

To meet emission reductions objectives in transport, sustainable renewable fuels are an important part of the solution

The Methanol Institute appeals to Council, Parliament and Commission to recognise crucial importance of all sustainable renewable fuels to reduce emissions in transport

Brussels, May 1, 2018 – With negotiations for redrafting the Renewable Energy Directive (RED II) in full swing during the trilogue procedure, the Methanol Institute appeals to the negotiating parties to continue to recognise the importance of all sustainable renewable fuels in reducing emissions in transportation. Even with increasing use of electric vehicles, the combustion engine (including hybrids) will continue to take the lion's share of drivetrain technologies for many decades to come (fig. 1). Energy efficiency and renewable fuels are still the best short-term and mid-term solutions to curb Well-to-Wheel CO₂ emissions from the engines used in trucks, buses, ships, airplanes and the majority of passenger cars.

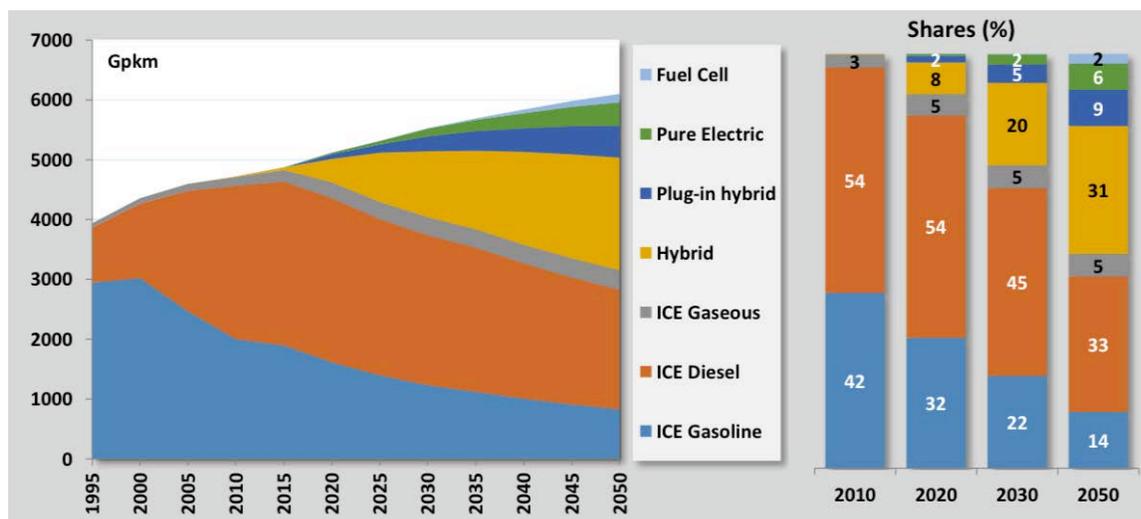


Fig. 1 – Evolution of passenger cars and vans by type and fuel (source: EU Reference Scenario 2016; Energy, transport and GHG emissions, Trends to 2050; <https://bit.ly/2yzeW0z>)

In order for Europe to meet the Paris COP21 targets all measures are needed. The Methanol Institute therefore supports **calls for ambitious levels of low carbon, and renewable fuels in transport of at least 15% in 2030, including a binding sub-target for advanced renewable fuels**. To reach this goal the EU cannot afford to exclude viable sustainable solutions from the majority of consumers, especially when so many options are available already today:

- **Fuel ethers – Improve energy efficiency through high octane fuels**

Higher octane fuels are an important solution to improve the energy efficiency of spark ignition engines. Higher performing (high octane) fuels such as fuel ethers play a significant role in mitigating air pollution already today. Using fuel ethers as blending components of petrol increases its performance and reduces emissions that impact human health and the environment. As key components for the production of high-

octane fuels, fuel ethers enable the reduction of air pollutants such as Nitrogen Oxides (NOx) by 5%, Volatile Organic Compounds (VOCs) by 15% and Particulate Matter (PM) by 30%.

- ***Biodiesel* – Retain the 7% cap for sustainable 1st gen biofuels**

In 2015, the EU agreed to an amended Renewable Energy Directive to account for the effects of ILUC, capping the use of food and feed crop-based biofuels at 7%. Negotiations took over three years, and member states are *still* in the process of implementing. Any attempt to now further reduce this cap can only be explained as political inconsistency and puts not only existing but also future investments in innovative technologies at serious risk. Provided 1st generation biofuels meet EU sustainability criteria and minimum GHG savings there is no objective reason not to allow their use for reducing CO₂ emissions in existing fuels today.

- ***Annex IX – part A* – Adopt a clear definition of advanced biofuels supported by a list of approved sustainable feedstocks**

The current RED II proposal defines advanced biofuels as those that are made from feedstocks listed in Annex IX part A. But as can already be seen from amendments proposed in Parliament, and others, such lists always leave room for interpretation and disagreement. This additional uncertainty restricts the development of innovative new processes and puts investment decisions based on using feedstocks listed in the current Annex IX Part A at risk.

Instead, the definition as recommended by the Sub Group on Advanced Biofuels (SGAB) in their final report¹, in combination with the existing list of feedstocks in Annex IX Part A finds a more pragmatic approach and ideal balance to allow the introduction of innovative new biofuels while offering stability for already planned facilities: “Advanced Biofuels are those produced from biomass other than food/feed crops while meeting the EU sustainability regime under the legislation in force. Examples of these sustainable feedstocks are listed in Annex IX part A. Feedstocks can be added to the list by the European Commission by delegated act but not removed”.

Because of their outstanding sustainability characteristics, and to avoid confusion Renewable Fuels of Non-Biological Origin should be maintained in Annex IX Part A as is the case in the current RED I already.

- ***Renewable Fuels of Non-Biological Origin* – Allow the use of PPA’s for the production of e-fuels and focus on point sources of CO₂ first**

As the supply of renewable electricity grows, the need for practical energy storage also becomes more and more evident. Besides short-term storage in batteries, chemical storage of electricity in so-called Renewable Fuels of Non-Biological Origin (RFNBIO) – also known as e-fuels - offer numerous benefits.

Most of these technologies use CO₂ as the source of carbon for their processes. The proposed amendment from Parliament to only allow the use of air captured CO₂ is an unnecessary restriction, which is in direct contradiction to the energy efficiency objectives set out by the European Commission. Why spend more energy capturing CO₂ at 400 ppm from the air, when the same CO₂ can be captured with much less energy at point sources where concentrations are significantly higher (from as low as 10% to > 90%)? Insisting on the use of air captured CO₂ would also increase operating cost by an order of magnitude of 20, creating an uncalled-for burden for investors and tax payers in general.

¹ Source: <https://bit.ly/2E5b3Qr>

For the supply of renewable electricity for the production of e-fuels, the Council's 'General Approach' recommendation to allow the use of power-purchase agreements (PPA's) is a pragmatic solution to ensure that renewable electricity has indeed been generated and supplied to the installation thus avoiding any concerns about double counting of the renewable electricity which has been converted to an e-fuel.

- ***Multipliers* – Cancel any form of multipliers for renewable energy**

The use of multipliers is nothing more than a form of creative accounting, giving a false impression of how much renewable energy is used in transportation. It is also mathematically incorrect. The use of multipliers incorrectly gives the impression that targets are met whereas in reality the actual amount of renewable energy in transport is lower than is actually required to reduce CO₂ emissions on a Well-to-Wheel basis. Given the recent commotion about 'diesel-gate' it is hard to understand why EU institutions would allow their own version of a wrongful representation of the facts.

About the Methanol Institute

The Methanol Institute serves as the global trade association for the world's leading methanol producers, distributors and technology providers. Methanol is used more and more often as a clean burning alternative fuel in a range of transport segments from marine, to passenger, to trucks using both conventional engine technology as well as fuel cells. Methanol is made from a wide range of feedstocks, including MSW, waste wood, CO₂ and renewable electricity. For more information visit: www.methanol.org.

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