Positioning on the Renewable Energy Directive II

Status: 23-03-2018

Synthetic liquid fuels, generated from CO_2 and renewable energy are essential to decarbonise Europe and to achieve the Paris Climate goals. Within the RED II they are defined as renewable liquid and gaseous transport fuels of non-biological origin (ReFuNoBiO).

As liquid energy carriers, these CO_2 based fuels provide an easily transportable and storable solution to reduce CO_2 emissions in a variety of fields, including long-distance road transport, shipping and aviation.

The technologies have predominantly been developed in Europe and have steadily grown over the last few years. Now, the RED II offers an important opportunity to implement these essential technologies. However, **one of the precondition is an equal footing with other energy carriers** which is at stake comparing the proposals of the European Parliament and the Council.

The design of the current drafts hinders the market introduction of renewable liquid and gaseous transport fuels of non-biological origin (ReFuNoBiO).

In particular, there are three critical constraints, further explained within this document:

1) The current proposals, especially from the Parliament, are making the **purchase of renewable electricity from the grid** almost impossible.
2) The current proposal from the Parliament does not allow the **utilization of available, concentrated CO2 sources** as feedstock for ReFuNoBiOs.
3) The current proposals do not allow fuel suppliers to **use ReFuNoBiOs as feedstock** in the production process of fossil fuels to reduce their greenhouse gas emissions.

We therefore call your attention to the following points (please see also the table attached for specific comparison of Comission, Council and Parliament positions):

- Concerning the definition of ReFuNoBiOs in **Art. 2** we support the Council compromise to **delete CO2 capture from the air** as sole source of CO2.
- Regarding the determination of the share of renewable energy we support the Council position especially when it comes to **Power Purchase Agreements** (PPA) for the production of ReFuNoBiOs in **Art. 25.3a**. Any electricity obtained through long-term power purchase agreements for renewable electricity in combination with a Guarantee of Origin (GoO) should be recognised.

1. Enable the purchase of renewable electricity from the grid

Status Quo:

- The proposal from the European Commission in Article 25, paragraph 3 (a) suggests that if ReFuNoBiO shall be produced with 100% renewable electricity it needs to be obtained from direct connection to an installation generating renewable electricity (i) that comes into operation after or at the same time as the installation producing the ReFuNoBiO and (ii) is not connected to the grid. When grid connected, only the country specific renewable shares are accepted.

Criticism:

- To develop the full potential of the technology (stabilization of grids), it is imperative to enable grid connection and therefore the purchase of 100% renewable electricity from the grid.
- The current restriction will stall development and investment in ReFuNoBiO dramatically (e.g. because of increased complexity in plant engineering and investment schemes / misfit between renewable plant and ReFuNoBiO-production facilities in lifetime, remuneration, etc. / strong limitations in choice of location).

Proposal:

We ask that electricity used for the production of ReFuNoBiO in installations with a grid connection shall be entirely (100%) counted towards the target, if:

- it can be proven that the electricity is produced exclusively from renewable energy sources (e.g. via power purchase agreements) and
- the electricity did and does not receive public support (applied to Germany, this would allow electricity from “miscellaneous direct marketing” (=power purchase agreements), for which no remuneration under the Renewable Energies Act (“EEG”) has been received).

This is in line with the Council approach on Article 25.3 (a).

2. CO2 from existing sources shall be accepted

Status Quo:

- The draft proposal of the Parliament states, that renewable fuels shall only be accepted as ReFuNoBiOs, if “any carbon feedstock is captured from the ambient air”.

Criticism:

- There are concentrated streams of CO2 that will remain until 2050 and beyond, whether CCU- and e-Fuels exist or not. The European idea of ‘Efficiency First’ would be violated if those efficient sources would not be allowed for use.
- To demand for mandatory direct air capture at this stage will stall any development and investment in CO2 based ReFuNoBiOs.

Proposal:

- We ask to delete the Parliament proposed CO2 capture from air from Art. 2 and allow the utilization of the available concentrated sources.

3. Allow blending of ReFuNoBiOs with fossil fuels to best utilize existing refineries and to facilitate transformation

Status Quo

- According to the drafts of Council, Parliament and Commission the use of ReFuNoBiOs as a feedstock in the production process of fossil fuels is neither recognized in the minimum share of renewable fuels nor defined.
- According to article 25, paragraph 1 of the Council position the greenhouse gas emission savings from the use of ReFuNoBiOs have to be at least 70%. Depending on methodology this could lead to disabling fuel blends through this threshold.

Proposal

- To use ReFuNoBiOs as a renewable feedstock for fossil fuels offers the opportunity to reduce greenhouse gas emissions of existing fuels and to facilitate a cost-efficient transformation to a renewable mobility without large integration costs by using existing refinery infrastructure.
- We ask that ReFuNoBiOs shall be recognized as a renewable feedstock for the production of conventional fossil fuels with lower greenhouse gas emissions.