

FuelsEurope recommendations on the European Commission draft revision of the General Block Exemption Regulation (GBER)

FuelsEurope represents with the EU institutions the interest of 40 companies operating refineries in the EU. Members account for almost 100% of EU refining capacity and more than 75% of EU motor fuel retail sales. FuelsEurope aims to promote economically and environmentally sustainable refining, supply and use of petroleum products in the EU, by providing input and expert advice to the EU institutions, Member State Governments and the wider community and thus contributing in a constructive and pro-active way to the development and implementation of EU policies and regulations.

The refining sector supports the goals of the Paris Agreement and support the Green Deal's ambition for climate neutrality in 2050 and will work with the EU institutions, Member States, and stakeholders, to help create the essential enabling policy framework.

The more the EU can steer investments towards the least-cost pathway to net-zero emissions, the further and faster it is likely to drive decarbonisation across Europe, maximising the EU's contribution to the delivery of the Paris climate goals.

In that regard, FuelsEurope welcomes the commitment of the European Commission aimed at modernising the GBER to improve legal certainty and make it easier for Member States to implement aid measures that will facilitate the green and digital transition while limiting possible competition distortions to the minimum.

Given our strong commitment in delivering low-carbon technologies that can substantially contribute to the climate transition, FuelsEurope welcomes the opportunity to provide for some recommendations to the draft revision of the General Block Exemption Regulation (GBER).

1. General recommendations (low carbon hydrogen, transport sector and low carbon liquid fuels)

FuelsEurope welcomes the inclusion of low-carbon hydrogen, of the transport sector and of the production of biofuels, bioliquids, biogas and biomass fuels in the draft revision of the Regulation.

- **On low-carbon hydrogen:** a preferential treatment should apply to all forms of hydrogen production that contribute to avoiding emissions. The EU's drive to decarbonise envisages solely the production and use of zero-carbon hydrogen. However, the low-carbon hydrogen is needed in the short and medium term, especially to rapidly reduce emissions from existing hydrogen production facilities and support the parallel development and future uptake of renewable hydrogen. **We propose to include low-emission hydrogen in all provisions of the regulation regarding investment aid with regards to hydrogen infrastructure.**

- **On transport: we would like to encourage the life-cycle approach to be applied to the transport sector (e.g definitions of clean and zero emissions vehicles).** The impact of GHG emissions on climate change needs to consider both the emissions associated with production of the fuel/energy as well as its combustion. Simply considering combustion emissions (tail pipe emissions) can lead to an underestimation of the true impact on climate. It will also not account for the positive benefits on emissions from growing biomass and captured-carbon based fuels. This is in line with ETS, ESR, RED & FQD directives where CO₂ coming from biomass combustion is considered to be zero.

- **On the production of biofuels, bioliquids, biogas and biomass fuels:** all low-carbon liquid fuels will play a critical role in the energy transition and in achieving carbon neutrality in all transport modes, as the global demand for competitive liquid fuels is expected to progressively increase. Therefore, alongside electrification and hydrogen technologies, low-carbon liquid fuels will remain an essential element of the pack of solutions beyond 2050, bringing important benefits to the European economy and society.

As an example, the Commission's impact assessment on the 2030 climate target plan shows that aviation will need 63% sustainable aviation fuels (SAFs) which will be made in a large part from advanced biofuels: that sustainable alternative fuels, e-fuels and SAFs will have a consistent role to play.

We believe that the same approach should be foreseen for road transport, especially in the case of heavy duty. Renewables in transport typically require strong investments to mature the technologies and accelerate scale-up. Road transport has a greater ability to afford the higher costs (especially in the early stages) and therefore should be recognised as the critical lead-market to build capability and volume.

Moreover, it is unlikely that by 2030 all passenger cars placed in the market will only be battery electric vehicles, (BEVs). This means that internal combustion engine vehicles (ICEs) will continue being on the road beyond 2030. Low-carbon liquid fuels will smooth the deployment cost of electric energy distribution and fast charging infrastructure in road transport, by providing flexibility and alternative sources of low-carbon energy using mainly existing facilities. Foster investments in the manufacture of biogas and biofuels would help long term stability and regulatory certainty.

Given all these arguments, **FuelsEurope recommends the GBER to explicitly include all low-carbon liquid fuels and related infrastructures as categories of aid.**

2. Detailed recommendations

Page number	Article of draft revised GBER	Commission proposal	Remark / comment
3	Preamble	It is appropriate to broaden the scope of Regulation (EU) No 651/2014 by introducing compatibility conditions for aid for hydrogen in line with the objectives of the Hydrogen strategy for a climate-neutral Europe ¹¹ Those conditions should be added to the existing provisions concerning aid for the promotion of energy from renewable sources. Aid for the promotion of hydrogen should be considered compatible with the internal market and be exempted from the notification requirement of Article 108(3) of the Treaty, only insofar as exclusively renewable hydrogen is produced. Aid for storage projects should be exempted from the notification requirement only to the extent that storage and renewable energy generation facilities are connected.	The EU's hydrogen strategy envisages supportive policy framework for scaling up renewable hydrogen as well as low-carbon hydrogen in a transitional period, to contribute to decarbonisation at the lowest possible cost. Therefore, we propose to broaden the provision in order to include both low-carbon and renewable hydrogen (such as the percentage that is set out in the current draft of the taxonomy delegated act, i.e. at least 70% GHG reduction; it should also include hydrogen produced from biomethane, natural gas with CCS/CCU, municipal waste) .
12	Art. 2 point (102c)	(102c) 'renewable hydrogen' means hydrogen produced using only renewable sources of energy, in accordance with [Reference to delegated act by DG ENER pursuant to Article 28 of the RED II];"	<p>The definition should be aligned with the definition included in the Hydrogen strategy for a climate-neutral Europe:</p> <p><i>'Renewable hydrogen' is hydrogen produced through the electrolysis of water (in an electrolyser, powered by electricity), and with the electricity stemming from renewable sources. The full life-cycle greenhouse gas emissions of the production of renewable hydrogen are close to zero. Renewable hydrogen may also be produced through the reforming of biogas (instead of natural gas) or biochemical conversion of biomass, if in compliance with sustainability requirements</i></p> <p>So, it is recognised that the renewable hydrogen also includes hydrogen produced from biogas and biomethane .</p>

12	Art. 2 point (102e)	(102e) 'low-carbon hydrogen' means fossil-based hydrogen with carbon capture and storage or electricity-based hydrogen, where that hydrogen achieves life-cycle greenhouse gas emissions savings of at least [73.4 %] [resulting in life-cycle greenhouse gas emissions below 3 tCO ₂ eq/tH ₂] relative to a fossil fuel comparator of [94g CO ₂ e/MJ (2.256 tCO ₂ eq/tH ₂)]. The carbon content of electricity-based hydrogen shall be determined by the marginal generation unit in the bidding zone where the electrolyser is located in the imbalance settlement periods when the electrolyser consumes electricity from the grid;	<p>The definition of low-carbon hydrogen should be completed with hydrogen produced from municipal waste. Among the three methods of municipal waste management: landfilling, incineration and gasification (hydrogen production), the third of these methods is characterized by the lowest emission, so it should be considered as low-carbon.</p> <p>Moreover, the definition of low-carbon hydrogen should be coherent with the one provided in the gas package.</p>
18	Art. 2 point (130) (b) (i)	(i) transmission and distribution pipelines for the transport of natural gas, bio gas and renewable gaseous fuels of non-biological origin that form part of a network, excluding high-pressure pipelines used for upstream distribution of natural gas;	<p>We propose to include the infrastructure for the transport of biomethane in energy infrastructure concerning gas and do not limit renewable gaseous fuels to non-biological origin only.</p> <p>(i) transmission and distribution pipelines for the transport of natural gas, bio gas, biomethane and renewable and low emission gaseous fuels that form part of a network, excluding high-pressure pipelines used for upstream distribution of natural gas;</p>
18	Art. 2 point (130) (c) (iii)	(iii) dispatch, reception, storage and regasification or decompression facilities for liquefied hydrogen or hydrogen embedded in other chemical substances with the objective of injecting the hydrogen into the grid;	<p>Equipment for the synthesis and re-synthesis of hydrogen to / from hydrogen-bearing substances such as ammonia, emethanol, synthetic fuels should be included.</p> <p>(iii) dispatch, reception, storage, regasification or decompression and synthesis or re-synthesis facilities for liquefied hydrogen or hydrogen embedded in other chemical substances with the objective of injecting the hydrogen into the grid;</p>
20	Art.2 points (131a) and (131b)	“(131a) ‘carbon capture and storage’ or ‘CCS’ means a set of technologies that captures the (CO ₂) emitted from industrial plants based on fossil fuels or biomass, including power plants,	These definitions should e aligned with the ones proposed in the new CEEAG, that also include direct air capture and waste-to-energy plants in their scope:

		<p>transports it to a storage site and injects the CO₂ in suitable underground geological formations for the purpose of permanent storage of CO₂;</p> <p>(131b) 'carbon capture and utilisation' or 'CCU' means a set of technologies that captures the CO₂ emitted from industrial plants based on fossil fuels or biomass, including power plants, and transports it to a CO₂-consumption site;</p>	<p>CEEAG: 'carbon capture and storage' or 'CCS' means a set of technologies that captures the carbon dioxide (CO₂) emitted from industrial plants based on fossil fuels or biomass, including power plants and waste-to-energy plants [or captures it directly from ambient air], transports it to a storage site and injects the CO₂ in suitable underground geological formations for the purpose of permanent storage of CO₂;</p> <p>(14) 'carbon capture and use' or 'CCU' means a set of technologies that captures the CO₂ emitted from industrial plants based on fossil fuels or biomass, including power plants and waste-to-energy plants [or captures it directly from ambient air], and transports it to a CO₂ consumption or utilisation site;</p>
35 and 37	Art. 36 par. 1a and Art. 36a par. 2a	<p>(Art. 36 par. 1a)...This Article shall apply to investments in equipment, machinery and industrial production using hydrogen to the extent that the hydrogen used qualifies as renewable hydrogen or low-carbon hydrogen. In such a case, the Member State shall ensure that the requirement to use renewable hydrogen [or low-carbon hydrogen] is complied with throughout the economic lifetime of the investment.</p> <p>(Art. 36a par. 2) 2. This Article shall only cover aid granted for recharging or refuelling infrastructures that supply vehicles with electricity or with renewable or low-carbon hydrogen for transport purposes. The Member State shall ensure that the requirement to supply renewable or low-carbon hydrogen is complied with throughout the economic lifetime of the infrastructure...</p>	<p>In the current stage of development of the hydrogen production technology, requirement to use / supply only renewable and low-emission hydrogen seems to be too strict. The technology for producing renewable and low-carbon hydrogen is currently highly expensive. During the transitional period, the predominant amount of used hydrogen will come from natural gas processing. In order to create a hydrogen market, preferential treatment of investments in hydrogen infrastructure is needed, with no restrictions on the origin of hydrogen in a transitional period.</p> <p>The requirements for the origin of hydrogen should be postponed, at least until the cost of renewable and low-emission hydrogen will be comparable to the cost of the so-called grey hydrogen.</p>

36	Art. 36 par. 6a	“6a. In case of investments relating to CCUS, the aid intensity shall not exceed 20 %.	The aid intensity for CCUS-related investments appears to be too low. CCSU technology is still in the initial stage of development, and the existing carbon dioxide capture, storage and utilization installations are test and demonstration installations. Despite its early stage of development, CCUS technology is an indispensable tool to meet the EU's climate goals, especially in high-carbon energy countries. CCUS technology will also be indispensable in the decarbonisation of sectors where it is impossible to resign from fossil fuels use. Therefore, the CCUS technology should be given preferential treatment, and the maximum aid intensity of 20% for CCUS-related investments, mentioned in the document, should be significantly increased. Currently, the level of social acceptance of the CCUS technology is not high, and one of the tools that could change this is the co-financing of these investments, so it is recommended to consider increasing the aid intensity by far more than 20%.
37	Art 36a par. 3	...The eligible costs may also cover the investment costs of integrated on-site production of renewable electricity or the investment costs of storage units for storing renewable electricity or renewable or low-carbon hydrogen. The peak capacity of the integrated on-site renewable electricity production unit shall not exceed the maximum rated output of the recharging infrastructure to which it is connected.	Eligible costs should also include: - infrastructure for the production of low and zero-emission hydrogen, the efficiency of which is at the level of the demand for hydrogen by hydrogen refuelling stations that will be supplied with hydrogen from a given source - hydrogen distribution (trailer, pipelines)
43-45	Art. 41	Investment aid for the promotion of energy from renewable sources, renewable hydrogen and high-efficiency cogeneration	The investment aid should cover, apart from renewable hydrogen, also low-carbon hydrogen. Unlike RES, the hydrogen market is in its infancy and in order to develop it, investment aid should not be limited to renewable hydrogen:

			<i>Investment aid for the promotion of energy from renewable sources, renewable or low-carbon hydrogen and high-efficiency cogeneration</i> (same change in whole article)
44	Art. 41 par. 7	7. The aid intensity shall not exceed: (a) 30 % of the eligible costs for the production of energy from renewable energy sources, renewable hydrogen and high-efficiency cogeneration.	For the production of hydrogen, the aid intensity should exceed 50%. Currently, the investment gap of hydrogen generation projects is 60-70%.