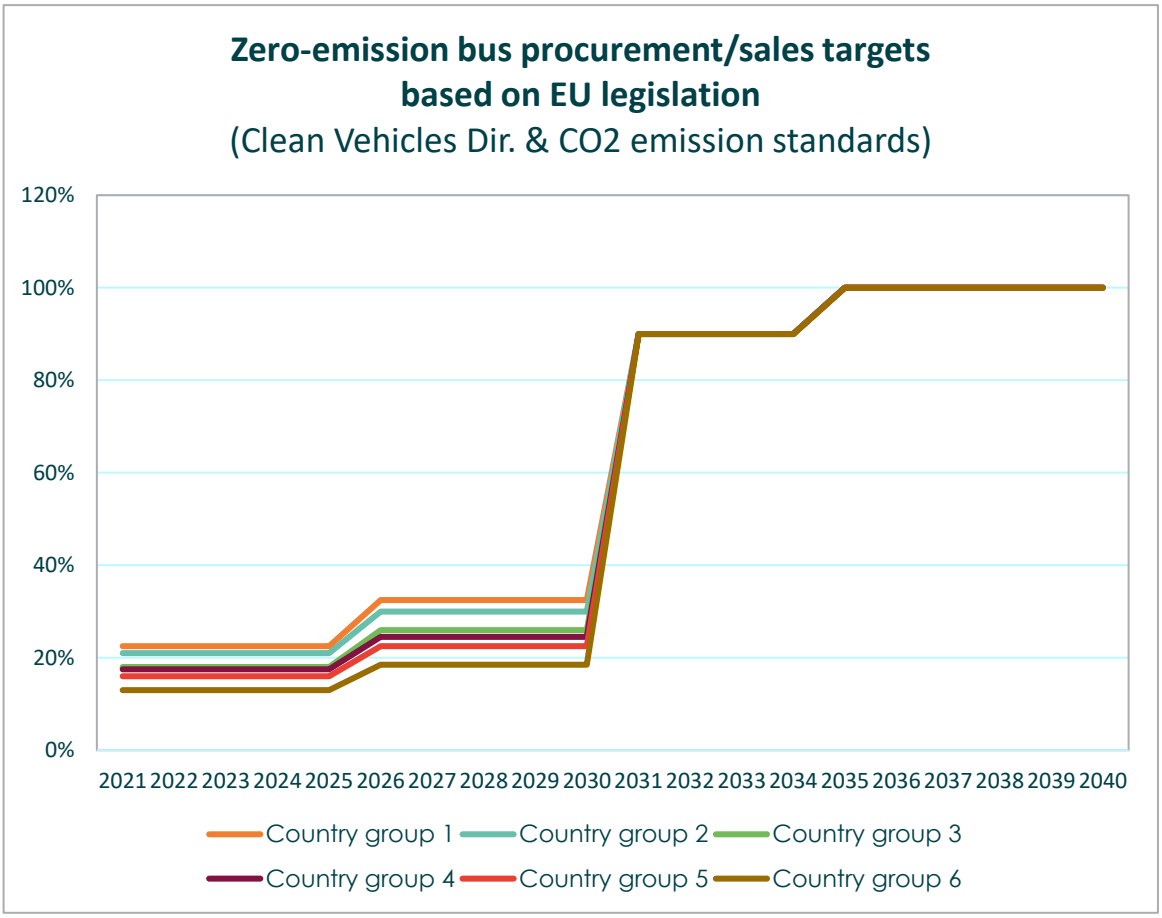
Currently, the European public transport authorities (PTAs) and operators (PTOs) are focusing on implementing the Clean Vehicles Directive[3] (CVD) requirements. The first reporting period is not over yet, hence the implementation could not be evaluated, and this data is lacking for any new regulation at this point. The CVD already sets mandatory public procurement targets for clean and zero-emission city buses and light duty vehicles. Public transport companies have already planned out their future vehicle procurement processes according to the quota in the Clean Vehicles Directive and established a financing plan for this. They need legal certainty and stability from now until 2030. In some European regions, implementation is very challenging for all the reasons mentioned in point 2 of this paper, and they cannot work with new EU regulation on top of the CVD targets. As the directive contains national quota, complex reporting mechanisms had to be set up in each Member State in order to share the burden of compliance in a fair manner across the country and monitor whether the targets are being reached.

Looking at 2030 and beyond, the public transport sector is aware of the fact that 90 percent of buses sold in the European market will have to be zero-emission buses, and as of 2035, no more combustion engine buses will be available in the European Union, as determined in the

[3] Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean road transport vehicles in support of low-emission mobility, amended by Directive (EU) 2019/1161 of the European Parliament and of the Council of 20 June 2019.

EU's CO2 emission standards for heavy duty vehicles[4]. This leads to a *de-facto* procurement target of 90% as of 2030 and 100% as of 2035. It is hence questionable whether any new EU legislation is really needed at this point in time – even more so as the EU is working to reduce the administrative burden for businesses.

UITP also challenges the inclusion of urban buses in the current legislation, as these were originally excluded from the impact assessment (and from the first detailed consultation survey), hence the impact of the legislation on buses has not been properly studied.



Country group 1 = Luxemburg, Sweden, Denmark, Germany, Netherlands, Austria, Belgium, Italy, Ireland, Spain, Cyprus, Malta

Country group 2 = France, Lithuania, Czechia, Finland (+/- 1%)

Country group 3 = Hungary, Portugal (+/- 1%)

Country group 4 = Latvia, Slovakia, Bulgaria (+/- 1%)

Country group 5 = Greece, Poland, Estonia (+/- 2%)

Country group 6 = Croatia, Slovenia, Romania (+/- 3%)

In any case, the Commission's corporate fleet initiative must provide clarity on the definition of "corporate fleets", which is a very vast term potentially including shared mobility (taxis, ride-hailing, car sharing), company cars, logistics vans, car and van rental, vehicles registered

[4] Regulation (EU) 2024/1610 of the European Parliament and of the Council amending Regulation (EU) 2019/1242 as regards strengthening the CO2 emission performance standards for new heavy-duty vehicles and integrating reporting obligations, amending Regulation (EU) 2018/858 and repealing Regulation (EU) 2018/956

by manufacturers themselves, potentially buses, inter-urban buses and coaches, and trucks. The European Commission and co-legislators should evaluate properly whether it is necessary to modify the framework for city bus procurement now, as the trajectory already points very clearly towards zero-emission buses in the public transport sector. In case it is found that a revision of the CVD targets is needed, this should be done in a way that minimises the administrative burden for national authorities, local authorities, and bus operators.

UITP says that no new regulation of urban buses is needed. The new legislative framework should certainly not change, duplicate or contradict existing legal requirements for buses, but ensure legal stability for the sector. The new initiative should focus on fleet segments that are not yet regulated in EU legislation, while keeping the administrative burden to a minimum.

4. FUNDING THE TRANSITION

The financial situation of public transport across Europe is dire. UITP has highlighted this at multiple occasions. While there are constantly new requirements for public transport authorities and operators (modernisation, digitalisation, fleet renewal, etc.), energy costs and labour costs are rising as well. On the other hand, ridership has changed after the COVID pandemic, and there is often a pressure on fares. In total, the sector risks getting out of (economic) balance, which translates – in some places – into a reduction of services. This has a negative effect for citizens, which rely on public transport and/or are supporting the local authorities' policy by using public means of transportation rather than their private cars.

For bus operators and transport authorities, not only are the electric buses much more expensive than conventional buses, but the substantial upfront investments into the charging infrastructure, depot retrofitting and workforce upskilling are a true barrier. As the NextGenerationEU fund expires, many operators and authority are at a loss how to fund the transition now and beyond 2030. Without dedicated EU and national financing for these purposes, any European obligation to purchase or lease zero-emission vehicles will be an empty shell or have adverse effects on the ground – leading to the old buses being used longer, slowing down the bus renewal process, or even leading to service reductions at local level.

UITP supports two key suggestions formulated in the Commission's Communication *Decarbonise Corporate Fleets*: "Making zero-emission vehicles more attractive through fiscal policy" and "Possibilities at local level with urban mobility services' fleet." The EU should ensure that all fleets can benefit from tax or other financial incentives. In addition, it is equally important to maintain and expand the AFIF (Alternative Fuels Infrastructure Facility) as part of the Connecting Europe Facility (CEF) in the next Multi-Annual Financial Framework, and to ensure that all Member States include zero-emission bus infrastructure as funding priority under the programmes they will administer in the future (such as the current NextGeneration EU, InvestEU and ERDF programmes). The new EU Competitiveness Fund as well as the Sustainable Transport Investment Plan (STIP) might be able to support bus infrastructure development, as this investment benefits local and regional economic development as well as decarbonisation.

Any new European legislation that establishes higher requirements for bus operators and public transport authorities must be matched with sufficient, targeted EU-level funding to support the transition, and be accompanied by enabling conditions, such as a favourable fiscal policy framework.

5. SUPPORTING ALL REGIONS IN THE TRANSITION

During the implementation of the Clean Vehicles Directive, it became obvious that there are strong differences between various regions as well as small and large cities in Europe. While some cities and regions are well on track to fulfil the CVD quota for city buses and other vehicles, many (especially the smaller municipalities and certain (rural) regions) are struggling with setting up the required infrastructure and procuring the vehicles at a price that they can afford. The progress also depends on the availability of (national) funding opportunities.

For operators participating in tenders across the EU Member States, it is important to find relatively comparable operating conditions everywhere; hence, the rules of the CVD should be applied properly, and the EU investments into infrastructure should not be focused on larger cities or the largest operators but benefit all regions of the European Union equally.

It is important that the European Union supports all regions in the transition towards electrified public transport. The new regulation should not aggravate a situation that enables the wealthier or more populated regions to comply with the law but leaves other regions behind.

6. OTHER FLEETS WITHIN THE PUBLIC TRANSPORT SECTOR

Public transport operators providing rail or bus services usually have a support fleet to ensure the smooth running of services. This includes light-duty vehicles for maintenance, repairs, security, and urgent support; vehicles for staff; and certain heavy-duty vehicles e.g. for construction, maintenance and repair. These vehicles are not in the spotlight of public transport operators but are nevertheless important for the provision of public services to citizens. Transforming this fleet means finding solutions to several challenges:

- electric vehicles (if available) cost about 2.5 times as much as the conventional version;
- in some cases there are no electric vehicles available that could be equipped with the machinery required to fulfil the vehicle's task;
- some use cases in special conditions require conventional vehicles and cannot be carried out with electric vehicles (e.g. works along rail tracks on access roads without charging infrastructure; long service hours during winter, when the vehicle also serves as shelter for warming up the staff during waiting hours; etc.).

Any new European legislation setting targets for fleets must be mindful of the requirements for special-purpose and maintenance vehicles. While some of the "standard" vehicles can be replaced by zero-emission vehicles over time, certain special-purpose vehicles cannot be replaced currently and must remain exempted from any new EU legislation.

7. IMPACTS ON THE MARKET

While the transition to zero-emission mobility is relevant for climate policy, it does also have an inevitable impact on the transport market. Higher requirements on the fleet may lead to market concentration, as smaller companies are not able to invest in new technologies and hence cannot participate in public tenders anymore, while bigger companies increase their market share. For upcoming contracts, most public transport authorities are probably requesting services to be carried out with zero-emission buses; however, there can be circumstances that will still require traditional combustion engines, e.g. if there is a specific topology or use case, if there is no sufficient access to the electric grid at the bus depot, if fire protection rules do not allow electric buses to be in the depot, or if authorities require some combustion-engine vehicles for crisis intervention purposes, etc.

The transition to electric buses is easiest if foreseen in the tender and the contract negotiations from the start. If this transition has not been anticipated, the contract must be amended later throughout the service term, which is more difficult and subject to negotiation.

Sub-contracting occurs to various degrees across the EU Member States. It is usually organised without involvement of the city, simply based on commercial contracts between the main operator and (one or several) sub-contractors. Sub-contracts vary in terms of duration: they can last between less than one year and five years or sometimes last up to 8-10 years. It must be studied locally how small, local bus companies acting as sub-contractors can be involved in the transition, mostly by getting access to convenient charging infrastructure and/or funding for adapting their depots, and by benefitting from public subsidies for purchasing zero-emission vehicles.

Finally, ambitious purchase targets for fleet owners would affect the supply side. Some public transport operators and authorities report it being difficult to find appropriate vehicles in the European market. Hence, an important share of the electric city buses that are currently being procured on our continent come from outside of Europe. If the European manufacturing industry is not ready to meet the increased demand, the regulation might eventually benefit other suppliers from outside of Europe rather than the local industry.

Any new EU legislation should be carefully drafted to avoid negative effects on competition and on the bus and coach industry.

CONCLUSION

UITP supports the EU's ambition to accelerate the decarbonisation of corporate fleets. As often, the success of this legislation will depend on how carefully it is drafted and how the reality of public transport (and other transport) services is reflected in the legislation. In the opinion of the European public transport sector, the initiative must:

- respect the specificities of the public transport sector and – if included at all – define public transport as a distinct sector;
- be mindful of the realities of operating heavy-duty vehicles, which is more complex and costly than dealing with light-duty vehicles;
- ensure legal stability; complement existing legislation in an appropriate manner, avoiding duplication or contradictions; provide legal clarity through clear definitions;
- set ambitious but achievable targets for various types of vehicles;
- clarify how and by whom the additional investments into vehicles and infrastructure will be funded, including for bus operators who cannot rely on publicly available infrastructure;
- not leave any regions and cities behind;
- be mindful of the impact of this legislation on the transport market and on the manufacturing industry.

Public transport operators and authorities are already committed to the zero-emission transition. What is needed now is regulatory coherence and dedicated financial support to ensure the transition is both fair and feasible across all regions of Europe.

For further information, please contact us at europe@uitp.org.

Contact persons:

Annika Degen
Gaetana Manganiello