
RENEWABLE ENERGY DIRECTIVE REVIEW – EUROMOT COMMENTS ON THE INCEPTION IMPACT ASSESSMENT

Brussels, 18th September 2020

EUROMOT, the European Association of Internal Combustion Engine Manufacturers, welcomes the Commission's initiative to consult stakeholders on the review process of the Renewable Energy Directive (“RED”) [2018/2001/EU](#). Together with the Energy System Integration and Hydrogen Strategies, this constitutes the key legislative tool to decarbonize the EU energy mix and fulfil the EU climate objectives.

The Commission’s [Inception Impact Assessment](#) on the “RED” review explicitly states that such a review will “*consider elements emanating from the Energy System Integration and Hydrogen strategies, where appropriate*”. Most notably, the review will consider the following aspects, already identified as priorities in the two abovementioned strategies:

- “**Increase the deployment of renewables in the power, heating and cooling, and transport sectors**”, and
- “**Promote further development and use of renewable and other low-carbon fuels including advanced biofuels, synthetic liquid and gaseous fuels and hydrogen, in hard-to-decarbonise sectors such as industry and heavy duty transport, aviation and shipping**”.

In this respect, we would like to remind a series of concerns for our sector that we already expressed in our [feedback](#) (“June 2020”) to the Commission’s roadmap on the Energy System Integration Strategy. In particular, **the potential of synthetic fuels (“Power-to-X”) for the power generation sector should be fully taken into account in the “RED”**. **Main feedback:**

1. EUROMOT recognises, and supports, the need to promote renewable and other low-carbon fuels. At the same time, we fully acknowledge that this inevitably means changes for both gaseous and liquid fuel supply chains. In this respect, one overarching concept, valid for all Internal Combustion Engine (ICE) sectors and applications, should be

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carefully considered by policy-makers: the **need for the type and specifications of the fuels delivered to end-users to be predictable and sufficiently stable.**

2. Concerning, more specifically, the promotion of renewable and low-carbon fuels in **hard-to-decarbonize sectors (such as marine transport and non-road mobile machinery)**, we want to underline that **no one-fits-all solution exists**: each fuel having different technical properties, **sector-specific impact assessments** should be conducted, having also in mind the **different end users' technical needs and specificities.**

3. Concerning the **power generation sector**:

1. the potential of **synthetic fuels (“Power-to-X”)** should be fully taken into account in the “RED”. As we illustrated in our “June 2020” paper, Synthetic ‘Power-to-X’ fuel production is an efficient way to avoid curtailment of intermittent renewable electricity production (a key issue already today), enabling a further expansion of renewable electricity produced from reciprocating engines, and ultimately, on the long term, deep greening of the sector. Unfortunately, **the current “RED” essentially limits the synthetic fuels solution only to the transport sector** (“*renewable liquid and gaseous transport fuels of non-biological origin*” and “*recycled carbon fuels*”: see Recital (89), art. 25.1, 25.2 and 28.5 of the “RED”): **the Directive should unleash the potential of the “Power-to-X” solution also, most importantly, for the power generation sector.** This would be **in line with the objectives of the “RED” to store excess renewable electricity and maintain grid stability** (see Recital (60), art. 3.5 and 24.8), as well as with the recently published Energy System Integration and Hydrogen strategies. E.g., see the following quote from the Hydrogen strategy “.. *Renewable hydrogen will start playing a role in balancing a **renewables-based electricity system** by transforming electricity into hydrogen when renewable electricity is abundant and cheap and by providing flexibility. Hydrogen will also be used for daily or seasonal storage, as a backup and provide buffering functions, enhancing security of supply in the medium term...*“. The synthetic “Power-to-X” fuel route will enhance/enable this target/ambition in the power generation sector.

2. For the sake of regulatory coherence, and in keeping with the “**Better Regulation**” principle, we would like to emphasize that one piece of EU legislation currently under development is further hindering the full potential of synthetic hydrogen-derived fuels in the power generation sector: the **EU Taxonomy on Sustainable Finance**. This is true for two main reasons:

- See what the [Annex](#) to the Taxonomy report indicates about economic activity 5.9, “*Direct Air Capture of CO₂*” (“*Emissions captured from Direct Air Capture cannot be attributed towards meeting the threshold of another economic activity in the Taxonomy*”) and 5.10, “*Capture of Anthropogenic Emissions*” (this economic activity would be classified as “sustainable”/eligible only if “*it shows that the captured CO₂ will be*

offloaded to a Taxonomy eligible CO₂ transportation operation and permanent sequestration facility'.

- More generally, the Annex to the Taxonomy report (e.g. economic activity 4.7 “*Production of Electricity from Gas*”) constitutes an obstacle for the grid stabilizing role of modern gas-fired flexible ICE plants, which make possible, thanks to their ability for rapid start-up, response to varying demand, and shut down, as well as to their multifuel capability, a cost-effective step-by-step integration of intermittent renewables (such as wind, solar) in the electricity grid. For this reason, we ask that Taxonomy thresholds are based on grid-average’s – rather than on individual plants’ – performance: for additional details see [this EUROMOT paper](#) on Taxonomy (May 2020).

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