

## FuelsEurope Statement on Delegated act on renewable liquid and gaseous fuels of non-biological origin (RFNBO) covering their use as final fuel or as intermediate<sup>1</sup>

Brussels, 16 December 2019

### Background

By 31 December 2021 the Commission has to develop methodology to assess the greenhouse gas savings (GHG) from RFNBO<sup>2</sup>. This delegated act will need to consider that:

- Credits for avoided emissions are not given for CO<sub>2</sub> capture which has already received an emission credit under other provisions of law.
- A framework on additionally in the transport sector consisting of different options with a view to determine the baseline of Member States and measuring additionally<sup>3</sup>.

The above is intended to be achieved by the development of 2 delegated acts:

- One covering the methodology to calculate the GHG savings of the RFNBO
- One dealing with the additionally requirements including elements like grid connectivity, RES-E use and proof and any other appropriate criteria.

### FuelsEurope statements

FuelsEurope supports the development of the delegated act on the methodology to assess the GHG savings from RFNBOs.

However, we would like to call for a methodology that is not restrictive compared to other incentives provided for alternative energies and fuels.

We want to highlight that RFNBOs need already to comply with a 70% GHG saving threshold, which was set before a clear methodology on how to calculate this is to be developed, whereas the GHG savings threshold for biofuels is 65% as of 2021.

Additionally, the direct use of electricity in road transport is incentivized with a multiplier of four (4) and rail transport with a multiplier of 1.5, whereas the use of renewable electricity to produce RFNBOs is already severely restricted by the RED II requirements and might be even further restricted based on the application of “any other additional criteria”.

<sup>1</sup> Use as intermediate, e.g. green-hydrogen

<sup>2</sup> Directive 2018/2001 - article 25 (8) – methodology for GHG savings

<sup>3</sup> Article 27 (3) – additionality and other appropriate criteria.

Therefore, we would like to call on:

1. To maintain the possibility of using grid-electricity as provided by article 27, meaning that the renewable electricity content is based on the previous 2-year average electricity from renewable sources without any further restrictions.
2. The evidence of the renewability of the electricity can be proofed via Guarantees of Origin (GoOs) or Power Purchase Agreements (PPAs).
3. To limit the concept of additionality to the need to provide evidence that the fuel producer is adding to the renewable electricity deployment or the financing of renewable electricity. The last should include the possibility of financing through the establishment of long-term renewable electricity purchase contracts. The temporal and geographical correlation between the electricity production unit and the producer of the RFNBO – as mentioned in the directive<sup>4</sup>- should not be interpreted as:
  - a. The need to have an instantaneous match between the production of and the use of the renewable electricity, but instead a balanced approach over a broad enough time-span.
  - b. The need to have a physical connection between the point of production of renewable electricity and the point where it is used to produce the RFNBO. This principle is already used currently for the existing renewable electricity market. We believe that there should not be any requirements for RFNBOs which are not applied to renewable electricity production and use in general such as direct use in road and rail transport.
4. No discrimination of CO<sub>2</sub>/carbon sources should take place, hence direct air captured CO<sub>2</sub> and CO<sub>2</sub> from point sources should be treated equally by the to be developed methodologies. Both technologies to capture CO<sub>2</sub> ultimately lead to atmospheric CO<sub>2</sub> level reduction or avoid further CO<sub>2</sub> being emitted to the atmosphere. Over the longer term direct air capture might be considered as fully closing the loop to carbon-neutrality.
5. FuelsEurope supports the work and the results proposed by JEC on the JEC WTW Study – version 5, associated with RFNBOs.
6. FuelsEurope is of the opinion that the use of RFNBO (e.g. green-hydrogen) as intermediate product in the production of conventional fuels<sup>5</sup>, should be taken into account based on the energy content of the used RFNBO.
7. The use of green-hydrogen as intermediate RFNBO in the production of conventional fuels, should be accounted in the Member State of consumption of the final fuel since the obligation under the RED II for transport is on the fuel supplier for the fuels he brings to the market.

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<sup>4</sup> Recital 90 of directive 2018/2001

<sup>5</sup> Article 25 (1)

**FuelsEurope, the voice of the European petroleum refining industry**

FuelsEurope represents with the EU institutions the interest of 40 companies operating refineries in the EU. Members account for almost 100% of EU petroleum refining capacity and more than 75% of EU motor fuel retail sales.

FuelsEurope aims to promote economically and environmentally sustainable refining, supply and use of petroleum products in the EU, by providing input and expert advice to the EU institutions, Member State Governments and the wider community and thus contributing in a constructive and pro-active way to the development and implementation of EU policies and regulations.

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