Voluntary Report – Voluntary - Public Distribution

Date: March 02, 2022

Report Number: GM2022-0006

Report Name: Fuel of the Future Congress Concludes Biofuels are Indispensable for Reaching EU Climate Goals

Country: Germany

Post: Berlin

Report Category: Biofuels, Policy and Program Announcements, Trade Policy Monitoring

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Report Highlights:

Hot topics of the 19th international “Fuels of the Future” congress included the EU’s Green Deal and “Fit for 55” package, biofuels and its alternatives (e-mobility, hydrogen, electricity-based fuels); CO2 pricing; and market conditions for biofuels and their feedstocks. Multiple speakers cautioned against restricting the focus of efforts to reduce GHG emissions to ramping up the use of battery-electric vehicles. Instead, they advocated that all drive technologies and advanced fuels, including biofuels, are needed to reach the climate goals.
The 19th edition of the annual, international “Fuels of the Future” congress was held on January 24-28, 2022, again in a purely digital format, due to the COVID-19 pandemic. The congress included a mixture of political and technical sessions. It was organized by the following five associations from the German biofuels sector: German Bioenergy Association (BBE), Association for the Promotion of Oil and Protein Plants (UFOP), Federal Association of the German Bioethanol Industry (BDBe), German Biofuel Industry Association (VDB), and Professional Association Biogas (FvB). Further details and the conference program are available at www.fuels-of-the-future.com/en.

The event consisted of 15 forums in which over 60 experts from the international biofuels sector; the mineral oil, automotive, and chemical industries; the mobility, logistics, and transport sector; scientists; and politicians presented strategies, concepts, and measures for greater climate change mitigation in the transport sector, including maritime shipping and aviation. They also discussed policy developments like the European Union (EU)’s “Green Deal,” the “Fit for 55” package¹, the renewable energy directive RED II², and its upcoming successor RED III³. The more than 500 participants from 31 countries were able to pose their questions via the slido app chat function and network with one another via their attendee profile.

¹ The EU’s “Fit for 55” package is a set of 17 proposals to revise, update, or introduce EU legislation to help reach the target of reducing net greenhouse gas emissions by at least 55% by 2030 that was stipulated in the EU’s Green Deal. For further details please see: https://www.consilium.europa.eu/en/policies/green-deal/eu-plan-for-a-green-transition/
³ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0557
The following re-occurring themes emerged during multiple presentations:

Call on Policy Makers to Remain Technology Neutral

Several speakers directly or indirectly criticized the German and EU policy for favoring battery-electric powered vehicles (BEV), aka e-mobility\(^4\), over other options to reduce greenhouse gas (GHG) emissions. They argued that:

- E-mobility is a promising option, but it is not sufficient to achieve the GHG reduction goals. All options are needed.
- The GHG abatement effect of e-mobility largely depends on the carbon intensity of the electricity that is being used.
- The “tank-to-wheel”\(^5\) approach that is currently applied for electric vehicles does not take into account CO\(_2\) emissions associated with the very energy-intensive battery production process that uses fossil fuel-based electricity.
- Speakers questioned the availability of sufficient green electricity to reach the goals.
- The public charging infrastructure for BEVs is lagging. More than 70% of charging stations are located in just three member states (France, Germany, and the Netherlands) and mostly in cities. Large areas of the EU do not have any.
- The erection of electric charging stations results in additional GHG emissions while biofuels can use the existing infrastructure.
- Not all consumers will be able or willing to buy an electric car in the next ten years.
- Combustion engines will continue to have a significant share in the vehicle mix for the foreseeable future. Low carbon fuels, such as biofuels, advanced biofuels\(^6\), hydrogen, e-fuels, and biomethane, will be needed for these vehicles.

Call for Higher GHG Saving Mandates and Abolition of Multiplying Factors

Stephan Meeder with ePure highlighted that the RED I biofuel use mandate of 10% in 2020 was reached only by using multiplying factors for select biofuels. He criticized this as being “climate protection on paper” that does not really affect the actual emissions. As a result, ePure welcomes the proposed shift to GHG reduction mandates envisaged for the RED III but considers the target of 13% GHG reductions by 2030 as being too low. In their view it should be at least 16%.

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\(^4\) In this context, electric or e-mobility refers to the use of vehicles that are powered by electricity, aka battery-electric vehicles. It does not include the use of vehicles powered by a combustion engine that run on e-fuels (fuels generated with the use of electricity.)

\(^5\) “Tank to wheel” only counts emissions that occur during the use of the energy, while “well to wheel” also includes the emissions that occur during energy production. Currently, for e-mobility tank to wheel is applied while for biofuels it is “well to wheel”, which leads to a systematic disadvantage of biofuels compared to e-mobility.

\(^6\) In this context, the term “advanced biofuels” refers to biofuels made from waste and residues, for example used cooking-oil, animal fat, straw, and residues from the food industry.
Along the same line of thought several speakers criticized the multiplying factors in the German transposition of the RED II into national law (e.g., triple counting of electricity used in BEVs and double counting of e-fuels and hydrogen) and supported the elimination of these factors in the proposed RED III.

**Call for Higher Blends**

Currently the EU fuel quality directive (FQD) allows a maximum of seven percent of biodiesel in diesel (B7) and 10 percent of ethanol in gasoline (E10) in the standard fuel. Several speakers welcomed the proposed increase in the RED III draft from B7 to B10 for biodiesel but encouraged a further increase, for instance to B15, B20, or B30. They also called for raising the limit for bioethanol from E10 to E20.

**GHG Emission Calculation Method Should be Equal for All Options**

Multiple speakers expressed their disappointment with the fact that e-mobility is credited with zero GHG emissions regardless of how the electricity was generated\(^7\), i.e., a “tank to wheel” approach (see above). In contrast, first generation biofuels are attributed with all GHG emissions in the supply chain, even those for the by-products, such as rapeseed meal. Speakers demanded a “well to wheel” approach for all fuels and drives.

**Mixed Feelings on Proposed RED II Revision (RED III)**

The shift towards GHG reductions rather than energy content and the abolition of most multiplying factors was generally welcomed. However, speakers raised concerns about the frequency in which EU bioenergy regulations are revised. They fear this could deter much needed investments.

**Caution on Including Road Transport and Heating Sector into the Emissions Trading System and Carbon Border Adjustments**

Some speakers raised concerns regarding extending the EU emissions trading system (ETS) and carbon border adjustments (CBA) to the road transport and heating sector. They doubted that an inclusion in the ETS would render the desired results and questioned if the CBA would be WTO compliant.

To put this into context, in 2021, Germany implemented a CO\(_2\) -pricing system for liquid fossil fuels and gas starting with 25 EUR/MT of CO\(_2\) that will gradually increase to 55 EUR/MT of CO\(_2\) in 2025.

\(^7\) I.e., whether the electricity was generated with water power or by burning coal
According to the ADAC\(^8\) (the German equivalent of AAA) this translates into a price increase of seven Eurocents/liter for gasoline and eight Eurocents/liter for diesel in 2021 increasing to 15 and 17 Eurocents/liter in 2025, respectively.

**Key statements from the session dedicated to climate protection policy**

**Artur Auernhammer, Member of the German Bundestag\(^9\) and Chairman of the Board of the German Bioenergy Association (BBE)**, emphasized in his opening speech that biofuels are crucial for reaching German and EU climate targets and criticized the new German government\(^10\) for “largely ignoring the climate protection benefits of sustainable biofuels” in their coalition agreement. He pointed out that “the vast bulk of the vehicle fleet will still be powered by internal combustion engines in 2030, even if the ambitious electro-mobility targets\(^11\) are met by that deadline. Those vehicles will also need to make a growing contribution to climate protection.” To achieve this, he called for an “evolutionary roadmap” that takes all alternative fuels into account and includes work on innovations for combustion engines using sustainably produced and greenhouse-gas-optimized biofuels; development and market launch of further alternative fuels; and the inclusion of sustainable biofuels in fleet limits for CO\(_2\) emissions. Specifically, he demanded:

1. Increasing the share of renewables in gasoline and diesel
2. Expanding the LNG\(^12\) fleet and the related infrastructure
3. Converting the biofuel mandates from an energy use basis to a CO\(_2\) reduction basis in the RED II revision
4. A review of the EU Energy Taxation Directive
5. Introducing a tax break for biofuels used in agriculture and forestry in line with the implementation of the new EU Climate, Energy, and Environmental State Aid Guidelines

Parliamentary State Secretary\(^13\) Daniela Kluckert represented the **Federal Ministry of Digital Affairs and Transport (BMDV)** and reminded the audience of the importance of accessible and affordable mobility for the German economy as well as for the ability of people living in the Germany to lead a self-determined life. She concluded that bringing down GHG emissions is necessary and possible but, “[...] to achieve our ambitious climate change mitigation goals, we need all alternative drive technologies and the full range of alternative fuels, including advanced biofuels and e-fuels. We must

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8 [https://www.adac.de/rund-ums-fahrzeug/auto-kaufen-verkaufen/kfz-steuer/co2-steuer/](https://www.adac.de/rund-ums-fahrzeug/auto-kaufen-verkaufen/kfz-steuer/co2-steuer/) (German language only)
9 In the German legislative process, the German Bundestag is comparable to the House of Representatives in the United States.
10 Since December 2022, Germany is governed by a three-party-coalition composed of the center-left Social Democratic Party (SPD), the environmentalist Green Party/Alliance 90, and the liberal Free Democratic Party (FDP).
11 Germany’s Agenda 2030 Climate Change Program includes a target of having 15 million battery-electric vehicles on the road and 1 million publicly accessible charging points by the year 2030.
12 LNG = Liquefied Natural Gas, LNG can be replaced by bio-LNG, which is made from renewable resources
13 The position of a state secretary is comparable to an Under Secretary in USDA. A parliamentary state secretary also holds a mandate in the German Bundestag at the same time. Daniela Kluckert is member of the FDP.
unleash the innovative power of the industry and leverage the benefits of each technology, from battery to e-fuel, to reduce CO₂.”

**Jens Gieseke, Member of the European Parliament** for the EPP Group\(^{14}\) and **Vice-Chairman of the EP Transport Committee**, was frank in expressing his opposition to a de facto ban on internal combustion engines from 2035 and called instead for a credits-based system for renewable fuels. In view of the negotiations on the “Fit for 55” package currently underway in Brussels, Gieseke advocated for a technology-neutral approach to climate change mitigation in the transport sector and warned against relying solely on e-mobility, given the enormous challenge that transformation entails. As he pointed out, an “all-electric” approach would also have a negative impact on the labor market and would replace dependency on fossil fuels with electricity-dependency.

**Prof. Dr.-Ing. Christian Küchen**, Chief Executive Officer of the **Fuels and Energy Business Association e.V.** (en2x), welcomed the new incentives in the climate protection package drafted by the European Commission: “The ‘Fit for 55’ package contains positive approaches, such as a reform proposal for energy taxation. If CO₂-neutral fuels are taxed at a much lower rate than fossil fuels, we will create genuine supply-side incentives for green energy. And this is the only way to achieve the climate targets in the transport sector.”

**Karsten Schulze**, Chief Technical Officer of the **German Car Owners Association** (Allgemeiner Deutscher Automobil-Club e. V., ADAC) reported on the findings of a study on consumer attitudes towards Climate protection and individual mobility in Germany and expressed the following core statements:

- The transport sectors need to be decarbonized while at the same time guaranteeing affordable mobility regardless of income.
- GHG emissions reductions by means of CO₂ pricing will only succeed if consumers have options for mobility with lower carbon intensity.
- Creating solutions for the existing car fleet, guaranteeing technology neutrality, and compensations in case of tax increases are key for achieving social compatibility and acceptance.

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\(^{14}\) The strictly speaking the Group of the European People’s Party (EPP) is not really a party one of eight political groups in the European Parliament (EP). It consists of Members of the EP who in their respective home countries belong to the center-right party family group.
Conference Background:

“Fuels of the Future” is normally a two-day in-person event in Berlin. This year, for the second time, the conference was held in a five-day digital format, due to the COVID-19 pandemic. The congress was attended by 522 participants from 31 countries and was organized by the following five associations from the German biofuels sector: German Bioenergy Association (BBE, www.bioenergie.de), Association for the Promotion of Oil and Protein Plants (UFOP, www.ufop.de), Federal Association of the German Bioethanol Industry (BDBe, www.bdbe.de), German Biofuel Industry Association (VDB, www.biokraftstoffverband.de), Professional Association Biogas (FvB, www.biogas.org).


Attachments:

No Attachments.