

Commission underestimates the potential of renewable and low-carbon fuels for climate neutrality

Brussels, 17 September 2020: The Commission presented today the policy structure designed to implement the European Green Deal. FuelsEurope supports the EU's ambition for climate neutrality by 2050, however limiting the role of renewable and low-carbon liquid fuels to aviation and maritime transport overlooks the potential of these fuels and risks jeopardizing optimal conditions for investments at scale in the short-term.

Today's Communication by the Commission is an important step in creating the policy structure for the implementation of the Green Deal. FuelsEurope supports the ambition for climate neutrality by 2050 and the need to set an ambitious trajectory. Increasing the 2030 decarbonisation target from 40 to 55% will drive the development of the many necessary regulations. We also welcome the release of an Impact Assessment accompanying the Communication: we will study it and offer our comments.

Our industry has great capability in many critical technologies, and many of our members are now large-scale investors in a wide range, including onshore and offshore wind, solar, electric vehicle batteries and charging, CCS, CCU, clean hydrogen, e-fuels, waste and sustainable biomass-based biofuels.

We also know that meeting Europe's climate objectives will require a steep trajectory in reduction of use of petroleum fuels in transport, achieved through efficiency, and also substitution, especially through scaling up of electricity into light transport. And we see a growing consensus of the need for low carbon liquid fuels as part of the transport energy mix.

John Cooper, Director General of FuelsEurope commented "*We have shown in our Clean Fuels For All publication (www.cleanfuelsforall.eu) a feasible pathway to manufacture climate neutral liquid fuels for all remaining liquids demand in 2050, and we have already called for the policy framework to enable this. We have shown that these fuels could cut Europe's emissions by 100 Million tonnes/year CO₂ in 2035 (and up to 70 Mt/y in 2030) in the transport sector.*"

John Cooper stated "*A preliminary assessment of the required investments shows up to €650 Billion from now until 2050, to build the required production capacity. With the right policies, we believe this is within reach.*"

The Commission proposal limits the contribution of renewable and low-carbon fuels to aviation and maritime, overlooking the potential for these fuels to decarbonise all modes of transport.

Road transport - fuels and vehicles regulations have a unique and valuable characteristic in that they are proven capable of delivering high effective carbon prices, whilst avoiding the international competitiveness challenges of high carbon prices in, for example, the ETS sectors.

John Cooper underlined *“Road fuels and vehicles regulations can play a valuable strategic role for Europe’s industrial policies by creating critical lead markets for products from these core industrial technologies. So supporting a role for low carbon liquid fuels in road transport is in the long-term interests of Europe’s broader industrial strategy as well as that for aviation and maritime sectors.”*

John Cooper added *“We understand the drive for an early move to only “climate neutral” new vehicles. But a vehicle emitting only recycled / biogenic CO₂ during the use phase is as “climate neutral” as an Electric Vehicle or Hydrogen Fuel Cell Vehicles.*

We could, for example, credit new, additional production of low carbon fuels to the purchase of a new vehicle, supplied for the life of the vehicle, giving customers more options. And for low-carbon liquid fuels, all distribution and storage infrastructure exists, and transport equipment (existing and new) requires little or no modification to meet climate neutrality.

Moreover, low-carbon fuels could boost rural development, create new opportunities for EU agriculture and forestry, help finance industrial integration, and reduce pressure on supply chains for large battery cell and pack construction in Europe. And of course this would retain a role for European auto industry’s leadership in super-efficient, clean and hybridised ICE technology, for the benefit of the whole world.

John Cooper concluded *“the supporting arguments are clear, and so we call for the importance of low carbon liquid and gaseous fuels to be recognised and supported for all transport sectors, in the next development of regulations, with appropriate linkages to take account of the combined effect of new technology fuels and vehicles.”*

John Cooper added *“FuelsEurope is ready to engage in the policy debate on the revision of the relevant regulations, be it the Energy Taxation Directive for putting a price on carbon, the Renewable Energy Directive or other regulations to drive the decarbonisation of fuels, and the CO₂ standards in vehicles to link to fuels regulations. We have a clear pathway and we want to accelerate our progress. For clarity we do not believe that road transport in the current ETS is an effective way forward.”*

We remain committed to the dialogue and development of effective policy and regulation in Europe, sustainable in all respects - environmental, social, political, commercial - with the aim to maximise the probability of enduring success in Climate Action, not just for Europe, but also for the world.

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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.

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