

FuelsEurope regulatory proposals for the decarbonisation of transport A contribution to the “Fit for 55 Package”

Brussels, 18 May 2021: FuelsEurope published its contribution to the decarbonisation of transport in the framework of the “Fit for 55 package” expected on the 14th of July. This comprehensive overview of the role and benefit of different policies shows that no single policy will be sufficient to create momentum for change throughout a sectoral value-chain: close coordination and integration between policies that impact OEMs, fuels, infrastructures and customer choices are needed. The combination of multiple policy tools should be calibrated for an effective stimulus for investments.

There is a widespread recognition of the fact that low-carbon liquid fuels, also called ReFuels, are a key instrument for the decarbonisation of aviation, maritime and long-distance road transport. However, road transport at large, including passenger cars and vans, is an essential trigger for unlocking the production of these fuels at industrial scale.

The uptake of electrification will require time for vehicle fleet turnover and distribution infrastructures deployment. During the transition of passenger cars and vans to electric powered vehicles, low-carbon liquid fuels are the most efficient way to cut emissions from vehicles with an internal combustion engine and to allow the optimisation of the implementation plan of infrastructures for electricity and hydrogen.

Low-carbon liquid fuels are a no-regret option: the build-up of production capacity for these fuels will progressively reduce their cost, through the creation of economies of scale and through the repayment of the capital cost. Over time, the reduction of demand for fuels from road transport will free-up growing volume for aviation and maritime, at an affordable price.

Alessandro Bartelloni, FuelsEurope Director, explained “*building on the recommendations of*

our Clean Fuels for All strategy which outlines how the adoption of low-carbon technologies using low-carbon and sustainable, renewable feedstocks, has the potential to substantially cut GHG emissions from refineries and fuels, we are now making specific regulatory proposals for the decarbonisation of transport.”

FuelsEurope’s contribution to the debate is building on the following pillars:

- The upcoming revision of the Renewable Energy Directive creates the best opportunity to make it the primary regulatory instrument to drive the effective and efficient decarbonisation of road transport fuels, including a recommendation to express the RED target in GHG terms.
- While theoretically one policy objective should call for one regulation, to avoid overlaps and unintended, contradictory consequences, we acknowledge the EU Commission’s intention to propose a cap and trade system for the decarbonisation of road transport. We propose therefore our recommendations for an ETS dedicated to road transport.

- The RED for road transport expressed in GHG terms and the possible addition of an ETS for road transport make the Fuel Quality Directive art. 7a redundant and we call for its discontinuation.
- The upcoming revision of the Energy Taxation Directive (ETD) is the opportunity to allow the ETD to contribute, together with the RED and possibly with an ETS for transport, to the creation of a carbon price signal capable to create the business case for investments in low-carbon liquid fuels.
- In view of the upcoming EU Commission proposals on decarbonisation of Aviation and Maritime transport, we offer our recommendations taking into account the global nature of these two industries.
- Finally, we should mention also the upcoming revision of the CO₂ standards in cars and vans and for Heavy Duty Vehicles. Both regulations offer an opportunity not to miss for opening this regulation to technology inclusiveness by accounting for the CO₂ reduction from fuels with low

and net-zero CO₂ emissions. This may take the form of credit certificates from fuels as a complementary compliance mechanism for vehicle manufacturers. This may also consist of customer-side benefits when a new ICE/Hybrid vehicle is guaranteed a long-term supply of low-carbon liquid fuels.

FuelsEurope, working in close cooperation with other industrial associations of the automotive supply chain, of the commercial transport and of various renewable, sustainable fuels suppliers, is ready to contribute to the design of such regulatory provisions.

Alessandro Bartelloni furthermore said *“the transition should carefully address the societal aspects deriving from changes in employment pattern, skills requirements and inequalities between EU regions and sectors of society. No one should be left behind, and access to affordable mobility should be protected as one of the fundamental rights of all citizens.”*

- Ends -

Annex: <https://www.fuelseurope.eu/publication/the-renewable-low-carbon-liquid-fuels-platform-towards-transport-fuels-transformation/>

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.

Contact : **Alain Mathuren**
T +32 2 566 91 19
alain.mathuren@fuelseurope.eu
www.fuelseurope.eu