FuelsEurope
FUELLING EUROPE'S FUTURE

POSITION PAPER

Position Paper on the Automotive Package

Brussels, 09/07/2026: FuelsEurope believes the decarbonisation of road transport (LDVs, HDVs and corporate fleets) should be technologically neutral and recognise the role of sustainable fuels alongside electrification. But how can fuel and vehicle technologies contribute to abate road transport emissions? The right answer surely is to see all of these technologies as complementary, not in competition.

The economic and scientific logic behind the use of sustainable fuels in road transport is growing more compelling, but to ensure all breakthrough technologies are truly empowered to decarbonise the European road transport system, legislators should consider the following **policy recommendations** across CO_2 Standards for light-duty vehicles revision and Clean Corporate Vehicles:

- **Recognition of Vehicles Exclusively running on Eligible Fuels (VEEFs) as zero emission** in the CO_2 Standards, through a dedicated vehicle classification supported by robust monitoring and certification methodologies.
- **Broader pool of eligible fuels**. Extend the scope of eligible fuels defined under Article 5a of the CO_2 Standards for light-duty vehicles revision to all RED-compliant sustainable fuels, for both VEEFs and fuel credits mechanism.
- **Sustainable fuels should be credited with a zero-emission factor**, as the CO_2 they emit during the use phase is circular (biogenic, absorbed from the atmosphere) and does not increase the CO_2 concentration in the atmosphere.
- **Improve the fuel credits mechanism by removing the 3% cap and the 1% sub-cap for Annex IX Part B biofuels**. Also, their contribution should purely reflect market reality, without being subject to a 10% ceiling.
- **Enable early deployment and allow eligible fuels to contribute to road decarbonisation from the entry into force of the revised Regulation**.
- **Balanced approach in the Clean Corporate Vehicles** initiative, where the contribution of sustainable fuels is aligned and consistent with the CO_2 Standards for light-duty vehicles revision.

You may refer to **Annexes I** and **II**, which further substantiate our position on the revision of the **CO_2 standards for light-duty vehicles** and the **Clean Corporate Vehicles** initiative.

ANNEX I – CO2 Emission Performance Standards for Light-Duty Vehicles Revision

Sustainable fuels are not simply an alternative to road transport electrification, they represent a viable and climate-neutral compliance option for automakers. Their limited recognition proposed by the European Commission in the CO_2 Standards revision should be expanded to reflect market reality and equip OEMs with a sustainable compliance alternative.

Recognition of Vehicles Exclusively Running on Eligible Fuels (VEEFs)

The CO_2 Standards regulation accounts for emissions at the tailpipe and disregards upstream emissions, leaving climate benefits of RED-compliant fuels not considered at all. To correct this shortcoming, FuelsEurope recommends legislators to create, before the end of 2026, a **new vehicle classification for vehicles exclusively running on eligible fuels (VEEFs)**. Such a new classification should be viable and immediately applicable. This requires legislators to set rigorous conditions:

1. FuelsEurope supports the objective of VEEFs fuelled exclusively by eligible fuels. On a transitional basis, while the availability of 100% eligible fuels is being scaled up, and the necessary retail and logistics infrastructure is being progressively deployed, transitional flexibilities should be allowed to demonstrate compliance, pending the widespread availability of 100% eligible fuels and VEEFs registrations, as indicated by market data. Fuel suppliers' investments in VEEF-compliant infrastructure should remain voluntary.
2. A pragmatic and effective system is required to monitor, certify and enforce compliance.
3. Rules for travelling outside of EU must be defined.

Broader pool of eligible fuels

The scope of eligible fuels considered for the fuel credits and the VEEFs should be extended to include all RED-compliant sustainable fuels meeting the sustainability and GHG criteria under Articles 29, 29a and related delegated acts. This should follow the below definition of eligible fuels, in line with the Renewable Energy Directive:

> "The eligible fuels shall be all fuels defined by the Renewable Energy Directive (EU) 2018/2001, provided that they meet the sustainability criteria of that Directive and associated delegated acts, where the same amount of CO_2 from biomass, ambient air or recycled carbon sources is bound in the fuel production as is released during combustion in the use phase. Those fuels shall include renewable and/or synthetic fuels, such as biofuel, biogas, biomass fuel, renewable liquid and gaseous transport fuel of non-biological origin (RFNBO) or a recycled carbon fuel (RCF)"

Sustainable fuels should be credited with a zero-emission factor

The methodologies calculating GHG emissions in EU legislation assume emissions at the fuel in use to be neutral, as per the carbon neutrality principle, well supported by landmark EU legislation such as ETS I and II, where obligated parties don't need to surrender emission allowances as a result of biofuels, RFNBOs, RCF and synthetic low- carbon fuels usage. The RED provides further reference, as tailpipe emissions are compensated by credits arising from photosynthesis or CO_2 capture. In the CO_2 Standards legislation, electric vehicles are rightly considered zero-emissions, regardless of the carbon intensity of the EU grid[1], whereas sustainable fuels continue to be treated as fossil. This uneven playing field favouring electrification should be fixed, and science-based, technology neutral policies upheld.

Improve the fuel credits mechanism by removing the 3% cap and the 1% sub-cap for Annex IX Part B biofuels. Also, their contribution should purely reflect market reality, without being subject to a 10% ceiling.

Given the Commission's proposal, the maximum credit OEMs can use to compensate their tailpipe emissions from 2035 is 10% of the 2021 target, i.e. 11,01 gCO2/km, of which max 3% (or 3.303 gCO2/km) from sustainable fuels and max 7% (or 7.707 gCO2/km) from low-carbon steel made in the EU. Within the 3% credits generated by fuels, biofuels from feedstocks listed in RED Annex IX B cannot exceed 1% (or 1.101 gCO2/km). Also, the "eligible fuels" considered for the credits are only a portion of the RED-compliant fuels; we strongly argue that this definition should be expanded to include all RED-compliant fuels, as above-mentioned.

Instead, considering the current amount of all RED-compliant fuels in the EU fuel market pool (7,5% of the total in 2024), OEMs could already take advantage of an equivalent credit way above the 3% restriction proposed by the Commission. **Fuel credits should purely follow market reality,** including developments of the RED and its upcoming revision, and correct OEMs' average emission values by the equivalent amount of sustainable fuel available in the market.

Sustainable fuels offer an immediate decarbonisation option for the legacy fleet and for newly registered vehicles, they are readily available across the EU[2] to an increasing extent. The recognition of their contribution starting from 2035 would unnecessarily delay investments and undermine the business case for European sustainable fuel manufacturing capacity build out. Legislators should enable their contribution as soon as the Regulation enters into force. This approach would allow citizens and businesses more ways to participate in carbon neutral mobility, and more sustainable investment options for the agricultural and fuel industries in Europe to mobilise European resources, via efficient strategies for biofeedstocks value-chain development and a holistic decarbonization strategy for all transport modes.

ANNEX II – Clean Corporate Vehicles

A Clean Corporate Vehicles (CCV) framework should be anchored in a consistent, science-based and technology-neutral approach to decarbonisation, recognising the complementary role of all effective technologies. In this context, the contribution of sustainable fuels should be explicitly acknowledged within the proposed Regulation, ensuring coherence with their treatment under the CO_2 performance standards for light-duty vehicles and across other EU legislative instruments. Embedding sustainable fuels within the CCV framework would enhance the regulatory consistency, provide legal clarity and ensure that all technological pathways contributing to transport decarbonisation are recognised on equal terms.

Recognition of Vehicles Exclusively Running on Eligible Fuels (VEEFs)

Vehicles exclusively running on eligible fuels (VEEFs) should be recognised as a credible and effective pathway to decarbonise corporate fleets. These vehicles rely on fuels compliant with the greenhouse gas emission reduction and sustainability criteria set out in Directive (EU) 2018/2001, offering an immediate and scalable solution to reduce emissions, including within the existing fleet. On this basis, VEEFs should be formally recognised as zero-emission vehicles (ZEVs) under the CCV Regulation.

[1] The 2024 average EU electricity grid carbon intensity was 187,08 gCO_2/kWh, this equals 51,97 gCO_2/MJ (EEA source), i.e. higher than any RED-compliant fuel. Recent statistics from the EEA reveal: biodiesel (25.1 g CO2/MJ, excluding ILUC), bioethanol (20.8 g CO2/MJ, excluding ILUC), and HVO (10.1 g CO2/MJ, excluding ILUC).
[2] Today, over 6000 service stations are offering 100% renewable fuel across the EU.

Adjustment of the zero-emission vehicle definition

The legal definition of zero-emission vehicle should be explicitly adapted to include the VEEF category, ensuring that vehicles powered exclusively by eligible fuels are treated on an equal footing with battery-electric and hydrogen vehicles. Such an approach would reflect existing EU regulatory practice, where fuels compliant with the Renewable Energy Directive benefit from a zero-emission rating under the EU Emissions Trading System, thereby reinforcing consistency and regulatory coherence across legislative frameworks.

Broader pool of eligible fuels

The CCV legislation should establish a clear definition of "eligible fuels", encompassing all fuels that meet the sustainability and greenhouse gas criteria set out in Directive (EU) 2018/2001 and its delegated acts. This should include biofuels, biogas, biomass fuels, renewable fuels of non-biological origin and recycled carbon fuels. A comprehensive definition would ensure legal clarity, avoid restrictive interpretations and preserve alignment with existing EU legislation.

Clarity on financial support provisions and alignment of implementing timelines

Legal certainty is also required with regard to the notion of financial support. This should be clearly defined as limited to direct subsidies or grants while excluding fiscal measures. Such a distinction is necessary to respect the exclusive competences of the Member States in the taxation domain and to avoid unintended constraints on national policy frameworks. Provisions on financial support should be aligned with the entry into force of the proposed regulation.

FuelsEurope, the voice of the European fuel manufacturing industry. FuelsEurope represents, within the EU institutions, the interest of 40 companies manufacturing and distributing conventional and renewable fuels and products for mobility, energy & feedstocks for industrial value chains in the EU.

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