



## Press Release

# How Policy Can Boost The Market Roll-Out Of Renewable Fuels

**Brussels, 4 December 2019** – Policy and governments set ambitious climate and energy targets for the transport sector both on EU level, such as the revised Renewable Energy Directive (REDII), and international level, such as the 2015 Paris Agreement. Renewable fuels are among the most viable options to reduce greenhouse gas (GHG) emissions in the transport sector and advanced biofuels provide a high potential to decarbonise aviation and maritime – sectors that are otherwise difficult to decarbonise especially in the short and mid-term. According to USDA, current market uptake of advanced biofuels is 0.2% plus 1% of waste fats and oils.

The innovation project ADVANCEFUEL financed by the European Commission aims to remove barriers to the market roll-out of advanced renewable fuels and contributing to reaching the target of 3.5% for advanced renewable fuels mentioned in the REDII. During its 4<sup>th</sup> stakeholder workshop "[Renewable Fuels in Transport Sector Decarbonisation](#)" on 21 November 2019 in the context of the 9<sup>th</sup> Stakeholder Plenary Meeting by the [European Technology and Innovation Platform Bioenergy](#) in Brussels, [ADVANCEFUEL](#) presented recommendations and consulted with 50+ stakeholders with the aim to advance solutions along the fuel supply chains to facilitate the market uptake of advanced renewable fuels.

For reaching climate goals, a stable and supportive framework for all applications is essential to ensure the level playing field for all energy carriers including renewable fuels. Current policy mechanisms have not been enough to support the market uptake of renewable fuels (RESfuels).





Their sustainable growth, however, depends largely on the clarity, long-term stability and consistency of the policy framework which should provide confidence to investors and allow the RESfuel industry to improve their technical and financial performance.

### *Targeted policy actions enable implementation*

Tailored policy interventions integrated along the RESfuels value chain including feedstock, conversion and end use are essential to facilitate the market uptake. Sustainable biomass feedstocks are present in Europe but their efficient and timely mobilisation remains a challenge. Due to the increasing debate over biomass use for energy, forest management and climate effects, transparent implementation of sustainability criteria for biomass use is very important as it has also implications on financial risks involved in any related business investment. Today more than 70% of bioenergy comes from forest biomass, but it is almost entirely used for heating and power and its sustainable potential is constraint. The expansion of advanced biofuels is therefore reliant on the development of other sources of biomass. This is essential for unlocking their potential to decarbonise transport. Rural land-use planning must be combined with incentives to produce biomass for energy. Feedstock cost is a large share of total production cost for advanced fuels and implementation of fuel production processes at a large industrial scale is essential to bring down cost to reasonable levels.

Technology development and deployment demand high capital costs, which results in high financial risk. Successful implementation requires both tailored financing mechanisms such as premiums for the use of advanced feedstock sources (according to RED II specifications) or feed-in tariffs, as well as a clear and long-term climate policy in the form of taxes on fossil fuels or on their emissions. This helps to facilitate development of a secure framework to reduce capital costs and uncertainties of fuel production costs next to funding schemes. Especially in the initial phase, improvement of market conditions and a fairer competition with fossil fuels is essential. This requires adjusted regulatory frameworks on fuel pricing for compensating the price differences between fossil fuels and advanced biofuels. This could be done by implementing CO<sub>2</sub> taxes and blending targets and by creating a more stable investment environment in the future.





### *Towards realising ambitious decarbonisation plans*

In addition to a supportive policy framework for feedstock and technology, a dedicated and consistent policy is needed to increase investment confidence and market uptake. Currently, RESfuels deployment in aviation, marine and heavy-duty road transport is immature, and most of these fuel value chains still require improvements. RESfuels are likely to exhibit increased shares first in road transport, however it is critical to enable similar and timely shifts to heavy-duty vehicles, maritime and aviation, which have less alternatives and are more challenging in terms of CO<sub>2</sub> emission reductions. Additionally, it needs to be considered that RESfuels will be limited and should be used in sectors, where substitution of fossil-based fuels is difficult or costly. Together with increased efficiency and shifts towards more energy efficient transport modes future policy, tailored targets for RESfuels and high CO<sub>2</sub> emission reductions are essential and must be aligned with RED-II, the EU climate and energy targets, the **Effort Sharing Regulation** (May 2018) and account for provisions to meet the 2015 Paris Agreement aspirations. For successful market uptake of RESfuels, active and continuous involvement, consultation and approvals during policy formation, implementation and monitoring is vital for the future of the sector. Policy making must involve relevant stakeholders, adapt policies to their needs, inform and activate them for significant shifts towards more energy efficient transport modes.

\*\*\* ENDS \*\*\*

#### **About ADVANCEFUEL:**

A new generation of renewable transport fuels is on the way – one that is socio-economically and environmentally sustainable across the entire value chain. The EU innovation project ADVANCEFUEL aims to facilitate the market roll-out of liquid renewable fuel and liquid advanced biofuels between 2020 and 2030. ADVANCEFUEL is developing an improved renewable fuels monitoring framework, a decision support tool and a stakeholder platform that will help to overcome barriers to commercialisation of renewable transport fuels. The project is coordinated by the Agency of Renewable resources together with eight partners from seven countries including leading research centres and universities and financed by the European Union's Horizon 2020 research and innovation program running from 2017 to 2020.





**ADVANCEFUEL**

## Contact us

**Media:** Vanessa Wabitsch | Project Manager, REVOLVE | [vanessa@revolve.media](mailto:vanessa@revolve.media)

 **Website:** [www.advancefuel.eu](http://www.advancefuel.eu)

 **Twitter:** [@AdvanceFuel](https://twitter.com/AdvanceFuel) #ADVANCEFUEL

