AMENDMENT OF THE REGULATION SETTING CO_2 EMISSION STANDARDS FOR HEAVY DUTY VEHICLES

Methanol Institute (MI) Position

- MI supports the increase climate ambition of the Fit for 55 plan and the European Commission's notion that significant policy action is required to attain a net greenhouse gas (GHG) reduction of 55% by 2030 and net-carbon neutrality by 2050.
- MI rejects the proposed method of evaluating carbon footprint on the basis of tailpipe emissions and proposes a shift to an approach to GHG accounting in which the complete environmental profile of fuels is considered and true climate progress is reported.
- For the sake of risk mitigation, consumer-choice, competitiveness, and innovation drive, MI calls on policymakers to avoid elevating one technology over another. Climate progress is attained by mobilizing the widest possible range of technology solutions and renewable resources at our disposal.
- MI appeals to the European Commission, the Council, and the European Parliament to deploy market-based measures aimed at enabling the contributions of low carbon and net-carbon neutral fuels under the CO_2 emission standards for heavy-duty vehicles.
- MI calls on policymakers to modify the CO_2 emission standards for heavy-duty to enable the contributions of low-carbon and net-carbon neutral and unlock immediate GHG reductions in the existing vehicle fleet.

Introduction

The Methanol Institute expresses its full support for significantly increasing the climate ambition as per the Climate Target Plan's 55% net reduction target presented under the Fit for 55 package. As a widely available, a versatile energy carrier which exists in low-carbon and net-carbon neutral formats, methanol is poised to play a key role in the energy transition of mobility. Today, trucks and coaches are propelled by methanol, delivering GHG reductions through the direct use of methanol in dedicated combustion engines, as a hydrogen carrier fuel in methanol fuel cells, or in derivatives fuel ethers. (DME, OME, MTBE).

A key mechanism to reduce GHG emissions in transport is the CO_2 emission standard for heavy duty vehicles. According to Eurostat, 27% of the EU's Road transport CO_2 emissions are derived from the heavy-duty segment alone. Thus, it is of paramount importance that policymakers enable all resources available to address the challenge of transitioning the mobility segment toward sustainable value chains. The Commission's proposed approach of setting unworkable targets in the absence of enabling conditions, grounded on a GHG accounting methodology which fails to take into account the power supply of energy carriers, does not meet the challenge. We call for balanced climate policies focused on the desired outcome of reducing harmful GHG emissions as opposed to the high-risk strategy proposed under the CO_2 emission standard, depending on a single selected route to achieve the said outcome. To adapt the regulation to reflect its fundamental objective of enabling the energy transition of heavy-duty mobility, we offer the following recommendations:

1. Adopt a Life-cycle perspective to GHG accounting

The currently proposed approach of basing GHG reduction performance on tailpipe CO_2 emissions solely delivers a value of 0g CO2eq/MT for battery-electric or hydrogen fuel cell propulsion, regardless of the carbon profile of the electricity. In turn, the same approach penalizes low carbon and net-carbon neutral liquid fuels used in a combustion engine as GHG reductions attributed to sustainable feedstocks such as biomass or renewable electricity are not taken into account. This important shortfall of the Commission's proposal fails to consider emissions from upstream profiles of energy carriers and thus effectively eliminates the contributions of renewable liquid fuels in the mobility segment. In fact, a tailpipe-only approach can be seen to support the use of electricity from fossil sources as no market premium is allotted to valuate more sustainable power supply. Beyond the obvious implications of undermining climate progress in such a manner, the approach also represents preferential treatment for one technology solution. In addition, the tailpipe approach will do little to drive investments towards ramp up low carbon and net-carbon neutral liquid fuel supply which will remain essential to propel the 6.2 million trucks powered by combustion engine in 2040 according to the European Commission's own impact assessment. Adopting a life-cycle perspective serves to adequately factor in upstream process of energy carriers to give a complete picture of their environmental performance and avoids reporting false climate progress.

2. Recognize the plurality of technology solutions capable of delivering GHG benefits

By deploying a tank-to-wheel approach in the CO_2 emission standards for heavy duty vehicles, the European Commission effectively proposes an electricity-only approach to the energy transition of a mobility segment which depends on carrying heavy loads across long distances. In doing so, the Commission places the Union at risk, relying on carbon-intensive inputs associated with the electrical powertrain. It also relies on the mass-scale deployment of charging infrastructure which is non-compatible with even the ambitious outcome of the Alternative Fuel Infrastructure Regulation (AFIR). Furthermore, supply chain implications are apparent, as electric mobility already faces shortages of raw materials and pivotal components, without the significantly expanded demand artificially created by the proposed CO_2 emission standards. To mitigate the risks associated with relying on a single supply chain in a segment so pivotal for cross-border transport – a single propulsion technology and a single energy carrier – we call on legislators the recognize the plurality of solutions capable of delivering GHG benefits. Complimentary to the effective roll-out of e-mobility, the contributions of low carbon and net-carbon neutral liquid fuels towards attaining actual GHG reductions must be recognized.

3. Include a market-based mechanism to incorporate the contributions of renewable fuels

The Impact assessment conducted by the European Commission includes two possible methods by which to include low carbon and net-carbon neutral liquid fuels in the fleet regulation in addition to existing provisions. One is a carbon correction factor which reduces tailpipe GHG value in accordance with the share of renewable fuels in the transport market in a given time period. The other is a voluntary crediting mechanism, which would allow manufacturers to offset the GHG intensity generated over the entire lifecycle of the vehicle upfront, through a financial contribution to the fuel supplier. The Methanol Institute would support either mechanism or both in conjunction to safeguard a multifaceted approach to the energy transition.

Conclusion

The CO^2 emission standards for heavy-duty vehicles represent an important tool to drive GHG reductions in the hard-to-abate sector of heavy-duty road mobility. The proposed tunnel-vision focus on direct electrification has significant limitations which place the Union's climate progress at risk. The modifications proposed by MI aim to support the bloc's capacity to attain its objectives by unlocking the contributions of low-carbon and net-carbon neutral energy carriers which are instrumental to address the challenges of the energy transition.

THE METHANOL INSTITUTE (MI)

FOUNDED IN 1989

The Methanol Institute (MI) serves as the trade association for the global methanol industry, representing the world's leading producers, distributors, shippers, and technology companies. MI now represents its members from five offices around the world in Singapore, Washington DC, Beijing, Brussels, and Delhi.

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