# Credit where credit is due: Properly valuing renewable electricity as transport fuel in RED III

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As a central piece of the EU's legislation on transport decarbonisation, the upcoming revision of the Renewable Energy Directive (RED) must drive the decarbonisation of transport fuels and ensure a truly sustainable transport sector from well to wheel.

Electrification of transport is the most efficient way to decarbonise road transport and railways. It is also key to strengthening European industry and strategic autonomy by establishing a booming battery and electric vehicle industry on our continent.

Electrification of transport must go hand in hand with the deployment of renewable energies. Renewables-based electrification is the best route to a sustainable transport sector. But it is also a way to harvest the synergies between the energy and transport sectors and to facilitate their integration into the energy system, creating new business opportunities for EU 'smart energy' companies and putting Europe at the forefront of energy system integration.

The revised Renewable Energy Directive will be critical to create a level playing field for renewable-based electromobility and to boost its further development. **The undersigned organisations would therefore like to share their concerns on the revision of the directive, which might miss the opportunity to promote the most efficient technologies to decarbonise transport. On the contrary, it may create distortions to competition between renewable transport fuels.**

In particular, we call on the European Commission to help accelerate the transition towards more energy-efficient and renewable energy in the transport sector by:

- Keeping the current electricity multipliers – which bring equivalence to different primary energy sources.
- Leaving Member states free to choose an energy-based or GHG-based approach.
- Including all relevant renewable energy sources – not just biofuels – in national compliance schemes.

<u>Multipliers – better called equivalence factors – correct for efficiency of primary energy sources, and for inadequate GHG calculations</u>

Under the EU's current Renewable Energy Directive (RED II), each Member state must set an obligation on fuel suppliers to ensure that renewable energy makes up at least 14% of the energy used in that Member state in the transport sector. The achievement of the target is facilitated by several multipliers on energy content per transport mode.

Without multipliers, the least efficient renewable energy sources receive the highest support, in direct conflict with the energy efficiency first principle. An electric car can drive 2 km on 1 MJ of solar or wind electricity, but an internal combustion engine car can only drive 500m on 1 MJ of biofuels. The multiplier of four for renewable electricity in the RED II corrects for this. Eliminating it would mean that biofuels receive four times the support per km driven compared to renewable electricity. This cannot be the intent or the result of EU policy.

Eliminating multipliers would decrease the use of renewable electricity in transport, and increase the use of crop-based biofuels; reversing the positive change that has taken place in recent years.

Resources are better spent including ALL relevant renewable energy sources, not just combustion fuels, into national compliance systems.

One of the key improvements the EU can make is to ensure countries do not only include biofuels in their national compliance systems, but all relevant renewable energy options, in particular renewable electricity, but also hydrogen. However, the current compliance system in most cases translates into biofuel-only blending mandates, which creates an important distortion to fair competition between energy carriers and a barrier to renewable electricity.

The revision of the Renewable Energy Directive should therefore introduce fuel-neutral credit trading mechanisms as a means for fuel suppliers to meet their obligations. This will ensure that all relevant renewable energy options, i.e. not only biofuels, are included in national compliance systems. It will put all energy options on a level playing field and help the business case for setting up recharging points and refuelling stations.

Such a credit trading mechanism should include private and home charging. If the scope of the mechanism is limited to public charging only, most of the renewable electrons charged would be excluded from the system because most charging (i.e at least 70%) will happen at home and in the workplace. There is currently no valid reason to exclude *a priori* private charging since our ability to trace renewable electrons will only improve, as national examples are starting to demonstrate.

Limiting the scope of credit mechanisms to public charging would also risk distorting the charging market, and therefore hamper an accelerated roll out of charging infrastructure. Applying the credit mechanism only to a small subset of existing solutions would mean that fair competition between all solutions on the market would be undermined, and could lead to counterproductive rollout strategies focussing too strongly on public charging solutions. Such an approach would pose a particular challenge for cities trying to reduce pressure on public charging systems, and for public transport and logistics, for which private and semi-public charging will be crucial. All types of charging infrastructure are needed for the transition and should be supported equally.

The EU should leave Member States free to choose between energy- and GHG-based targets, instead of forcing 24 of 27 into a different architecture than they currently have.

Currently, only three out of 27 Member States have a GHG-based target for fuel suppliers (Germany, Sweden and Denmark). Mandating a change towards a GHG-based system would mean that 24 Member States would need to spend their resources on a major and unnecessary change in the architecture of their systems, instead of making progress within their current systems, e.g. France is adapting its energy-based biofuels framework to also include renewable electricity.

When setting obligations on fuel suppliers on the basis of emissions savings, even imposing minimum shares for advanced biofuels and Renewable Fuels of Non-Biological Origin (RFNBOs) would not address all barriers, disadvantages (e.g. the need for sophisticated lifecycle assessment methodologies for a broad range of renewable fuels) and practical challenges (verification of emission savings in global supply chains) that come with implementing an emissions-based approach.

**The signatories :**