

Mr. Tony Murphy  
President  
European Court of Auditors (ECA)

Brussels, February 26, 2024

Open Letter to the European Court of Auditors

Dear Mr. Murphy,

FuelsEurope wish to congratulate and thank the European Court of Auditors for the report Ref. 29/2023<sup>i</sup> released last December 5<sup>th</sup> entitled '*The EU's support for sustainable biofuels in transport – An unclear route ahead*'. Many of ECA's findings match the understanding and recommendations of FuelsEurope. They support our belief that liquid renewable fuels have a pivotal role to play in ensuring a resilient and sustainable future in Europe and the energy security and independence of our continent. We welcome and support the recommendations made in the report by ECA experts. We also urgently call for a comprehensive EU Strategy for the Transition of Liquid Fuels and Products to enable investment in the EU.

FuelsEurope represents the industry manufacturing and supplying liquid fuels and other refinery products. We stand behind the Paris Agreement, embrace the net-zero greenhouse gas (GHG) ambition, as all of our members have started their transition towards renewable fuels and products, while striving every day to compete on the global marketplace.

Liquid fuels, mostly manufactured in refineries throughout Europe, provide 97% of the energy to move goods and people today in the EU. An extensive distribution and storage network delivers fuels at every corner of the continent. For over a century, it has meant secure supply of liquid energy for transport and many other sectors of our developed economy. European refineries are at the core of integrated industrial value chains, providing not just fuels, but also petrochemical feedstock, bitumen, lubricants, solvents, wax and many other specialty products permeating throughout the world's economy to enable our modern way of life. EU refineries stand among the global front runners for technological and operational excellence. They are pioneers at substituting part of their crude oil supply with renewable biomass up to converting entirely into biorefineries. They are at the core of the competitiveness of the EU industrial system and an integral part of the solution for transitioning to a lower carbon future. As outlined by the ECA's report, biofuels in transport deserve increased attention and a clearer line of sight from the co-legislators.

FuelsEurope 'Clean fuels for All' vision<sup>ii</sup> projects that at least 84% of the EU's remaining conventional liquid fuels demand in 2050 could be substituted with renewable fuels. In that scenario, advanced biofuels and e-Fuels could get an even share. According to the report<sup>iii</sup> released in August 2021 by the Imperial College of London Consultants entitled '*Sustainable biomass availability in the EU, to 2050*', 80 to 100% of the needed advanced biomass could be collected directly in Europe. This sustainable biomass would hence come in ample supply to produce the advanced biofuels needed to reach the EU long-term targets across all transport sectors. e-Fuels are made from renewable or low carbon power and recycled circular carbon emissions and their production is scalable over the long-term.

As indicated in the replies<sup>iv</sup> of the European Commission to the ECA report, measures to reduce the emissions in transport stretch across multiple legislations (the ETS and RED directives, AFIR, ReFuelEU Aviation and FuelEU Maritime regulations to list only the main ones). They articulate an intricate set of ambitious targets and obligations calling to invest in various alternative renewable and low carbon technologies. If - as stated by the ECA - the co-legislators set '*an unclear route ahead*' for biofuels, we would like to call out a number of positive developments or - at least - prospects:

- The 2018 RED recast ('RED II') had already reinforced the certification of biofuels' GHG savings and sustainability claims and the role of independent accredited bodies with secondary legislation<sup>v</sup> mitigating the risks of Indirect land use Change (ILUC). These measures are set to take full effect on first generation biofuels made from food and feed crops between 2024 and 2030.
- The 2023 amended RED ('RED III') and adoption of multiple RED II secondary legislations<sup>vi</sup> is now bringing further reinforcement of the sustainability framework for biofuels and its long-awaited extension to Renewable Fuels of Non-Biological Origin (RFNBOs), to Recycled Carbon Fuels (RCFs) and to co-processing of biomass with conventional fuels in existing units. FuelsEurope believes these measures have the potential to further reinforce the accuracy, exemplarity and leadership of EU certification practices already praised globally across the renewable fuels industry.
- The revision of the RED's Annex IX is an opportunity to enshrine long-term clarity on raw material classification and their scalability. The timeline over which industry invests and produces fuels is measured in decades. Therefore, long-term certainty in feedstock classification is a key enabler to secure investments. Adding new feedstocks should be considered in the first place for part A, irrespective of any technology level. This is particularly the case for intermediate crops and non-food / non-feed crops grown on severely polluted or degraded land. Additions made to part B should be paired with an

increase in the cap set in the RED (1.7% energy content today) to warrant their scalability. If needed, grace period or grandfathering clauses should be considered to protect investments already made.

- RED III now offers Member States to move away from multipliers applicable to the energy content of selected categories of feedstocks (Art. 27.2) and opt for the more transparent alternative of GHG savings mandates, that acknowledge each renewable energy parcel for its actual certified contribution (Art. 27.1). In absence of an EU-wide ticket system, FuelsEurope call Member States to adopt and transpose this provision to accelerate the convergence to consistent and investor-friendly compliance frameworks at anticipable costs across the EU.
- FuelsEurope members are actively supporting the implementation of the Union database (UdB). The UdB and the extension of its scope to the first point of collection of the biomass are sound and effective fraud prevention measures. As for any compliance register, we call for a flawless execution of the transition to the UdB<sup>vii</sup> that must leverage on the learnings and best practices seasoned by the past implementation of similar tools in many Member States. The UdB must also provide for the benefits expected from a digital solution including stronger, more transparent statistics and tighter embedded controls. Its adoption also depends on delivering the double promise of increased productivity and lower risk of human error to its end-users.

Although comprehensive and ambitious, these EU measures are often hard to compound and their intricacies often lack the long-term certainty and the retrospective evidence of stability investors require to take long-term financial investment decisions. They are also often transposed at Member States level into a patchwork of varying requirements, challenging the formation of larger and more consistent EU-wide market. We also regret the co-legislators did not clearly earmark the resources needed in Europe to meet the renewable fuels' targets set by the Fit-for-55 ambition. Public funding and a clear support of the taxonomy are also needed to overcome the financial risks of first-of-a-kind projects and incremental costs common to low carbon and renewable solutions.

Alarmingly, the EU is witnessing a growing flow of investments in renewable liquid fuels directed to other world regions, where more competitive conditions are offered through a combination of subsidies and regulatory incentives. To address these shortcomings, FuelsEurope calls for urgently developing a comprehensive **EU Strategy for the Transition of Liquid Fuels and Products**, as part of the regulatory blueprint of the upcoming EU Institutional Cycle.

FuelsEurope is glad to read that the ECA reaches a similar conclusion and would be happy to meet and explore the possibility to collaborate with your experts in the future. We are part of the solution.

Yours Sincerely,

Liana Gouta  
Director General

Cc: *Mrs. Joëlle Elvinger, ECA Dean and Head of Chamber I - Sustainable use of natural resources*  
*Mr. Nikolaos Milionis, ECA Member of Chamber I and Report Lead*  
*Director-General Magda Kopczynska, DG MOVE*  
*Director-General Ditte Juul Jorgensen, DG ENER*  
*Director-General Kurt Vandenberghe, DG CLIMA*  
*Energy Attachés of Member States of the European Union*

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<sup>i</sup> <https://www.eca.europa.eu/en/publications/SR-2023-29>

<sup>ii</sup> <https://www.fuelseurope.eu/ads/campaigns/clean-fuels-for-all>

<sup>iii</sup> <https://www.concawe.eu/publication/sustainable-biomass-availability-in-the-eu-to-2050/>

<sup>iv</sup> [https://www.eca.europa.eu/Lists/ECARepplies/COM-Replies-SR-2023-29/COM-Replies-SR-2023-29\\_EN.pdf](https://www.eca.europa.eu/Lists/ECARepplies/COM-Replies-SR-2023-29/COM-Replies-SR-2023-29_EN.pdf)

<sup>v</sup> [Delegated regulation \(EU\) 2019/807](#) ; [Implementing regulation \(EU\) 2022/996](#)

<sup>vi</sup> [Delegated regulation \(EU\) 2023/1184](#) ; [Delegated regulation \(EU\) 2023/1185](#); and [Delegated regulation \(EU\) 2023/1640](#)

<sup>vii</sup> <https://www.fuelseurope.eu/publications/publications/fuelseurope-call-for-ensuring-readiness-of-the-operation-of-the-union-database>