

European Commission's draft Delegated Act on RFNBO RCF GHG methodology

GIE position

Gas Infrastructure Europe (GIE) – the association representing European Storage System Operators (SSOs), Transmission System Operators (TSOs) and LNG Terminal System Operators (LSOs), shares the EU Commission's objectives of carbon-neutrality by 2050.

Following Russia's invasion of Ukraine and the REPowerEU plans, the need for Security and Diversification of Supply has become even more pressing. Renewable fuels of non-biological origin (RFNBOs), like hydrogen (H₂), and recycled carbon fuels (RCFs) are a key energy carrier helping the EU moving away from Russian energy import dependency. Therefore, setting up a reasonable legal framework that incentivises the use of RFNBOs and RCFs is necessary to contribute to reducing greenhouse gas emissions in the EU.

GIE welcomes the draft Delegated Act on RFNBO RCF GHG methodology "*establishing a minimum threshold for greenhouse gas emissions savings of recycled carbon fuels and by specifying a methodology for assessing greenhouse gas emissions savings from renewable liquid and gaseous transport fuels of non-biological origin (RFNBO) and from recycled carbon fuels (RCF)*" and considers the act as important to enable the deployment of RFNBOs and RCFs. However, GIE believes that some provisions of the delegated act impose serious obstacles to the objective of promoting the usage of RFNBOs and RCF. This paper addresses two major concerns from GIE's perspective: (1) 2035 as deadline for usage of industrial CO₂ in production of RFNBO and (2) "effective carbon pricing" requirement for RFNBO imports.

Industrial CO₂¹ to be used in RFNBOs production only until 2035

The delegated act introduces a limit on the eligibility of industrial CO₂ for the production of synthetic fuels until 2035. After that date, only CO₂ captured from the air, or from biogenic and geological sources can be used to produce synthetic fuels. ***GIE proposes to remove the 2035 deadline for the use of industrial CO₂ to produce European RFNBOs.***

Main reasons:

- the business plans of the synthetic fuel projects are usually created for 20 years or more and therefore the 2035 deadline would prevent investments into industrial CO₂ projects
- Carbon Capture and Utilisation units installed today to capture fossil CO₂ already avoid emissions further downstream. This allows multiple uses for the same carbon otherwise released to the atmosphere.
- Carbon Capture and Utilisation facilities will be exactly the same to those required to capture evolving and progressively neutral CO₂ mixes, with increasing shares of biogenic CO₂ and CO₂ coming from burning RFNBOs on those same facilities. Hence, legal certainty shall be given to plant operators to do not delay needed investments.

¹ CO₂ captured from activities listed under Annex I of Directive 2003/87/EC

This position is further supported by the following facts:

- the volumes of CO₂ required to supply Europe with RFNBOs will be far above the volumes of biogenic or geological CO₂ that can be expected to be structurally available as of 2036;
- the technical, economical and quantity readiness of Direct Air Capture (DAC) of CO₂ is highly uncertain even in medium to long term period;

“Efficient carbon pricing” requirement for RFNBO imports

The Delegated Act also introduces the requirement of efficient carbon pricing for RFNBO imports. However, the efficient carbon pricing itself is not defined in the act. As RFNBO imports are key to ensure that there are enough decarbonized volumes to balance the European system, a practical system for encouraging imports from a diversified range of supply countries need to be established. Instead of an undefined country-specific efficient carbon pricing requirement, ***GIE recommends including hydrogen and its derivatives in the Carbon Border Adjustment Mechanism (CBAM).***

We remain at your disposal for further discussions.