KM-pricing in the Netherlands

Paris, 1 June 2006
Content

• Background
  – History
  – Political process
  – Project-organization “Anders Betalen voor Mobiliteit”

• Market consultation
  – Phase 1
  – Requirements specification
  – Phase 2
Anders Betalen voor Mobiliteit

BACKGROUND
Earlier attempts to introduce road-pricing:
• “Rekening rijden I”, km-charge, 1988-1990
• “Spitsvignet”, rush-hour charge, 1990-1993
• “Rekening rijden II”, tolling cordons around 4 major cities, 1994-2001
• “Kilometerheffing”, km-charge, 2001-2004
Background (2)

Advice of the National Platform in 2005:

- Km-price based on distance travelled, time, location and environmental aspects
  - Other road-pricing options were considered “not acceptable”, e.g. only highways, cordons around major cities
- High requirements, e.g:
  - System availability > 99%
  - Privacy
  - Alternative system for occasional road users
  - Current prices
- Choice of technology: “proven technology”
- Supported by interest groups and parliament
- Consequences: implementation costs € 2.2 - € 4.1 billion operational costs € 500 - € 1100 million
Parliamentary hearing:
Private sector: “It can be done cheaper”
- Cost development: technology becomes cheaper
- Requirements revisited, e.g:
  - No separate system for occasional users
  - Less back-ups to improve availability and enforcement
- Use innovations: “It can be done in a different way!”

Dutch policy document on Mobility (Nota Mobiliteit)
- “…implementation costs should be significantly less than estimated by the Platform and enforcement and operational costs should be considered in relation to the revenues: as low as possible with a maximum of 5%”
Background (4)

- The km-price will replace current vehicle-taxes
  - Expected total system revenue ranges from €3,000M to €7,000M per year (total income from BPM (registration) and MRB (ownership))
  - Operational costs of current tax-system: 2%
  - Estimates of operational costs new system between 500 million and 1100 million euros

- Several policy choices still to be made, e.g.
  - Occasional users, differences personal cars – trucks, private versus public tasks
Planning Km-price

Km-price

<table>
<thead>
<tr>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2012</th>
</tr>
</thead>
</table>

- **NOTAMOBILITEIT** 3
- **Research agenda**
- **Cost Monitor**
- **Requirement Specifications**
- **Price per kilometre, draft bill**
- **Implementation Including tax issues**
- **Realisation of public component**
- **Realisation of private component**
- **Social implementation en communication**

= go/no go
If implementation in 2012, then now..

- **Reduction of costs**
  - Minister will provide the “cost monitor” report in September 2006
  - Including contribution of the private sector

- **Policy choices e.g.**
  - Organisation: what is to be done by the public sector and what by the private sector?
  - What are the responsibilities of the road user?
  - Requirements, guarantees, etc.

**September 2006: cost monitor required for next step in the policy making process**
MARKET CONSULTATION
Current process: market consultation

With help of the private sector, market-consultations
- Re-verification cost estimates 2005
- Using a reference architecture and draft requirements specification
- Other solutions and cost estimates of Km-price based upon distance travelled, time, location and environmental aspects

Other
- Research: Latest information on market developments for road-pricing systems
- Public-sector information
- International aspects
Process market consultation

Phase 1

- Registration: 60 parties
- Plenary Information meeting on Market consultation, 18 April 2006
- 42 interviews
- Ended 15 May 2006
- Evaluation & preparation Phase 2 (today)

Phase 2

- More in-depth information on selected issues
Fields of expertise registered parties

![Bar chart showing the distribution of fields of expertise among registered parties. The chart lists various sectors such as Vehicle registration, Vehicle identification, Positioning systems, Internet services, Mobile telecommunications, OBU, Electronic Payment systems, Billing services/Clearing house, Enforcement, Road management, and System maintenance. The bars indicate the number of companies in each field, with some fields having significantly higher numbers than others.]
During phase 1

Parties were invited

• to indicate their relevant knowledge and experience for (parts of) the overall system,

• to provide comments on the requirement specifications,

• to present their vision on cost driving factors and specify these,

• to discuss functionality and scope of the system and associated costs
Using draft Requirements specification (1)

- Objectives:
  - stipulate generic functional requirements for the Netherlands road pricing system
  - discussion paper for market consultation
  - preliminary version: feasible alternatives, presented by organisations during the market consultation, may be incorporated in next versions of the document
Using draft Requirements specification (2)

starting point: reference architecture
- a satellite-technology based system and a separate system for occasional users
- including: measuring & recording road usage, billing & payment, registration & installation, customer care, enforcement
Requirement #3

Requirement 3:
• Road user charging shall be differentiated on the basis of location of the vehicle

Rationale:
• Requires accurate positioning of vehicle on all different roads in the Netherlands
• Combined charge of distance travelled and location shall have an accuracy of at least 99%
Requirement #3, questions

Organisations are:

- **requested** to present their views upon the relationship between an accurate measurement of the location of the vehicle and the associated costs.

- **encouraged** to present alternative methods for charging based on location differentiation, e.g. with different levels of accuracy, and to specify the (financial) benefits of the alternatives.
Requirement #4

Requirement 4:
- Road user charging shall be differentiated on the basis of **vehicle characteristics**

Rationale:
- At least environmental characteristics
- New vehicle characteristics may be added for further differentiation
Requirement #4, questions

Organisations are:

- **requested** to present their views upon the relationship between charging based on a classification of environmental vehicle characteristics and the associated costs.

- **encouraged** to present alternative methods based on a classification of environmental vehicle characteristics and to specify the (financial) benefits of the alternatives.
Requirement #9

Requirement 9:
• The road pricing system shall include possibilities/facilities to charge occasional road users.

Rationale:
• Additional facilities for ‘non-equipped’ users are needed
Organisations are:

- **requested** to present their views upon their solutions for charging occasional users and the associated costs.

- **encouraged** to present alternative implementation scenarios for charging occasional users to specify the (financial) benefits of the alternative.
Results phase 1

- At this moment: evaluating phase 1 and preparing phase 2
- Lots of useful information in a short time
- Cost estimates: possible cutbacks, especially implementation costs
- Operational costs 5%: cutbacks possible, but 5% is ambitious
- Reference architecture is supported in general, but discussion on parts of total architecture.

Interesting issues:
- OBU, cost developments
- Thick client versus thin client
- Occasional users
- Enforcement
- Implementation: No Big Bang!
- Keep it simple: charge, accuracy
Phase 2

Phase 2
• Updated draft requirement specifications
• Selection of a number of companies, 8th of June
• Possibly interactive meetings
• Writing deliverables by the companies (8th of June-beginning of July) for remuneration
• Analysis & integration
• Finalizing report cost monitor

At the same time:
• Work in progress: Preparing for policy choices with interest groups, governmental organizations
• The report “cost monitor” will be published in the autumn of 2006.
• It will include a report of phase 1 and the contributions of parties participating in phase 2.

For further information on the current process

www.vananaarbeter.nl/abvm
+31 70 351 6507