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Subject: FW: RED II - RFNBO and RCF - DA GHG emission savings methodology - FuelsEurope expert inputs

Attachments: FE key commentsToDA_RFNBO_RCF_GHG_Methodology_3May2022.pdf

From: [redacted]@fuelseurope.eu>
Sent: Wednesday, May 4, 2022 9:51 AM
To: HIESINGER Stefanie (CAB-TIMMERMANS) <Stefanie.HIESINGER@ec.europa.eu>
Cc: Bartelloni Alessandro <alessandro.bartelloni@fuelseurope.eu>; [redacted]@fuelseurope.eu>
Subject: RED II - RFNBO and RCF - DA GHG emission savings methodology - FuelsEurope expert inputs

Subject: Delegated act on GHG emission savings methodology for RFNBO and RCF - FuelsEurope expert inputs
Attachment: FuelsEurope inputs based on refining industry expert analysis - GHG emission savings methodology for RFNBO and RCF

Dear Ms. Hiesinger,

It is my pleasure to contact you as Policy Executive at FuelsEurope, the European Association representing the refining industry, as a follow-up of previous exchanges on the Renewable Fuels of Non-Biological Origin (**RFNBO**) and Recycled Carbon fuels **(RCF)** subject, this time concerning the **Delegated Act on the Methodology for determining GHG emission savings** of these fuels which based on our understanding, is foreseen for adoption in the short term subject to the Interservice Consultation.

As mentioned in my previous email from December, when we kindly contacted you in the context of the delegated act on article 27 additionality (see my email below with the summary of our main concerns on additional flexibility related aspects), both RFNBO and RCF are essential pieces of the transformation of the European refining industry to boost the development and mass deployment of low carbon fuels, contributing to meet European climate objectives in 2030 and 2050.

In that context, we really welcome the efforts of the European Commission to prepare a clear methodology that specifies the technical criteria to estimate the GHG emission savings linked to the production of RFNBO and RCF in such a way that **avoids ambiguity and multiple interpretation.** Due to the relevance of this Delegated Act and the need to avoid overlapping with another upcoming Delegated Act on co-processing, we would like to invite the European Commission to consider the **explicit participation and inputs from relevant industry experts before the final draft is adopted.**

Our industry is willing to contribute to this relevant Delegated Act and, in that sense and for your kind consideration, we are pleased to share with you the **key outcome of our own internal analysis,** conducted by a **team of refining industry experts**, which highlights the importance of some essential methodological aspects. We are kindly sharing with you a summary at the end of this email, accompanied by detailed explanations in the document attached.

We believe that these considerations are of utmost importance when defining the final methodology for the GHG Emission savings calculations so we would invite the European Commission to kindly consider them ahead of the publication of the Delegated Act.

We remain at your disposal for any specific exchange or further additional details that you may require and of course, please, do not hesitate to share this with any colleagues who could be interested in this relevant file.

Thank you in advance for your time and efforts to contribute to create a robust framework for the deployment of both RFNBO and RCF in the close future.

Best regards,

[redacted]
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Summary - Key points for kind consideration in the DA GHG savings RFNBO/RCF

- To follow a **Well-To-Wheels/Wake/Propeller approach** from inputs to final use:
  - **excluding** GHG emissions due to the **manufacturing / maintenance** of infrastructure linked to the electrolysers, power generation and any **other machinery or equipment** used in RFNBO/RCF production processes
  - **including** the **counterfactual** impact of **displacing existing use or fate of feedstocks** as well as recognising the possibility to generate **negative emissions** when RFNBO production processes are coupled with Carbon Capture and Storage (CCS). **Transport and distribution until the retail station** to be included in the scope, to reflect the impact of potential use of energy carriers and subsequent reconversion to hydrogen.
- To ensure consistency between the steps included in the calculation of the GHG emission and the reference to the fossil-based value proposed for the GHG savings estimate. Therefore, **an unique fossil fuel comparator equal to 94 g CO2eq/MJ** for both **liquid and gaseous RFNBO and RCF** is recommended.
- To minimise methodological choices (e.g. source of information) in the RFNBO GHG savings calculations especially for electricity and refer to the **most up-to-date information available** and subject to the particularities of each individual project. In the absence of reliable actual data, improvement factors are suggested to recognise the improvement of the country specific electricity mix.
- To consider **CO/CO_2 feedstock** derived from petroleum products as **rigid inputs** for the purpose of the future methodology when it is an **unavoidable** and unintentional consequence of the production processes (e.g. fuel gas) in industrial installations.
- To use **energy** or mass balance approach to allocate GHG emissions to multi-products (and to explicitly **avoid economic allocation**).
- To grant explicit **recognition** of the **benefits** from **previous/current fate or use of RFNBO/RCF feedstocks**.
  - To subtract emissions from the inputs' existing use or fate from the GHG calculation of RFNBO/RCF.
  - To include into the emissions from existing use or fate the CO_2 equivalent of the carbon incorporated in the chemical composition of the fuel or emitted during processing that was or would have otherwise been emitted as CO_2 into the atmosphere, with the exception of CO_2 stemming from a source of fossil fuel that is deliberately burnt for the specific purpose of producing CO_2. The carbon incorporated in the chemical composition of the fuel or emitted during processing also includes that from CO_2 captured from air and biogenic CO_2.
  - To ensure enough flexibility when recognising the specific source of electricity displaced when waste materials are diverted from incineration with energy recovery.
  - To recognise **landfilling as incineration without energy recovery** for the purpose of the GHG emission calculation (accordingly with the *Innovation Fund* methodology[1])
- To **recognise the multi-feedstock nature of future fuel production units** and **differentiate the GHG emissions from the different fractions, using energy allocation** as the main criteria to allocate process emissions as well as to determine the RFNBO and RCF fraction of the final fuel corresponding to each individual feedstock jointly processed.
  - Avoiding a single carbon intensity value for different mix of feedstocks is deemed essential to incentivise both RFNBO and RCF production, even if jointly co-processed.
  - To allocate GHG emissions associated with each input (viz. RFNBO, RCF and other fuels) to the corresponding fraction / type of fuel, e.g. emissions associated with RCF feedstock to be allocated to the RCF fraction, emissions associated with RFNBO (renewable electricity) to be allocated to the RFNBO fraction, etc to have clear recognition in the context of future RED II(I) compliance.
- Need to **ensure consistency with Circular Economy efforts and taxonomy** regarding the rule to allocate product outputs and GHG emission calculation in the event of multiple co-products.
- To provide an explicit mention that the electricity complying with the criteria set in Article 27 (3) of Directive 2018/2001 and the corresponding delegated act is considered as fully renewable and therefore its emissions are considered as zero.

From: [redacted](FE) <>
Sent: Thursday, 9 December 2021 13:10
To: Hiesinger Stefanie <stefanie.hiesinger@ec.europa.eu>
Subject: RED II - RFNBO - DA article 27 Additionality - FuelsEurope view points

Subject: Delegated act on appropriated rules for the production of renewable hydrogen from electricity for RFNBO (RED II – Article 27)
Attachment: FuelsEurope (EU Association refining industry)'s view on additionality criteria

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Dear Ms. Hiesinger,

It is my pleasure to contact you in my capacity of Policy Executive in *FuelsEurope*, the European Association representing the refining industry, with regard to the **delegating act on additionality for**

the production of RFNBO (*Renewable Fuels of Non-Biological Origin*) which we believe that your Cabinet may receive and be able to contribute to in the very close future after the *Interservice consultation*, based on our understanding of the foreseen publication of the Das as mentioned in article 27 of RED-II.

Our Association strongly supports the EU objective of net climate neutrality in 2050 and the circular economy, and stands ready to support policy makers to reach such goals. The refining industry is actually transforming and sustainable *Low Carbon Liquid Fuels*, including both RFNBOs and RCFs, are the centrepiece of this transition. We foresee progressively phasing out crude oil towards multiple sustainable feedstocks and technology pathways contributing to reduce GHG emissions at both our sites and across the whole transport sector. We describe this strategy in our **Vision 2050** and **CleanFuelsForAll** publications.

In this context, we warmly welcome the initiative of the EU COM to propose a detailed methodology with the required criteria to provide a stable framework to rule the production of these RFNBO/RCF in the close future. In this regard, we would like:

- To express our willingness to help, as/if you deemed it appropriate, bringing forward the view of the refining industry as a key actor in this field
- To share with you some concerns regarding key aspects of the **delegated act on the *appropriated rules for the production of renewable hydrogen for electricity*** as we believe that, at this early stage of development, too restrictive measures on renewable electricity sourcing could really hinder the potential development and deployment of this type of low carbon fuels which are not at commercial scale today and for which a **flexible access to renewable electricity would be essential to make them a reality at European level.**

Therefore, for your kind consideration, I am pleased to share with you the summary of our main recommendations here below (complemented by further details in the document attached):

1. **The term renewable hydrogen should not be limited to hydrogen derived from renewable energy sources other than biomass**
   Therefore, we would suggest the introduction of term "*renewable electrolytic hydrogen*" in the delegated act.

2. **The delegated act should not impose renewable electricity generation assets to be unsubsidized in order to qualify as additional**

3. We understand that **time matching of renewable electricity production with the use of it to produce renewable electrolytic hydrogen** is required. We propose to consider a **phased approach** with a **broader enough time span of at least one month at the beginning** to match renewable electricity generation and the use of it to make renewable electrolytic hydrogen.

4. The **geographical sourcing** for the use of renewable electricity to make renewable electrolytic hydrogen should be the **Union**.
   We would strongly support that at least initially a wide scope of geographical sourcing, and no limitation to a bidding zone or neighbouring bidding zones, would be needed to support the case for the new production capacity needed at European level.

5. **To consider the extension of the term Power Purchase Agreements (PPAs) to Power Supply Agreements (PSA)**
   That would allow to increase the flexibility in using several sources of renewable electricity and as such contribute to the reduction of the cost of making renewable electrolytic hydrogen

Thank you in advance for your attention and contribution to develop the policy framework of these important low carbon fuels for the refining industry.

We remain at your disposal for any questions or further details that you may deem useful.

Best regards,

Marta

[redacted]

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[1] https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/innovfund/wp-call/call-annex_c_innovfund-lsc-2020-two-stage_en.pdf