

Fair competition for future fuels

More climate protection through voluntary crediting of renewable fuels in CO₂ fleet regulation

Berlin/Brussels, May 27, 2021: In the struggle to achieve climate neutrality by 2050, experts say all technological options must be exploited. *"Synthetic fuels are currently still being treated very unfairly,"* says Ralf Diemer, managing director of the eFuel Alliance. *"We are convinced that electrification will play a major role in road transport. But we think, it's wrong to put all our eggs in one basket and rule out complementary solutions."*

In a joint letter¹ today, 223 associations, companies, and scientists call on the EU Commission to include a voluntary crediting system for sustainable renewable fuels in the CO₂ emission standards regulation for new vehicles.

Distorted competitive conditions

Competition between all existing technologies in road traffic is severely distorted by different policy measures. The CO₂ emission standards regulation for new vehicles weighs most heavily. Here, automotive manufacturers must comply with a certain limit on average emissions for all vehicles sold. Unfortunately, these emissions are only measured at the tailpipe. There is no consideration over the entire life cycle. This leads to the absurdity that an electric car is credited with 0 g/km even when charged with fossil electricity, whereas a vehicle with an internal combustion engine is always credited with the fossil emission value - even if it demonstrably uses 100% carbon-neutral renewable fuels. In this example, the combustion engine is climate-neutral, but the electric car is not. Under the current regulatory design, automobile manufacturers could never achieve the CO₂ targets with eFuels.

Appropriate crediting system for renewable fuels

Therefore, vehicles whose CO₂ footprint has been demonstrably offset by renewable fuels over the entire life of the vehicle should be recognised as "climate neutral" in the CO₂ emission standards regulation in the same way as electric vehicles. A proposed system for crediting renewable fuels

¹ Joint letter: You can find the joint letter here: https://www.efuel-alliance.eu/fileadmin/Downloads/2021-05-26_Joint_Letter_Call_to_include_a_voluntary_crediting_system_for_sustainable_renewable_fuels_into_the_vehicle_CO2_regulations.pdf

was developed in 2020 by Frontier Economics on behalf of the German Federal Ministry of Economics and Technology².

The system has the following advantages:

- It is voluntary. This means, any manufacturer can use renewable fuels if customers want or targets are missed, but does not have to.
- Only additional quantities of renewable fuels count. This provides even more climate protection.
- It sends clear investment signals to the fuel industry.
- The existing limits and strict sustainability criteria of conventional biofuels must be respected. This excludes the possibility of a crediting system increasing the share of conventional biofuels. On the contrary, investments will flow into advanced biofuels and eFuels.
- The crediting of renewable fuels is an additional safeguard for the automotive industry should unexpected risks arise during the ramp-up of e-mobility. These could include political problems arising from a dependency on rare raw materials, unexpected electricity price increases, recycling issues, customer acceptance issues, infrastructure problems, etc.

Establishing a hydrogen economy without government subsidies

In order to be able to achieve the climate protection goals, the replacement of fossil fuels must be accelerated. This can only succeed if, in addition to the expansion of electromobility, the use of climate-neutral fuels is also promoted, and if e-mobility and regenerative fuels complement each other through a technology-open discussion and binding framework conditions. The signatories of this letter are clearly against a distribution discussion of hydrogen and eFuels. There is enough renewable energy potential worldwide. eFuels enable the storage and transport of these additional amounts of energy. *"We reject the significance of efficiency losses in the production and use of eFuels,"* Diemer said. *"The better site conditions, especially in sparsely populated regions of the world, completely compensate for the efficiency losses. A wind turbine in Chile produces 4 times as much energy each year as a wind turbine in Germany."*

To achieve the climate goals, the hydrogen economy needs to ramp up as quickly as possible. Every sector that can make a decisive contribution through its high willingness to pay without subsidies should be considered. To this end, the crediting of renewable fuels in the CO₂ fleet regulation must be made possible now.

² https://www.efuel-alliance.eu/fileadmin/Downloads/RPT-Frontier-FGS-Crediting_Renewable_Fuels-Executive_Summary_DE-20-05-2020-stc.pdf

PRESS RELEASE

About eFuel Alliance

The eFuel Alliance is a stakeholder initiative dedicated to the industrial production of synthetic liquid fuels from renewable energies and sustainable biomass. The eFuel Alliance currently has over 130 members along the eFuels value chain. From innovative start-ups such as Synhelion or Sunfire, to mechanical engineering such as Siemens Energy, the fuel industry such as ExxonMobil or Neste, and end-user sectors such as Mazda or Iveco. The goals of the initiative are the recognition of eFuels as an essential component of a European climate protection policy and their equal treatment with other climate protection technologies in the sense of technological openness. The eFuel Alliance is open to all organisations and interested parties who share the goal of establishing and promoting eFuels as a contribution to climate protection and helping them to be accepted worldwide.

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