

Low Carbon Vehicle Partnership

Bus Working Group Meeting
Tuesday, 7 March 2006, 10.30 to 13.00
Confederation of Passenger Transport
Imperial House, 15 - 19 Kingsway, London, WC2B 6UN

BWG-M-06-03

MINUTES OF THE MEETING

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1. Welcome & apologies – Acting Chair

The Director, as Acting Chair, welcomed WG members to the meeting and apologies were noted.

2. Minutes and matters arising – Acting Chair BWG-M-05-12

The minutes of the previous meeting were adopted without amendment.

3. Bus Working Group Chairperson – Director BWG-P-06-01

The Director reiterated the need for the Group to appoint a Chairperson and presented a paper (BWG-M-06-01) outlining the responsibilities of the role. Rayner Mayer offered to take up the role and was adopted as Chair.

Rayner chaired the remainder of the meeting.

4. LowCVP update – Director BWG-P-06-02

- LowCVP is providing input to the RTFO feasibility study and development of sustainability assurance including promoting the issues at a European level with a view to securing international acceptance.
- Development of a car buyers' attitude survey to be undertaken in March, 6 months after the introduction of the new car fuel economy label.
- Secretariat is co-ordinating with the RMIF to conduct a car dealership survey and undertake a third survey of the roll-out of the new car economy label. To be completed by end of March.
- Planning is under way for the LowCVP annual conference which will now be held on the 15 June 2006. The conference will focus on progress during the first year of the label, the results of the low carbon challenge and providing input to the review of the Powering Future Vehicles strategy.
- Membership continues to grow and the new member organisations which have joined since the last meeting were listed.

5. Developing a market for low carbon buses

Nigel Standley of Eneco gave a presentation on the issues relating to developing a market for low carbon buses in the UK against the current fiscal arrangements. He highlighted the

impact that failure to support the introduction of low carbon buses through the Low Carbon Bus programme had had on the market.

There followed a discussion of the issues including how:

- Hybrid bus fuel economy in practice differs from test cycles significantly and is dependent on the route, type of operation and driver style.

ACTION: Dennis Priddy to circulate via the Secretariat a paper on hybrid tests in the USA.

- Environmental benefits of bus operation are currently not valued in the bus market. There is a need for greater proactive role outside London.

- The potential impact of the Energy Service and Procurement Directive on bus operators, which requires that 25% of public sector heavy duty vehicle procurement should be EEV, was discussed. The implications were not clear.

ACTION: Secretariat to arrange for a speaker to present to the Group on the impact for bus operators.

It was noted that low carbon buses need to demonstrate reliability in excess of 95% to be widely adopted.

ACTION: Secretariat to circulate the presentation to the group (BWG-P-06-03).

6. Route Map – UK 2012 low carbon bus target project

6.1 Work plan update and progress report

The Deputy Director presented the revised terms of reference and work plan of the Road Map sub-group for comment and approval by the Group in paper BWG-P-06-04. The document was approved by the group.

It was confirmed that the DfT may not undertake a formal consultation on the revision to the PFV targets. However, the LowCVP was invited by DfT to examine how likely is that the target would be achieved. The output of the Road Map would form part of the LowCVP's response

ACTION: Nigel Standley to write up a brief case study of the experience in the US for the Road Map.

It was agreed that the Road Map needed to answer two questions:

1. With the current policies in place what will we achieve by 2012?
2. What policy changes do we need to achieve 600 low carbon buses by 2012?

It was also noted that the Energy Review only had one question relating to transport. It had been concluded there were more effective ways for the LowCVP to influence policy than to respond to the Energy Review. However this should not preclude partners from submitting their individual comments if they so wished.

6.2 Bus operators' survey

Colin Copelin reported on progress in collecting survey information from CPT members. The CPT has issued two surveys to their members as input to the base line and future assumptions of the low carbon bus market.

1. Benchmark whole life costs
2. Fuel consumption

The results of the first survey are available and the second survey should be completed soon.

ACTION: Secretariat to circulate results to Group.

6.3 Technology Pathways

David Lemon gave a short presentation highlighting the technologies which the Road Map sub-group were considering as part of the Road Map.

There was a discussion regarding the timescales to recoup additional capital expenditure from lower operating costs. TfL and some PTE's operate franchise contracts of 5 years. Outside London a 10 year period might be appropriate as bus routes aren't operated on a contract basis. However operating leases are normally 5 years. On a purely commercial basis buses would need to provide a payback in 5 years or less. It was concluded that the Road Map should consider repayment over bus life and over 5 years.

Given that a commercial payback is not achievable the focus should be providing a means of covering part of the capital expenditure through alternative means, whether that be via a grant, subsidy or recognition of value of reduced environmental impact from the vehicles.

There was a discussion regarding economies of scale in bus production. The UK is not seen as able to produce sufficient volume in isolation of other bus or commercial vehicle markets. In addition not all technologies or component systems will benefit from economies of scale.

With regards to bio-diesel, it was noted that there was a fuel system constraint and that the cost of feedstock was an issue in terms of economic viability.

Bio-ethanol was also mentioned, which can be used in diesel engines. However, fiscal incentives are not sufficient currently.

It was noted that diesel engines are developed to meet transient test cycles but a series hybrid engine would operate in a steady state. This might result in a trade off in terms of fuel consumption and emissions.

ACTION: Secretariat to circulate the presentation BWG-P-06-05.

ACTION: David Lemon requested comments on paper.

6.4 Cost data assumptions

Angela Johnson of Ricardo is working with Element Energy on modelling the market transformation of the bus market, under contract to EST. The EST has agreed to co-operate with the LowCVP in developing this model and for it to be used as part of the Bus Road Map.

A short presentation was given by AJ outlining the benchmark for the generic bus to be used in the modelling (agreed at the last Road Map sub-group meeting), and forward assumptions on the attributes of the bus based upon the Technology Pathways paper.

It was agreed that depreciation should be straight line. See comments above regarding timescale. It was noted that fuel consumption for buses has been increasing but SCR may affect fuel consumption.

There was discussion regarding the use of a generic bus. It was recommended that results for midi bus market should be considered carefully before reading across to rest of bus market. Alternative approaches would be to develop attributes for other bus markets, or develop models for each bus market.

It was noted that there would be a Peer Review meeting of the bus market transformation model on the 19 April.

ACTION: Secretariat to circulate presentation BWG-P-06-06 and details of the Peer Review meeting.

ACTION: Angela Johnson to follow up one-to-one with bus manufacturers.

ACTION: JM to produce an interim report on the model before next Road Map sub-group meeting based upon BAU forecast of model.

6.5 Alternative PFV target

A paper by David Martin (BWG-P-06-07) was circulated for comment on what alternative forms of low carbon bus target might be considered.

ACTION: Comments to David Martin.

There was a discussion regarding timescales for producing the Road Map, and it was agreed that the priority should be on producing the BAU recommendations by June and then during the summer taking forward work on an alternative target.

ACTION: JM to incorporate into road map work plan.

7. Low Carbon Bus Programme Update

Mark Shuck, DfT, stated he couldn't provide any further information on progress of state aid approval but hoped that more information would be available before the next Bus Working Group meeting.

It was noted that the lack of certainty was causing problems in low carbon bus market and would mean making recommendations in the Road Map work would be more difficult.

8. AOB

The date of the next Road Map sub-group to be confirmed, once timescales for BAU forecast are received from EST and Element Energy.

ACTION: Secretariat to circulate date for next Road Map meeting.

**Next Bus WG meeting:
Thursday, 8 June, 10.30 to 13.00
Coventry Transport Museum
Millennium Place, Hales Street, Coventry CV1 1PN**