



## Response to the consultation concerning revision of the RED II directive

*Negative Emissions Platform is a Brussels-based partnership of European and international actors working together to improve political and public recognition of carbon removal technologies and solutions.*

We welcome the Commission's initiative to review the renewable energy directive (RED II) and to streamline its objectives with recent initiatives to increase the 2030 target, promote hydrogen and sector integration. Concerning the choices outlined in the consultation, we support **Policy Option 5** since only a combination of Options 2, 3 and 4 will form a holistic strategy to ensure that renewable energy contributes to the achievement of the higher climate ambition in line with the 2030 target. This pathway should encompass 1) an increase of the RED II targets and sub-targets; 2) amendments to RED II reflecting the measures proposed in the Hydrogen Strategy and Sector Integration Strategy such as the terminology and certification of fuels; 3) non-regulatory instruments such as information campaigns to help consumers better understand characteristics of various types of fuels, and project financing for commercialisation of innovative technologies such as production of circular carbon fuels from atmospheric CO<sub>2</sub> and renewable hydrogen.

### 1) Increased ambition

The nominal **sub-target of 14%** for renewable energies in the transport sector should be **increased to at least 23% in 2030**. While battery electric vehicles are ideal in circumstances where renewable electricity is abundant and the range requirements are moderate, the e-fuels are the best available option for higher loads and ranges (e.g. long-distance heavy-duty vehicles, aviation, shipping) and constitute an only option to defossilize the existing vehicles fleet. Therefore, the increase of the overall target should be supplemented by **a minimum quota of 5% for e-fuels (including hydrogen) in 2030**.

To further incentivise the reduction of carbon intensity of e-fuels **an obligation should be placed on producers to source an increasing share of CO<sub>2</sub> from the atmosphere**. Starting from a minimal level (ex. 5%) in the 2020s the share would be gradually increased in line with atmospheric CO<sub>2</sub> removal cost reductions, to reach 100% in 2050 in line with the EU long-term climate-neutrality objective. The obligation could be delivered either by production or blending of atmospheric CO<sub>2</sub>-derived fuels or through purchase of credits from other suppliers. The

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Transparency Register n° 351267138656-84



promotion of air-to-fuels production would bring about the economies of scale of atmospheric CO<sub>2</sub> removal processes. This in turn would improve the overall economics of atmospheric CO<sub>2</sub> removals as the ultimate technological option to deliver net-negative emissions. The current approach that privileges point source CO<sub>2</sub> risks locking-in the carbon capture and use (CCU) method consisting of recycling the CO<sub>2</sub> (delaying the emissions) for decades to come. If the e-fuels industry is scaled up based on industrial CCU only, without a clear plan to phase in atmospheric CO<sub>2</sub>-derived fuels, the overall climate-neutrality target by 2050 will not be delivered or will require huge additional carbon removal capacity in other sectors.

## 2) Terminology and Certification

We fully support the idea to incorporate the elements of Hydrogen Strategy and Energy Sector Integration Strategy in the revision of RED II. Particular focus should be given to the proposal to introduce **a comprehensive terminology for all renewable and low-carbon fuels** and a European system of certification of such fuels based on full life cycle GHG emission savings and sustainability criteria.

We recommend that issuance of Guarantees of Origin (GOs) for all types of decarbonised and low-carbon fuels should become mandatory. Currently, the provisions of Article 19(2) of RED II provide for such an option for Member States - an obligation to do so would ensure a level playing field and comparability between various types of fuels and technologies used for their production. All types of GOs should include information related to GHG emissions/savings and sustainability. Establishment of Life Cycle Analyses comparable between all energy carriers and their translation into labels or certification schemes will be necessary to allow end-users to make well-informed choices.

The methodology for GHG emissions saving and sustainability criteria must clearly differentiate between the CO<sub>2</sub> from industrial sources and the atmospheric CO<sub>2</sub>. At present, the methodology falsely indicates that the effect on climate is the same whether the CO<sub>2</sub> is captured from the air or from the flue gases with CCU method. The application of atmospheric CO<sub>2</sub> removal delivers genuinely carbon circular fuels keeping the concentration of atmospheric CO<sub>2</sub> at a steady level, whereas the CCU approach merely moves the release of CO<sub>2</sub> in time and space, while in the same time risking a lock-in of fossil sources of CO<sub>2</sub> for years to come and potentially delaying application of alternative decarbonisation technologies in concerned industries. An indicative classification

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of ‘green gases’ established by the Florence School of Regulation provides a good example of valuation of CO<sub>2</sub> by source - with the synthetic methane from renewable hydrogen and atmospheric CO<sub>2</sub> scoring higher on the Green Value index than synthetic methane derived from industrial CO<sub>2</sub>. Additionally, if hydrogen’s feedstock is biomass, which contains the naturally-captured atmospheric CO<sub>2</sub>, the first methanation process is considered carbon negative<sup>1</sup>. Similar approach to the valuation of CO<sub>2</sub> is necessary with respect to e-fuels.

Prioritisation of industrial CO<sub>2</sub> for production of e-fuels would delay an economy-wide decarbonisation. Future GHG methodology should also differentiate between the suppliers of fossil CO<sub>2</sub>, excluding power and heat generation, so as not to hinder their full switch to decarbonised sources, while privileging hard-to-decarbonise industrial sectors as medium-term suppliers.

### 3) Transparency for end-users

A straightforward classification and terminology would **help consumers better understand differences between various types of fuels and enable them to make a right choice depending on individual decarbonisation needs and priorities**. Labels and certification schemes will be particularly important for industrial end-users subject to the EU ETS while the reform of the EU ETS Monitoring and Reporting Regulation is still pending. Moreover, a direct link between GOs and other labels and certificates would be an effective tool to prevent false or double claims on the origin of energy. In that respect we recommend that CO<sub>2</sub> captured from industrial fossil point sources covered by the EU ETS and sold to e-fuels suppliers should still require the industrial actor to pay for allowances under the EU ETS. In that way the ‘CO<sub>2</sub> laundering’ - whereby the captured CO<sub>2</sub> is passed on to non-ETS actors - would be prevented.

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<sup>1</sup> How Many Shades of Green? Proposal for a Taxonomy of ‘Renewable’ Gases. FSR (February, 2020)  
<[https://cadmus.eui.eu/bitstream/handle/1814/66356/RSCAS\\_PB\\_2020\\_06.pdf?sequence=1&isAllowed=y](https://cadmus.eui.eu/bitstream/handle/1814/66356/RSCAS_PB_2020_06.pdf?sequence=1&isAllowed=y)>