

# **Update on EU legislation on Public Procurement of Clean Energy Efficient Vehicles**

## **New EU rules aim to reduce emissions from the NHS vehicle fleet**

Euro MPs and Ministers have agreed new EU rules which aim to drive the market for clean energy efficient vehicles. This law will require the NHS to consider criteria for environmental performance when purchasing vehicles, such as lifetime environmental and energy impacts so that not only initial purchase price is considered. NHS organisations will however remain free to buy the vehicles of their choice.

The NHS European Office has contributed to the shaping of these rules making the case for reduced administrative burdens and the need for financial incentives for green public procurement and better servicing and refuelling infrastructure for new vehicle technologies.

## **Key NHS concerns have been taken on board**

The main NHS concerns which emerged from the consultation undertaken by the NHS European Office on this issue related to:

- the feasibility of introducing EU targets for the purchasing of “green” vehicles, notably for ambulances and NHS car leasing
- Concern about the possibility of new and excessive administrative burden as proposed by the European Parliament
- The need for more financial incentives and information on green procurement of vehicles, as well as
- The need for more consideration to be given to the necessary infrastructure for servicing and refuelling of green vehicles.

All key NHS issues have been acknowledged in the agreement reached by MEPs and Ministers.

## **Key points of the agreement**

- The new rules will apply to vehicles purchased by contracting authorities and contracting entities whether public or private as defined by EU public procurement rules. It will also apply to operators of public transport services under Public Service Obligations.
- The NHS will be required to consider the environmental costs of all of the vehicles that it purchases. This means taking account of the whole life cycle costs of a vehicle rather than just the initial purchasing price. In particular, environmental costs related to energy impact, CO<sub>2</sub>, and certain atmospheric emissions will need to be considered.

- The consideration of environmental costs must be done either by setting the technical specifications for energy and environmental performance in the documentation for purchase or by including environmental impacts in the purchasing decision. If public authorities choose to consider these impacts as part of the award criteria an EU methodology has been agreed for monetising these impacts.
- Administrative burdens have been reduced to a minimum. Notably, with regard to the disclosure of green procurement information via the internet it has been agreed that this is a policy which should be “encouraged” rather than required. The EU legislation does not specify any minimum frequency for annual reporting requirements.
- The need for state aid, EU funding and the development of refuelling and servicing infrastructure is acknowledged in the text.
- The legislation does not specify any EU targets or specific success criteria for public procurement of green vehicles. However, the European Commission will undertake an assessment of the effectiveness of the law every two years after it comes into force and make new legislative proposals as necessary.
- The agreement between Euro MPs and Ministers is expected to be finalised over the next few months. National Governments will then have 18 months to implement the new law which is expected to be in place by the end of 2010.

### **Implications for the NHS**

- The NHS will incur some new administrative burden in terms of understanding and adapting its procurement procedures to the new rules. However, administrative burden has been kept to a minimum and the NHS will remain free to purchase the vehicles of its choice.
- In principle leased vehicles will not be subject to the new law because within the meaning of the EU public procurement rules the NHS is not itself purchasing the vehicle. Moreover, a leasing company providing vehicles to the NHS cannot be considered as a contracting entity in which the NHS has a dominant influence and which undertakes transport activities linked to rail, automated systems, tramway, trolley, bus and cable.
- There is a clear commitment within the NHS to reduce emissions from its vehicle fleet and the new rules which make it mandatory to at least consider environmental impacts may prove helpful in achieving this goal.