



REPORT ON THE INFORMATIVE TALKS ABOUT EETS

Dates: 16 November 2020 - 09 December 2020

Location: Online meeting

Note: These informative talks started before the resignation of the Rutte III government on 15 January 2021. The consequences of the current caretaker status of this government on the schedule for the implementation of the Heavy Goods Vehicle Charge Programme are being investigated and will be communicated to the market as soon as possible.

Agenda and topics discussed

During the period from 16 November 2020 to 9 December 2020 inclusive, informative talks were held with various market parties which are active in the field of toll charging, particularly in the EETS market. The agenda below served as a guide for the talks with all participants. In connection with these talks the present general report was drawn up in relation to EETS.

No rights may be derived from the present report, the discussions that took place or the presentation used. You can view the presentation used during the talks below this report.

During the same period, informative talks were also held with other market parties in relation to the 'Observation' work package and the 'Main Service Provider' (MSP) work package. Reports have been drawn up on these talks as well, which can also be found on the Heavy Goods Vehicle Charge website: www.vrachtwagenheffing.nl.

The following topics are discussed during these talks:

1. Timeline and process for the Dutch Heavy Goods Vehicle Charge System
2. Toll calculation basis
3. Specifications relating to the EETS domain statement
4. Main Service Provider (MSP) work package
5. Accreditation
6. Temporary Levying of Toll (BBV + ViA15 & EETS)
7. Developments on the conversation partner's side and additional questions and answers

Representatives of the Heavy Goods Vehicle Charge Programme, referred to below as 'I&W' (acronym for the Dutch Ministry of 'Infrastructure & Water Management'), started the talks by referring to the informative sessions held previously during the market information meeting in October 2019. Subsequently, those present were introduced to one another. The parties involved in the talks are referred to below as conversation partners.

The talks lasted for up to 90 minutes and the purpose was the same for all participants: to bring everyone up to speed on the current status of the implementation of the Heavy Goods Vehicle Charge in the Netherlands and to discuss any technological developments taking place.

Timeline and process for the Dutch Heavy Goods Vehicle Charge System

I&W presented the expected schedule for the implementation of the Heavy Goods Vehicle Charge in the Netherlands, as amended since October 2019. They emphasised that it merely concerned a preliminary schedule.

Toll calculation basis

I&W indicated that the choice has been made to calculate the toll charge based on road sections, an approach also used in Germany. These road sections have yet to be specified.

Map matching and calculation of the charge will be taken care of by the EETS providers in a decentralised way, based on the current insights. This follows from the so-called 'toll service provider dominant scenario', where toll service providers themselves are responsible for any errors occurring in toll fee calculations. This also offers advantages in terms of privacy.

Some conversation partners said they preferred central map matching, as seen in the recent German example. It was indicated that decentralised map matching would result in significant costs for EETS providers, both for keeping the map up-to-date and for the map matching operations themselves. On the other hand some conversation partners indicated that practical experience has shown that the decentralised model does work well.

Specifications relating to the EETS domain statement

I&W discussed some of the current points of departure of the EETS domain statement in terms of contract conclusion, change management and remuneration.

During the presentation a number of questions were asked, which were presented to all conversation partners (even though the concrete formulation of the questions below may differ from the formulations used during the talks, to keep the conversation flowing organically):

Question from I&W: Will it be possible to add new road sections to the road network that is subject to the Heavy Goods Vehicle Charge in less than one month's time, for instance within two weeks?

I&W clarified that this question related to responding quickly to deviation issues, where parties liable for payment avoid roads subject to the Heavy Goods Vehicle Charge by making use of roads where the charge does not apply. In those cases it is important that these roads can be added to the charged road network in the shortest time possible.

Response from conversation partners: The majority of the conversation partners indicated that making changes to the road sections in less than one month is not realistic. For organisation purposes the need for implementation of a certain change should be announced in a timely manner, so that it can be prepared for, planned and implemented by the toll service providers.

Question from I&W: How can your organisation ensure that a customer faced with defective on-board equipment (OBE) will not need to use on-board equipment from the main service provider? What is a reasonable term for an EETS provider to replace defective OBE of their customers themselves?

Response: The conversation partners indicated that in practice people are not often faced with defective OBE/OBU's. At the moment the majority of EETS providers rely on the back-up options offered by the toll charger or the main service provider in the various EETS domains. Think of a route ticket via a manual system in Germany or the possibility for every user to obtain OBE of the main service provider in Belgium. For the replacement of OBE supplied to customers by EETS providers, they are generally able to deliver replacement OBE to the customer in a couple of days' time, usually to their postal address.

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If EETS providers themselves would have to take care of the replacement of defective OBE within a few hours, this would imply that all EETS providers would need to use storage capacity in the Netherlands, which is very expensive. A back-up system set up by the toll charger or the main service provider is the preferred option for all conversation partners.

A number of conversation partners suggested considering the development of a distance-related ticket system based on the German example. This will save costs and it is customer-friendly.

Question from I&W: What is your view of the remuneration mechanism which is currently expected to be used and which can be summarised as follows (as explained by I&W):

- *The remuneration for the EETS providers can be determined on a 'cost-plus' basis. This means that the basis for remuneration will be based upon the costs of an average EETS provider have been based on as a 'proxy' EETS provider, and that these costs will be supplemented with a fee for risk and financing costs.*
- *Remuneration can be based on the following three components:*
 - *a percentage of the toll fees collected;*
 - *the number of active on-board equipment of the EETS provider concerned in the Netherlands;*
 - *(Under investigation) a fixed annual remuneration amount (for specific investments in the Dutch market).*
- *In addition, a one-off fee for information provision on service contracts concluded may also be considered;*
- *Both the remuneration amounts and the remuneration schedule will be subject to benchmarking with Germany and Belgium;*
- *I&W are planning to charge government accreditation costs to the EETS providers based on the EETS Directive.*

I&W clarified that they are aiming for a fair remuneration mechanism where EETS providers are encouraged to play a major role in the Heavy Goods Vehicle Charge System in the Netherlands. The remuneration mechanism should be an incentive for EETS providers to conclude contracts with as many customers as possible.

Response: The proposed remuneration mechanism was received positively by the conversation partners. They indicated that it is recognisable and logical, and it may help realise the objective of contracting as many customers as possible. The actual remuneration amounts will be decisive, though.

The conversation partners mentioned the remunerations in Germany and Belgium which serve as points of reference for EETS providers for the Dutch Heavy Goods Vehicle Charge System.

With regard to the term of 'active on-board equipment' or 'active OBE', I&W explained that this refers to on-board equipment that connects to the back office of the EETS provider at least once every quarter and for which a toll declaration for the HGVC-toll domain has been reported. The definition of this term will be laid down in the EETS domain statement once it has been fully elaborated.

Main Service Provider (MSP) work package

I&W explained their current vision of the role of the main service provider (MSP). I&W indicated that they will welcome suggestions and preliminary ideas relating to the scope of the MSP work package. They emphasised that the MSP will fulfil a supplementary role, similar to that of the EETS providers, and will neither be responsible for enforcement nor for the realisation of the toll charger's back office. The main service provider will differ from the EETS providers in terms of the following aspects, among other things:

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- The main service provider will have a duty of acceptance and must offer its services to all parties liable for payment that wish to become a customer. In addition, the MSP will not be able to demand a service fee of their customers for the services provided;
- In exchange for the OBE made available by the MSP, a deposit will be demanded. This deposit will flow fully or partly to the State of the Netherlands – subject to a clause providing for replacement of defective OBE, of course;
- The main service provider can only collect the Heavy Goods Vehicle Charge and cannot offer any value-added services (VAS);
- The main service provider's OBE will only work in the Netherlands;
- The main service provider will have a number of additional duties, like creating a stockpile of OBE (quantities yet to be determined), setting up a multilingual call centre, and operating service points for OBE within the country;
- Customers cannot pay in cash.

Question: Will it be possible for EETS providers to take part in the tendering procedure for the main service provider?

Answer: I&W indicated that the rules for the tendering procedures have not yet been laid down. The intention of I&W is not for EETS providers to take part in the tendering procedure to simultaneously and (via the same legal entity) fulfil the role of main service provider and the role of EETS provider in the Dutch Heavy Goods Vehicle Charge System. The roles of the main service provider and of the EETS providers must be kept separate.

Accreditation

I&W discussed the various phases of the accreditation process, the parallel testing, the exchange of 'trust objects', and the possibility of using previous test results. The proposed accreditation procedure was received positively by the conversation partners. The possibility of parallel accreditation was regarded as an improvement compared to other accreditation procedures, where the service providers have to wait in turn to be able to perform their tests.

Question: Will it be possible to re-use (or 'read across') previous test results?

Answer: Theoretically, yes. However, this will depend on the OBE and back-office solution offered by the EETS provider, and also on the roadside equipment to be used by the toll charger.

Some conversation partners pointed out that the set-up of an accreditation procedure for the EETS will require several months of preparation.

Question: Can the EETS domain statement be published any sooner? A reasonable term of six months between the publication of the EETS domain statement and the start of the accreditation procedure was recommended.

Answer: I&W will investigate whether it is possible to publish the EETS domain statement sooner than planned.

Temporary Levying of Toll (BVV + ViA15 & EETS)

I&W indicated that the work concerning the EETS domain of the Temporary Levying of Toll will be resumed in the spring of 2021. This may be relevant for the EETS providers. Further information will be provided in the first half of 2021.

Developments on the conversation partner's side and additional questions and answers

The conversation partners were given the opportunity to ask questions. For the purposes of the present report, relevant questions have been incorporated into the sections above. The conversation partners

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indicated that they feel like they are being informed properly, that they have been able to share their points of view with I&W, and that they appreciate the regular opportunities to discuss the progress of the Heavy Goods Vehicle Charge System.



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Heavy goods vehicle charge (HGVC) in the Netherlands

EETS-provider & business
partner engagement



Code of conduct

- › Participation is not obligatory in order to participate in future market consultations, accreditations or calls for tender.
- › Parties cannot derive any rights from their participation in this information meeting.

Regarding questions:

- › We aim to be as transparent as possible, to share information where available and final, and discuss items to explore possibilities.
- › If decision-making is not yet clear or final, no anticipation is made except for exploration purposes.
- › Questions are answered as much as possible during the meeting, but you can also come back to them later in writing.
- › Orally provided information (by IenW-team members) has no status.



Objectives of this meeting

- > Staying connected: understanding each other's needs and concerns
- > Following up on your input provided in Q4 2019
- > Inform EETS Providers about some TDS-specs including the proposed accreditation process
- > Provide the opportunity to raise points of attention related to offering services within the Heavy goods vehicle charge (HGVC) in the Netherlands.



Agenda today

- > Timelines and process of the Dutch HGVC
- > Basis of the charge
- > (TDS-)Specifics and MSP
- > Accreditation
- > Developments on your (EETS-)side
- > Q and A





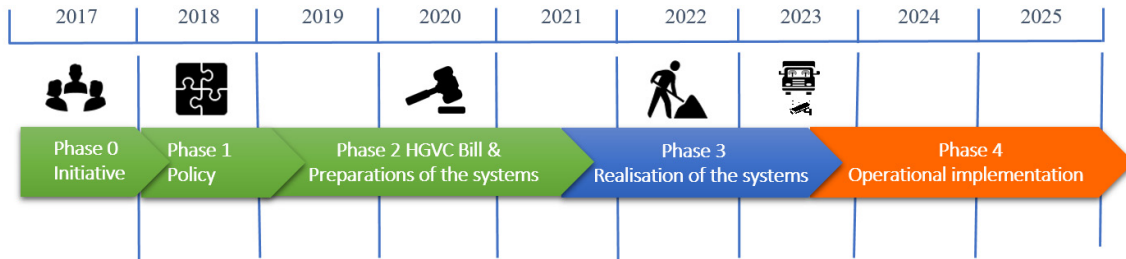
Timelines & process



FOR DISCUSSION PURPOSES ONLY



Provisional timelines and process



> Political

- Advice council of state – end '20
- Law: aim to pass parliament – feb '21
- National Elections: March '21

> Governance

- Decision Q1 2021: more information shared after that

> Market

- Consultation: first half 2021 - workpackages Accrediation, MSP & Observation
- Start tender MSP: Q2 2022
- Contracting MSP: Q3 2023

> TDS & EETS

- TDS published: Q4 2023
- Start EETS-accreditation: Q1 2024



Basis of the charge





Road sections

- > **Charging by road section (like DE)**
 - Road sections to be defined by law
 - Context data will be provided in terms of sections
- > **Benefits:**
 - Less dependency on accuracy of positional data
 - Errors in toll calculation are less likely and less open to challenge



Distance and tariffing

- › De-centralized
 - EETS-providers provide map matching and toll calculation
- › Derives from TSP-dominant scenario
- › Responsibility there where it should be: the EETS-providers



TDS specifics





Contracting

Step	What?	Who?
1. Application for accreditation	Presenting a file with a.o. proof of registration as EETS-provider, a draft service plan, contact details, declaration of non-disclosure	EETS Provider
2. Review of the application for accreditation	Review completeness of application, sending information package, invitation to discuss the EETS-agreement	TC
3. Start accreditation	Review draft service plan, exchange on EETS-agreement, assessment final service plan etc	EETS Provider & TC
4. Signing of the EETS-agreement	EETS-agreement enters into force, save provisions on services	EETS Provider & TC
5. Testing	EETS-provider goes through conformity and suitability for use tests	EETS Provider & TC
6. Finalisation accreditation	Proof of accreditation and bank guarantee toll income	EETS Provider & TC
7. Start of services	EETS-agreement: entering into force of provisions on services	EETS Provider



Change management & OBU replacement

- > **Change management**

- Normal procedure: implementation within 3 months
- Speed procedure: implementation within 1 month
 - **Can we speed up?**

- > **OBU Replacement**

- > What backup systems do you have in place for replacement of OBU's ?



Remuneration



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Exploration of remuneration

- > Approach: cost-plus based related to an average EETS-provider
 - *Plus*: WACC for risk and reward
- > Exploration of three elements
- > Timely information up front about #contracts
- > Costs of accreditation to be payed to the TC: alignment BE/DE



**Q/A: to what extent is this workable and viable
for you?**



Main service provider



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Scope

- > Coverage of 100% of users by EETS-providers at go-live is unrealistic
- > Scaling and scoping MSP relates to market/EETS-appetite
- > The Dutch MSP will not:
 - be responsible for enforcement
 - build the TC's back office, enforcement equipment, etc.



Value chain: activities of (M)SP



Attracting &
Contracting
Clients



Providing
Registration
Devices



Recording
of all kms
driven



Transfer
of
Data



Calculation
of
Toll Amount



Payment
of all
Calculated
HGVC
To State



Invoicing
&
Collection
HGVC

Remuneration
By State



Q/A: how does this resonate?



Accreditation



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On (technical specs of) accreditation

1. The accreditation process
2. Previous testing by EETS-provider
3. Discussion topics



Principles

- › Level playing field: non-discrimination
- › Same SfU-tests for MSP
- › Parallel accreditation - as much as possible - to give all EETS Providers the opportunity to **start** immediately and offer services no later than go-live
- › TC may employ a contractor to assist in managing and overseeing the testing process. This will ensure sufficient resources to carry out the parallel processes

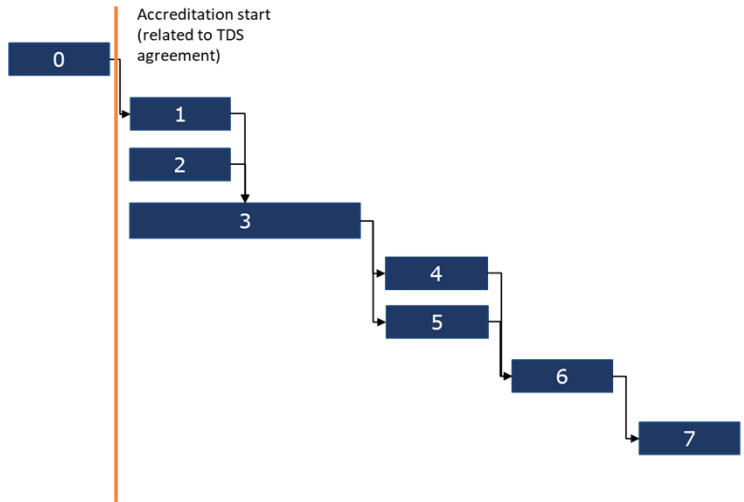


Test Phase Summary

Conformity Tests

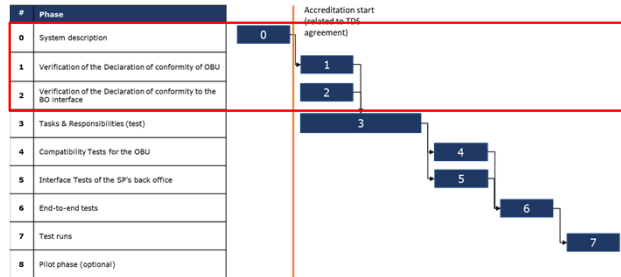
Suitability For Use Tests

#	Phase
0	System description
1	Verification of the Declaration of conformity of OBU
2	Verification of the Declaration of conformity to the BO Interface
3	Tasks & Responsibilities (test)
4	Compatibility Tests for the OBU
5	Interface Tests of the SP's back office
6	End-to-end tests
7	Test runs
8	Pilot phase (optional)





Phases 0, 1 and 2



> **Phase 0 – Information exchange**

- EETS-provider to supply a Service Plan
- Authority will provide information pack on the testing process

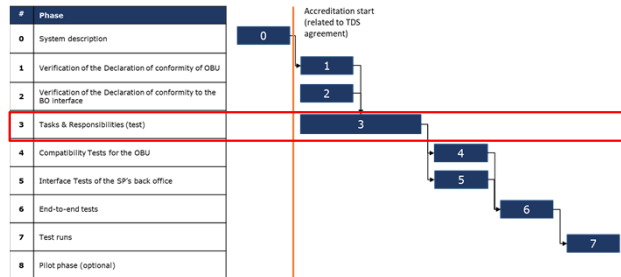
> **Phase 1 – Verification of Conformity of the OBE**

> **Phase 2 – Verification of Conformity of the Back Office Interface**



Phase 3 – Tasks and Responsibilities

- > **Plan provided by the SP which includes :**
 - schedule
 - test plans
 - test environments and other equipment
 - SP test personnel and roles
 - recording and tracking results
 - processing test failures, root cause analysis etc.





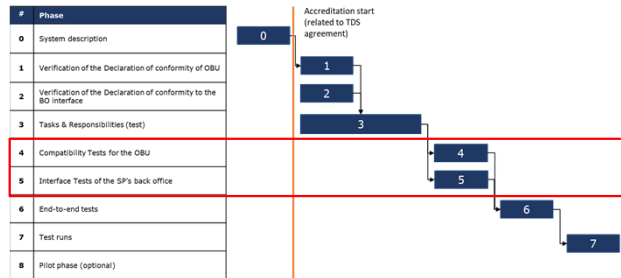
Phases 4 and 5– Compatibility Tests for OBU and Back office

> Phase 4 – Compatibility Tests for OBE (ISO 12813)

- Test chamber to test transactions
- Static DSRC 'footprint' tests
- Dynamic test runs past test track gantry
- On-road tests past actual enforcement gantry

> Phase 5 - Interface Test to the SP's back office (ISO 12855 and CEN/TS 16986)

- Tests covers Toll Context Data, Toll Declarations, Billing Details, Payment Announcements, white / blacklists.
- Test harness will be provided





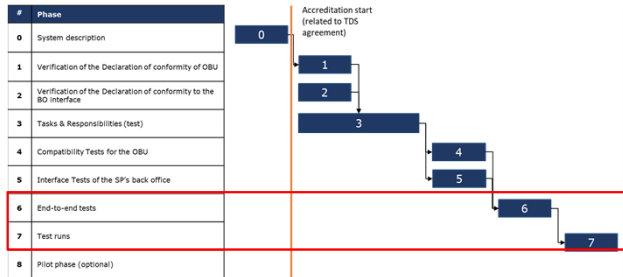
Phase 6 and 7 – End-to-End Tests and Test Runs

> Phase 6 – End-to-End Tests

- Tests covers the technical end to end operation, and the operational processes.

> Phase 7 – Test Runs

- Two phases to test accuracy:
 - Pre-agreed route
 - Complete charged network





Service Provider's previous testing

- > TC is interested in all previous testing the EETS-provider has carried out – OBE and back office
- > All previous tests will be assessed on a case-by-case basis to see if the results can be 'read across' and saving re-testing
- > Unlikely that previous back office interface testing can be read across
- > Previous OBE testing will be assessed for how representative the tests were of the required tests



Q/A:

- Trust Objects
- ISO 12855 / TS 16986 interface implementation
- › Your input regarding the accreditation process?
- › Your input regarding the interfaces and technical specs?
- › Your input regarding the timeline?



Open road tolling

BVV+ViA15 & EETS





Process and timelines TTH / ORT

- › Legal bill TTH: into force
- › Starting up project: Q1 2021
 - More information shared and exchange with market first half of 2021
- › Go-live: related to go-live of the two projects
- › Planning: Q4 2024



Developments on your side & additional Q/A





Thank you!