

Why the EU should keep the fuels decarbonisation policy post-2020?



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Current situation

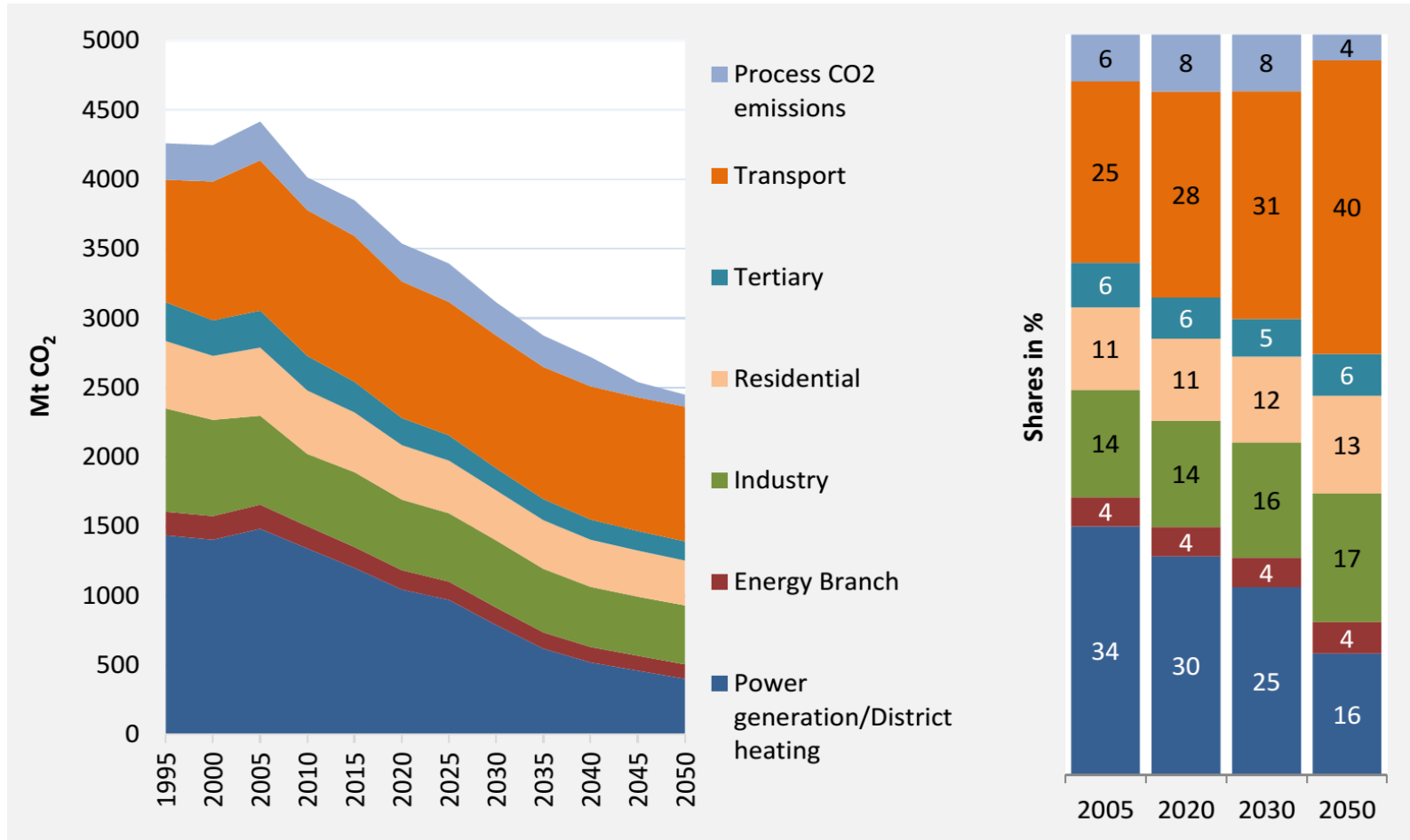
- EU has 2020 energy and climate package with its 20-20-20 targets
- Additional complementing EU measures: Cars & CO2, Eco design directive, Fuel Quality Directive, etc.
- Fuel policies:
 - 10% target for renewable energy in transport (part of wider 20% target for renewables)
 - 6% decarbonisation target for all fuels (article 7a of the Fuel Quality Directive)

EU Commitments

- EU committed to decrease CO₂ by 80-95% by 2050
- In Transport: 60% reductions
 - Cleaner fuels
 - Cleaner vehicles
 - Demand reduction



Transport – a growing problem



Commission on biofuels

“The Commission does not think it appropriate to establish new targets for renewable energy or the greenhouse gas intensity of fuels used in the transport sector or any other sub-sector after 2020. The assessment of how to minimise indirect land-use change emissions made clear that first generation biofuels have a limited role in decarbonising the transport sector. The Commission has already indicated, for example, that food-based biofuels should not receive public support after 2020.”

EC communication on post-2020 policy framework

European Council on transport

2.13 it is important to reduce greenhouse gas emissions and risks related to fossil fuel dependency in the transport sector. The European Council therefore invites the Commission to further examine **instruments and measures for a comprehensive and technology neutral approach** for the promotion of emissions reduction and energy efficiency in transport, for electric transportation and for renewable energy sources in transport also after 2020. The European Council calls for a rapid adoption of the Directive laying down calculation methods and reporting requirements pursuant to Directive 98/70/EC of the European Parliament and of the Council relating to the quality of petrol and diesel fuels. It also recalls that under existing legislation a Member State can **opt to include the transport sector within the framework of the ETS**;

What does it mean for transport?

- Transport is the largest source of CO2 emissions in Europe (31% in 2012 and rising)
- Responsible for about half of Europe's €400 billion annual energy import bill
- EU committed to cut GHG emissions for at least 40%, increase the share of renewables and energy efficiency by at least 27%

Putting transport in the ETS = bad idea

1. It won't 'fix' the ETS

2. It won't reduce transport emissions

3. It won't drive innovation in the transport sector



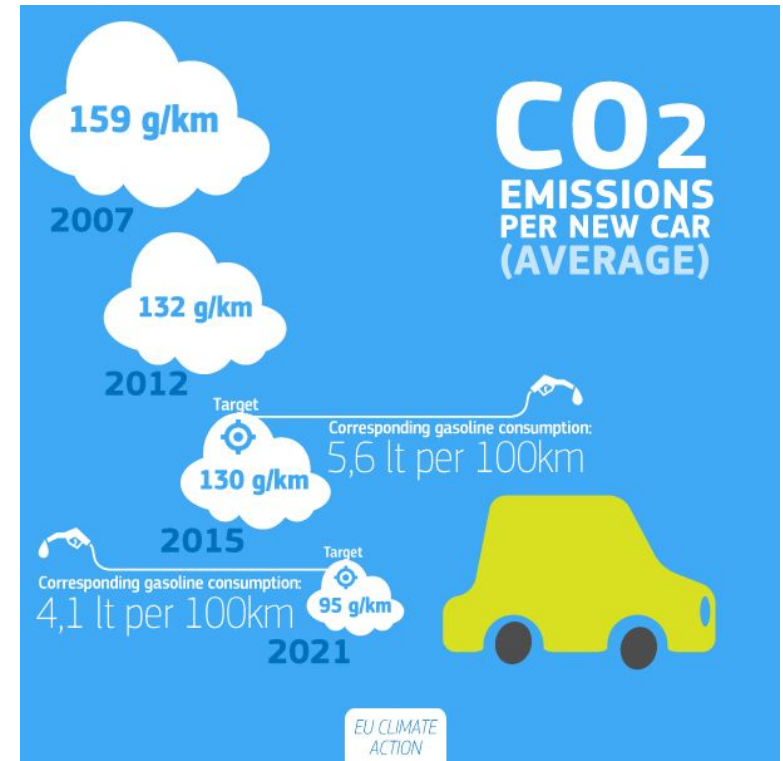
Why putting transport in the ETS won't reduce transport emissions?

- Would force fuel suppliers to buy allowances & pass on the cost
- Given the cost structure of fuel (excise duty, VAT) this increase would be very modest
- Could be offset by fuel tax cuts

Carbon price	Price increase	Transport emissions reduction
€6/ton	1ct/litre	0,5%
€25/ton	6cts/litre	3%
€100/ton	25cts/litre	12%

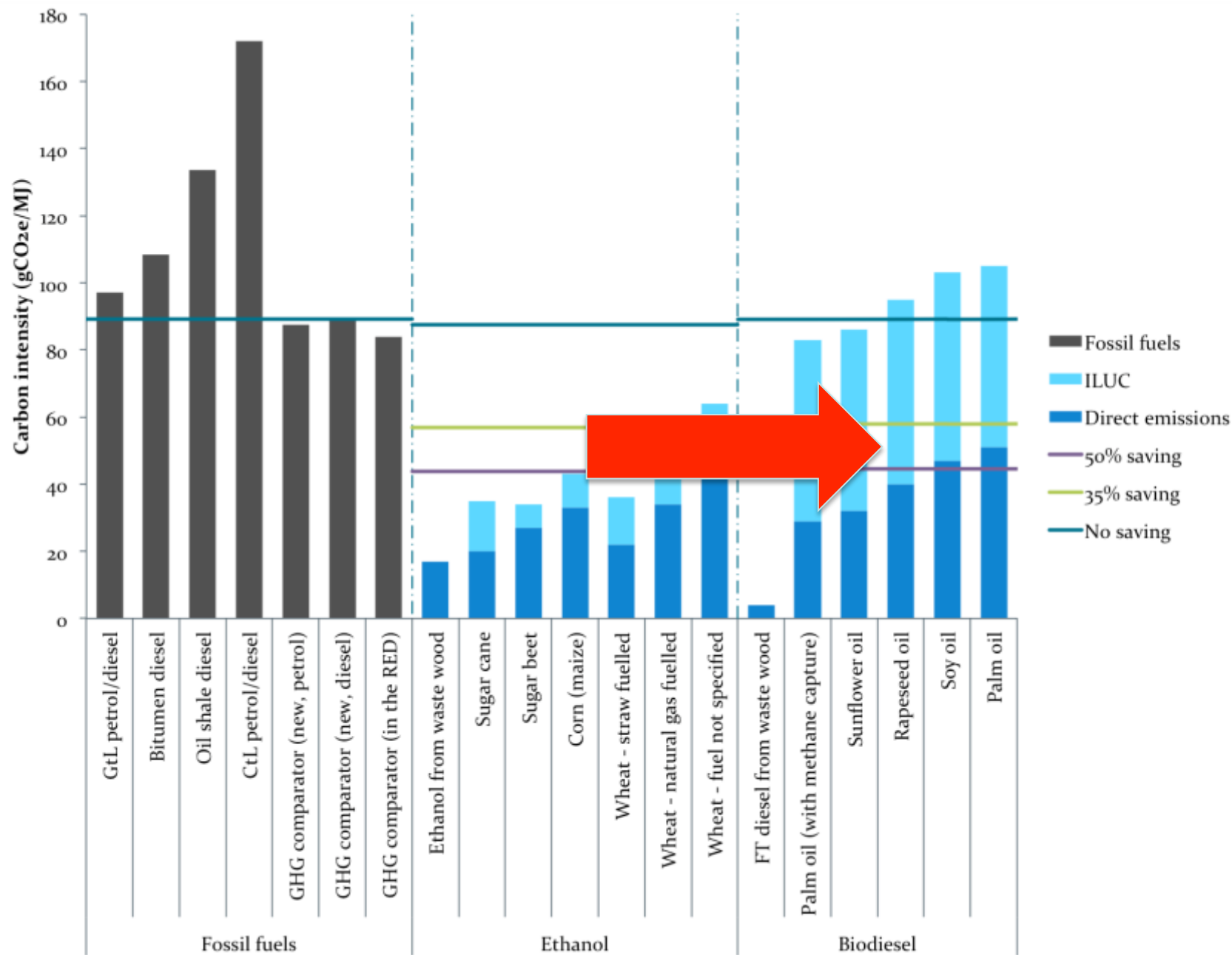
Successful policies on transport

- CO₂ standards cars & vans, trucks
- Road charging, fiscal measures
- Reducing speed for shipping
- Aviation?



What about fuels policies?

- 2 policies – one too many!
- We should move away from subsidies and volume mandates to GHG performance
- We need a comprehensive approach that tackles both fossil fuels, biofuels and other alternative fuels (FQD?)
- There are big differences in climate performance of all fuels
- Correct carbon accounting MUST take ILUC into account
- Unconventional fuels MUST be accounted



Is ILUC real ?



They all agree:

ILUC should be included



Tar sands flood in 2020

TAR SANDS IMPORTS EQUIVALENT



Importing
726,500 BARRELS
of tar sands oil

=



Adding
6 MILLION cars
to Europe's roads

TAR SANDS TO EUROPE



2012
4000 barrels



2020
726500 barrels

Proposal for FQD that works

- A realistic GHG reduction target
- Improved carbon accounting for fossil fuels
- Correct carbon accounting for biofuels (including ILUC)
- A strategy to support innovative technologies that have difficult market access (electrification)

Conclusion

- The emissions in transport increasing
- Carbon footprint of liquid fuels going up
- We need a decarbonisation policy for transport fuels post-2020
- We need other measures: fuel efficiency standards, better taxation, demand reduction