

Making ‘Fit for 55’ fit for purpose: towards an effective EU transport fuel policy

The European Commission’s Fit for 55 package sets important new goals for emissions reduction in transport. Giving a prominent role to renewable liquid fuels would create a solid foundation for reaching them. To that end, the EU should fully maximise the tools it has on hand for decarbonisation and de-fossilisation – starting with the Renewable Energy Directive. Other surrounding policies should be consistent with each other. In particular technology neutrality must be at the forefront of this ambitious package and all renewable and sustainable fuels, including electricity, must be able to contribute on the basis of an objective well-to-wheel measurement.

ePURE, the association representing the European producers of renewable ethanol from sustainably grown crops, waste, and residues, calls on policy makers to consider the following key policy recommendations¹:

Unlock the potential of the Renewable Energy Directive

Increase ambition for renewable energy use in transport

- The current RED II target for renewable energy in transport was insufficient to achieve the decarbonisation objectives set out in the European Green Deal and the 2030 Climate Law, even more so as Member States could do away with it through reduced crop-based biofuels caps and the use of artificial multipliers that are counterproductive to climate change mitigation and only perpetuate fossil fuel dependence.
- **ePURE welcomes the Commission’s proposal to remove the use of multipliers**, allowing reporting of progress towards renewable energy targets to be based on real uptake and not be artificially inflated.
- Including in the RED an obligation to decrease the carbon intensity of transport fuels is a sensible move forward. However, **the suggested obligation on suppliers to decrease the GHG intensity of fuels at least 13% by 2030 is still low and should be raised to at least 16%.**
- **Such obligation should be gradually increased following an indicative trajectory**, starting from 6% in 2021 as set in the existing Fuel Quality Directive, to at least 11% in 2025 and 16% by 2030, to ensure Member States’ continuous decarbonisation efforts.

Promote sustainable crop-based biofuels

- Crop-based biofuels are an immediate and the most cost-effective tool to reduce emissions of existing and future light and heavy-duty vehicles, considering their number and lifespan, and their use should not be limited to hard-to electrify transport modes.
- ILUC concerns were fully addressed in 2018 in the RED II delegated act on high ILUC-risk biofuels, which singled out problematic feedstocks and confirmed that European crop-based ethanol does not drive deforestation. As per the existing RED II, only high ILUC-risk biofuels must be progressively phased out. In addition, every single European Commission annual Renewable Energy Progress Report unequivocally found that no correlation had been observed between food prices and increased biofuel demand.
- The current crop cap should be revised to provide each Member State with flexibility, taking into consideration the higher renewable and decarbonisation targets, the right of Member States to exploit their own energy resources enshrined in the Treaty and the current crop-based biofuels market uptake (in 2019 the EU 27 average was 4%, ranging from 0% to 6.8% across individual Member States).

¹ This position is without prejudice of other ePURE comments on more technical elements of the different legislative proposals.

- Each Member State should be entitled to set its own contribution of crop-based biofuels towards the renewable energy and GHG intensity reduction targets provided the combined share of crop-based biofuels at EU level does not exceed 7% of the final consumption of energy in the transport sector.
- The crop-based biofuels cap only limits their contribution towards renewable and decarbonisation targets in transport. While Member States remain free to use lower amounts, they should also be entitled to use more outside these RED II targets. The crop cap should not spill over legislative initiatives such as the Climate, Energy & Environmental Aid Guidelines, Taxonomy, Energy Taxation and/or CO₂ pricing.

Continue the progressive deployment of advanced biofuels

- The deployment of advanced biofuels from RED II Annex IX-A feedstock should build on existing legislation and industry, to secure investor confidence, which is a prerequisite for any new investment into renewable fuels. Advanced biofuels are an additional instrument to further reduce fossil fuel use and GHG emissions and must be supported through a dedicated ramping-up sub-target.
- ePURE welcomes the removal of double counting, which means an effective increase of the sub-targets for years 2022 and 2030. Such targets must be based on the current Annex IX-A feedstock list on the basis of which investments decisions have been or are being made and come with associated penalties for non-compliance.
- Any addition of feedstock to the list of Annex IX-A must be accompanied with increased targets corresponding to the sustainable potential of these feedstocks.

Sustainability Criteria

- All sustainable renewable low carbon fuels should be able to contribute towards EU's climate and renewable objectives under stricter sustainability criteria, including European standards for agricultural production, GMO policy, waste prevention and managements standards, and strict traceability requirements.
- The RED must support and protect low-carbon investments in bioenergy by guaranteeing the stability of the regulatory framework under which first-move decarbonisation investments were made. Ethanol biorefineries should remain entitled to claim and allocate savings to ethanol for the carbon captured from the fermentation process that replaces fossil CO₂.
- Removing the possibility to use regional values for cultivation emissions does not make the LCA methodology more accurate; it makes it biased to undermine crop-based biofuels. In addition, this would eliminate any incentive to reduce emissions from cultivation at regional level and will only increase the administrative burden.
- RED II provides that all wastes and residues shall be considered to have zero lifecycle GHG emissions up to their collection. This provision shall remain, irrespective of whether the feedstock is listed under Annex IX or not and could be, in theory, used in the food and feed market.

Ease the deployment of biofuels blends

In the Fuel Quality Directive

- To harness the GHG reduction and air quality benefits of ethanol blended in petrol, E10 should urgently be rolled out across the EU and higher ethanol blends (i.e., E20, E85, ED95) incentivised.
- E10 should become the standard petrol protection grade, by effectively rolling-out E10 across the EU27 and paving the way for the introduction of higher-octane petrol (HOP) such as E20, with an octane rating aiming towards 102 and an oxygen/ethanol content of maximum 8/20% respectively.
- The introduction of HOP such as E20 would allow
 - for advanced and crop-based ethanol to grow simultaneously and displace fossil fuels;
 - for renewable fuels of non-biological origin to complement other renewable fuels by displacing the remaining fossil part of the fuel; and
 - the development of more efficient engines to reduce tailpipe fossil CO₂ emissions and fuel consumption.

In the Alternative Fuels Infrastructure Regulation

- ePURE welcomes the maintaining of renewable fuels including biofuels within the list of alternative fuels and converting the Alternative Fuels Infrastructure Directive into a Regulation setting binding targets.
- However, **the proposal completely overlooks the contribution of higher biofuel blends that also need dedicated infrastructure. Infrastructure should not be the privilege of new technologies when other fuels are ready to make an immediate and positive change on existing fleets.** To harness the GHG reduction potential and air quality benefits of ethanol blended in petrol, **Member States should foster access to high ethanol blends such as E85 for compatible engines, and ED95 for buses and trucks.**

Incentivise better fuels in the CO₂ standards for cars and vans Regulation

- **ePURE opposes the Commission's decision to increase the CO₂ emissions reduction target for new vehicles in 2030 and to set a 100% reduction target by 2035, without changing its method of accounting for emissions.** By focusing solely on tailpipe emissions (Tank-To-Wheel), the CO₂ standards misleadingly labels battery electric and fuel cell vehicles as 'zero emission', distorts competition between powertrain technologies and contradicts the principle of technology neutrality. More importantly, **it completely ignores the contribution of renewable fuels and their potential to lower the GHG emissions of existing and new vehicles.**
- Effectively banning the sales of internal combustion engine vehicles by 2035 simply denies sustainable renewable fuels' role in road transport decarbonisation despite being already available, cost-effective, and efficient solutions. It promises to make the energy transition even more challenging in countries lacking infrastructure and jeopardises a socially acceptable transition.
- **The EU should instead consider an approach that accounts for the nature of the energy powering vehicles (Well-to-Wheel), distinguish between fossil and biogenic CO₂ and account for the production and end-of-life emissions of the vehicles.**
- **In the meantime, an incentive for the uptake of all sustainable renewable fuels such as European ethanol should be introduced.**

Use a taxation based on carbon intensity in the Energy Taxation Directive (ETD)

- With its lower energy content compared to petrol, renewable ethanol is the most heavily taxed fuel in the existing ETD. **The proposal to move away from volume-based taxation should help sustainable biofuels to compete with fossil fuels.**
- While granting lower minimum levels of taxations to 'sustainable biofuels', the proposal discriminates against crop-based biofuels. **By excluding 'sustainable food and feed crop biofuels' from the category of 'sustainable biofuels' and increasing their minimum taxation level over time to reach the same as fossil fuels, the Commission's proposal for a new ETD is inconsistent with the definitions of the RED II.** The latter already set stringent sustainability criteria, including minimum GHG savings performance, for all biofuels to count towards the renewable energy targets, limiting the phase out only to high ILUC-risk biofuels.
- **There should be no discrimination between crop-based and advanced biofuels as long as they meet the sustainability criteria laid under the RED II.**
- Under the proposal, sustainable biofuels which save on average 73% GHG emissions compared to fossil fuels (EEA, 2020) would attract a minimum taxation level of 50% compared to fossil fuels, while advanced biofuels, RFNBOs and electricity would see their minimum taxation levels set at 98.6% of the fossil fuel taxation base. **The minimum taxation rates of the different renewable fuels should reflect their GHG savings potential compared to fossil fuel.**

Keep a parallel Emission Trading System for transport

- **The main compliance instrument to reduce emissions in transport should remain the Effort Sharing Regulation**, which sets national binding targets for Member States with flexibility to achieve said targets.
- **It is of the utmost importance to ensure the pricing of CO₂ for road transport fuels does not depend on the existing emissions trading system.** A dedicated, parallel system taking into account the specificities of the transport sector is a safer way to ensure an actual emission reduction occurs, provided measures are taken to limit fuel price increase and social discontent. Consistent with IPCC guidelines, ePURE supports the Commission's decision to count biofuels and biomass as emission free.

Make sustainable crop-based biofuels contribute to the objectives of ReFuelEU Aviation and FuelEU Maritime

- **ePURE welcomes the Commission's proposal to implement dedicated legislations for the decarbonisation of aviation and maritime through sustainable renewable fuels but strongly objects to the ill-founded decision to exclude or penalise biofuels produced from food and feed crops.**
- The impact assessment underpinning the RefuelEU Aviation proposal failed to assess the use of crop-based ethanol as Sustainable Aviation Fuels and only referred to crop-based biodiesel. Crop-based biofuels are already subject to stringent sustainability criteria and should be allowed to contribute to the sustainable aviation fuel mandates alongside RFNBOs and biofuels made from Annex IX feedstocks.
- Both proposed Regulations will result in a strong demand pull of waste-based vegetable oils and animal fats which is already causing supply problems in the vegetable oil market. Setting a mandate for RED II Annex IX-A biofuels would create an incentive to invest in the deployment of advanced biofuels and ease the problems in the vegetable oil market.
- Under the methodology set out in the FuelEU Maritime Regulation, crop-based biofuels are arbitrarily and without any scientific foundation considered to emit as much GHG emissions as the least favourable pathway for the fossil fuel they would replace, effectively privileging the use of fossil energy over sustainable renewable fuels. **Consistent with the Renewable Energy Directive, the emission factors of all sustainable solutions should be calculated based on the same, technology-neutral methodology.**

Following these guidelines would help make Fit for 55 fit for purpose, and would maximise the contribution of agriculture and our industry to the EU's climate and energy objectives, in particular its role in:

- Ensuring a socially just decarbonisation of transport energy, by maximising renewable ethanol's 75% GHG savings on average compared to fossil petrol, while also improving urban air quality;
- Improving energy security by replacing imported fossil petrol with EU domestic ethanol;
- Supporting agricultural production and rural development by sustaining more than 50,000 EU jobs, most of which are in rural areas; diversifying farmer incomes; supporting the EU's food independence;
- Reducing the EU's protein deficit thanks to the production of GMO-free protein-rich feed co-products; and
- Supporting innovation and the transition towards the circular bioeconomy with biorefineries in Europe.