PRESS RELEASE

Market Industrialization of Renewable Fuels: Removing Regulatory Barriers

Berlin, October 29, 2024: Hydrogen and renewable fuels are currently grappling with a range of challenges, including low demand driven by insufficient regulatory incentives, numerous production-side restrictions, and minimal climate policy consideration within road transport. In coordination with its 180 members, the eFuel Alliance is calling for a pragmatic overhaul of relevant legislation, especially the Renewable Energy Directive.

"The primary reason for the significant hesitancy among project developers and investors lies in the EU's regulatory framework—above all, the Renewable Energy Directive," criticizes Dr. Monika Griefahn, Chair of the eFuel Alliance. "The unambitious quotas in the Renewable Energy Directive, coupled with overly restrictive requirements on the use of renewable electricity or industrial CO_2 sources, deter interest on both the supply and demand sides."

In response, the eFuel Alliance has identified four core recommendations for action:

1. Increasing quotas for renewable fuels within the Renewable Energy Directive (RED),
2. Revising the European Energy Taxation Directive to lower taxes on renewable fuels,
3. Amending Delegated Acts 27 and 28 of RED II regarding the procurement of renewable electricity and the utilization of CO_2 sources,
4. Opening all target markets to renewable fuels, with a particular focus on road transport as a lever for scaling adoption within the aviation and maritime sectors.

The current conditions in Europe present immense potential. Europe has set ambitious targets in the field of hydrogen and its derivatives. The European Hydrogen Strategy aims to install 6 gigawatts of electrolysis capacity by 2024, rising to 40 GW by 2030, with an additional 40 GW expected to be imported. At present, less than 0.5 GW is installed.

"The issue of the supposed lack of availability and high cost of eFuels is self-imposed," argues Ralf Diemer, Managing Director of the eFuel Alliance. "Regulatory incentives for greater deployment of renewable fuels in the EU are far too low, and the regulations are overly restrictive. EU policymakers have only allotted a one percent share for eFuels in the transport sector by 2030—and only in aviation and maritime transport. This artificially suppresses the market ramp-up of renewable fuels."

Since its founding, the eFuel Alliance has advocated for a five percent blending quota for eFuels across the entire European fuel market in all transport sectors by 2030. A five percent share of eFuels would lead to an annual CO_2 reduction of 60 million tons, equivalent to the emissions of roughly 40 million vehicles per year.

"An entire industry is at stake here. We must safeguard Europe's technological leadership in Power-to-X technologies and secure the competitiveness of our companies against non-European players by implementing pragmatic regulatory conditions," emphasizes Diemer.

>>>The eFuel Alliance e.V.<<<

The eFuel Alliance is an interest group committed to promoting political and social acceptance of eFuels and to securing their regulatory approval. We represent more than 170 companies, associations and consumer organizations along the eFuel production value chain. We stand for fair competition and equal competitive condition for all relevant emission reduction solutions. We are firmly committed to further climate change mitigation and seek recognition for the significant part eFuels can play in sustainability and climate protection. Our aim is to create the conditions for the industrial production and widespread use of CO2-neutral fuels from renewable sources of energy.

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