

To the attention of:

Executive Vice-President Frans Timmermans
Commissioner for Transport Adina-Ioana Vălean
Commissioner for Energy Kadri Simson
Commissioner for Internal Market Thierry Breton

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Subject: Achieving Climate-Neutrality in Road Transport through the Contribution of Renewable Sustainable Fuels – An urgent comment on the revision of the vehicle CO₂ standards

Urgency to recognise the contribution of renewable sustainable fuels in the vehicle CO₂ standards

With the Fit-for-55 package setting the regulatory levers for the EU to achieve its climate ambition, it is becoming increasingly urgent to recognise the contribution of renewable sustainable fuels in the vehicle CO₂ standard. This would support the scale-up of the production of low and net-zero carbon fuels, and allow the EU to enable climate neutral transport timely, socio-economically efficiently, and while leaving no one behind. This is particularly the case, as disregarding the fuels' contribution, in addition to the vehicle CO₂ targets becoming more severe, would result in a de-facto technology ban on the internal combustion engine (ICE) that would be not just unjustifiable, but actively detrimental. It is beyond doubt that electrification, for its part, will play an essential role in driving the decarbonisation of road transport. However, it is also becoming increasingly apparent that narrow technology mandates could hamper the transition through higher cost, and neglect of the additional CO₂ savings of renewable sustainable fuels.

Change the energy, not the engine!

The decarbonisation of transport is much more about the decarbonisation of the energy employed, rather than the power-train technology: an ICE fuelled with renewable sustainable fuels has a carbon footprint comparable to that of an electric vehicle powered with green electricity. When powered by climate-neutral fuels, the ICE is a climate-neutral technology platform. Besides, renewable sustainable fuels are fully compatible with existing vehicles, logistic infrastructure and refuelling facilities. Moreover, the contribution of fuels to the vehicle CO₂ regulation is an essential trigger to unlock the production at industrial scale of climate neutral fuels for the hard-to abate sectors (heavy duty road, aviation and maritime transport), at an affordable price.

Scaling up sustainable renewable fuels is complimentary to the benefits of electrification

As key representatives in the value chain for sustainable road transport, including investors, users, technology providers and feedstock and fuel suppliers, we are convinced of the positive contribution that fuels can make in driving the EU towards climate neutrality by 2050. Notably, the significant scale-up of these fuels is additional to the benefits that electrification can bring, and is possible based on proven technologies and well-evidenced availability of sustainable feedstock. Beyond this, European companies are already the leading technology providers of these solutions, as they are in ICE technology.

The need for a holistic approach to decarbonisation: Moving away from a tailpipe emissions focus

To seize the climate, industrial, and employment benefits of renewable fuels, then, - in road transport, as well as aviation & maritime as their respective affordability gradually improves - a mere increase in the ambition of the vehicle CO₂ standard is not the right answer. It requires instead moving the focus away from just tailpipe emissions towards a more holistic recognition of the climate contribution of the combination of energy and power-train technology. This recognition could be fostered through relatively small regulatory changes: by introducing a voluntary crediting mechanism for renewable and sustainable fuels into vehicle CO₂ policies, we could effectively establish a regime of technology open regulation, that could work hand-in-hand with complementary legislative pieces under the Fit-for-55 package. An exemplary methodology for voluntary CO₂ crediting has been developed by Frontier Economics last year.¹

Consumers' choice and access to affordable mobility needs to be preserved

Such a regime would not just ensure that we follow the most efficient and cost-effective pathways towards climate neutrality, but it would also maintain a level of consumer choice and access to mobility for all European citizens that is essential to our way of life.

In the framework of the many challenges the EU economy is facing, every effort should be used to avoid a multi-speed Europe. Policies aimed at an untimely demise of ICE vehicles are likely to result in a significant share of European consumers being left behind. Millions of EU families and businesses, especially in Central, Eastern and Southern European Countries with typically older vehicle fleets, rely for work, leisure or personal life on older, inexpensive and often second-hand vehicles. Technology exclusions would substantially aggravate job losses in the automotive sector and hinder the employment transition in industry more broadly. It would also leave potential job creation in the renewable fuels sector untapped. A more inclusive approach, valuing the contribution of all low-carbon technologies towards the climate ambition, is needed to respect the consumers' choice and their right to an affordable personal mobility.

An integrated strategy for renewable sustainable fuels

In short, we stand ready to work with the EU Commission to create an integrated strategy for renewable sustainable fuels. A first important step for this will be a correction of the vehicle CO₂ standards that extends the focus towards including the decarbonisation of energy, rather than prescribing a top-down technology mandate. Such an amendment can open the door to additional and more timely CO₂ savings, to jobs, to investments, and to a way for many more vehicle users to participate in using renewable energies, be they in gaseous, liquid, or electric form.

We thank you for your consideration.

The signees

¹ <http://www.frontier-economics.com/uk/en/news-and-articles/news/news-article-i7905-how-does-a-crediting-system-for-renewable-fuels-work-and-what-are-the-benefits/>

