FuelsEurope
REFINING PRODUCTS FOR OUR EVERYDAY LIFE

FuelsEurope - Position Paper
Transport and GHG reductions

Brussels, 10th March 2016

Introduction

1. Affordable mobility is a key contributor to the quality of life of European citizens and is intrinsically linked to economic growth.

2. While alternative technologies are increasingly used in transport, refined petroleum products are - and will remain for many years - the prominent energy source, due to a combination of factors such as superior energy density, easier transportability/storability, established infrastructure and comparatively lower cost (before carbon cost and taxes).

3. Transport is a contributor to GHG emissions. All transport fuels and energy will produce GHGs to a varying extent based on the emissions generated during their life cycle.

4. The taxation of petroleum products, and notably transport fuels, represents a very significant revenue flow to the State budget, and alternative transport fuels are not currently subject to similar level of taxation.

5. Transport GHG emissions in the EU are already on a reducing trend. Vehicle efficiency has achieved significant improvements, including through contributions of high performance fuels and lubricants.

6. Further improvements in these technologies, in addition to vehicle fleet renewal, alternative fuels and mobility behaviour will deliver further reductions in GHG emissions.

7. The production of petroleum fuels in the EU, thanks to strongly innovative and world leading energy efficient refineries, has a comparatively lower carbon footprint than outside Europe.

Transport Policy

1. The EU's transport policy should be holistic, and include in addition to low carbon fuels and vehicles, traffic demand, infrastructure improvements, and driver education / training / behaviour. Such measures can play an important role in the decarbonisation of the transport sector at a comparatively low cost.

2. Over the long term transport policy for fuels and vehicles should take an integrated approach involving all actors (vehicle manufacturers, fuel providers, infrastructures and consumers) in the transport sector. Those policies should be cost-effective, technology neutral, and predictable to ensure safeguarding of the internal market. We therefore support the Council conclusion to adopt technology neutral approach to reduction of GHG in transport.

3. To ensure a fair comparison between transport energy sources and vehicles, it is important to take account of life cycle analysis of GHG emissions entering the atmosphere when making policy decisions.

4. An economy-wide / cross-sectorial approach to decarbonisation is more cost-effective than a sectorial one and will deliver value for the planet at the lowest cost for citizens. The regulatory approach currently in place is sectorial, and the implicit cost for decarbonisation in transport can be much higher than in other sectors due to technological immaturity of alternatives.

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5. If a convergence to an economy-wide / cross-sectorial approach with a uniform carbon price is not considered realistic in the short term, then a regulatory transition should be considered, leading to the eventual convergence of the cost of decarbonisation in transport with other sectors.

6. During the transition, FuelsEurope supports a sensible implementation of the sectorial approach in transport in the short and medium term, including:

    a. A continuation of efficiency targets on vehicles, in line with the following points:

        i. In respect of the technology neutrality principle, the targets should be cost-effective and realistically set and achievable through different technologies.
        ii. An alternative compliance mechanism referenced to carbon price, could be considered as a marginal compliance option for vehicle manufactures.
        iii. The revenues from the alternative compliance mechanism may be used preferentially to support R&D and scale-up phases for new promising technologies in respect of the technology neutrality principle to support development towards cost efficient GHG reduction routes.

    b. We acknowledge that the COM does not think it is appropriate to establish new EU wide targets post 2020 for renewable energy or the GHG intensity of fuels used in the transport sector. We think that mandates might not be a cost effective method of reducing GHG emissions. However, where biofuel blending mandates are enforced by Member States (in support of their national agriculture and / or their national energy security and/or their contribution to CO2 reduction), they should:

        i. Aim to create consistency to maintain the single market.
        ii. Only support biofuels that have established science based sustainability credentials on a well-to-wheel basis.
        iii. Set achievable targets.
        iv. Keep current fuel grades to ensure vehicle compatibility.

    c. No extension of fuel specific GHG intensity reduction targets post 2020, i.e. FDQ 7a.

7. Incentives for the development of alternative fuels and electricity should be based on well-to-wheel assessment of the GHG emission, and should be limited in time and cost. Eventually, every technology / fuel and energy combination should compete on its own merit in a market regulated by a uniform carbon price.

FuelsEurope, the voice of the European petroleum refining industry

FuelsEurope represents with the EU institutions the interest of 41 companies operating refineries in the EU. Members account for almost 100% of EU petroleum refining capacity and more than 75% of EU motor fuel retail sales.
FuelsEurope aims to promote economically and environmentally sustainable refining, supply and use of petroleum products in the EU, by providing input and expert advice to the EU institutions, Member State Governments and the wider community and thus contributing in a constructive and pro-active way to the development and implementation of EU policies and regulations.

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