



Low-emission transport fuels

Technology and policy pathways to decarbonise shipping and aviation

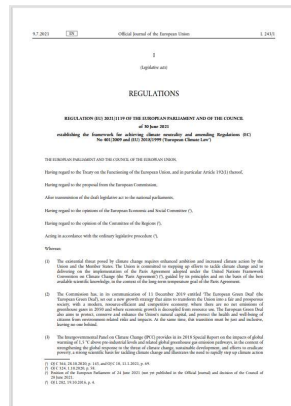
Session 3 Creating a market for low-emission fuels

IEA - 04/10/2023

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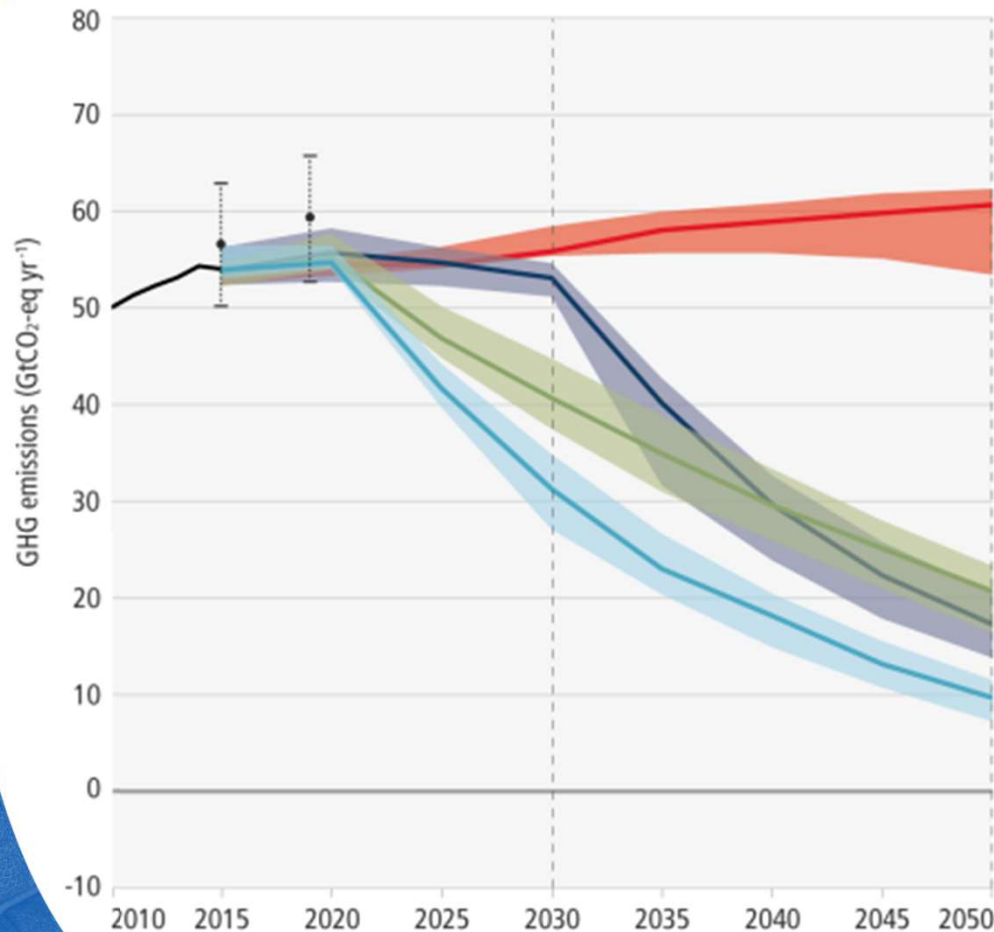
Delivering the European Green Deal



The European Climate Law

- Union-wide **climate-neutrality objective 2050**
- New **2030** target of at **least 55% net** greenhouse gas emissions reduction

Urgency to act

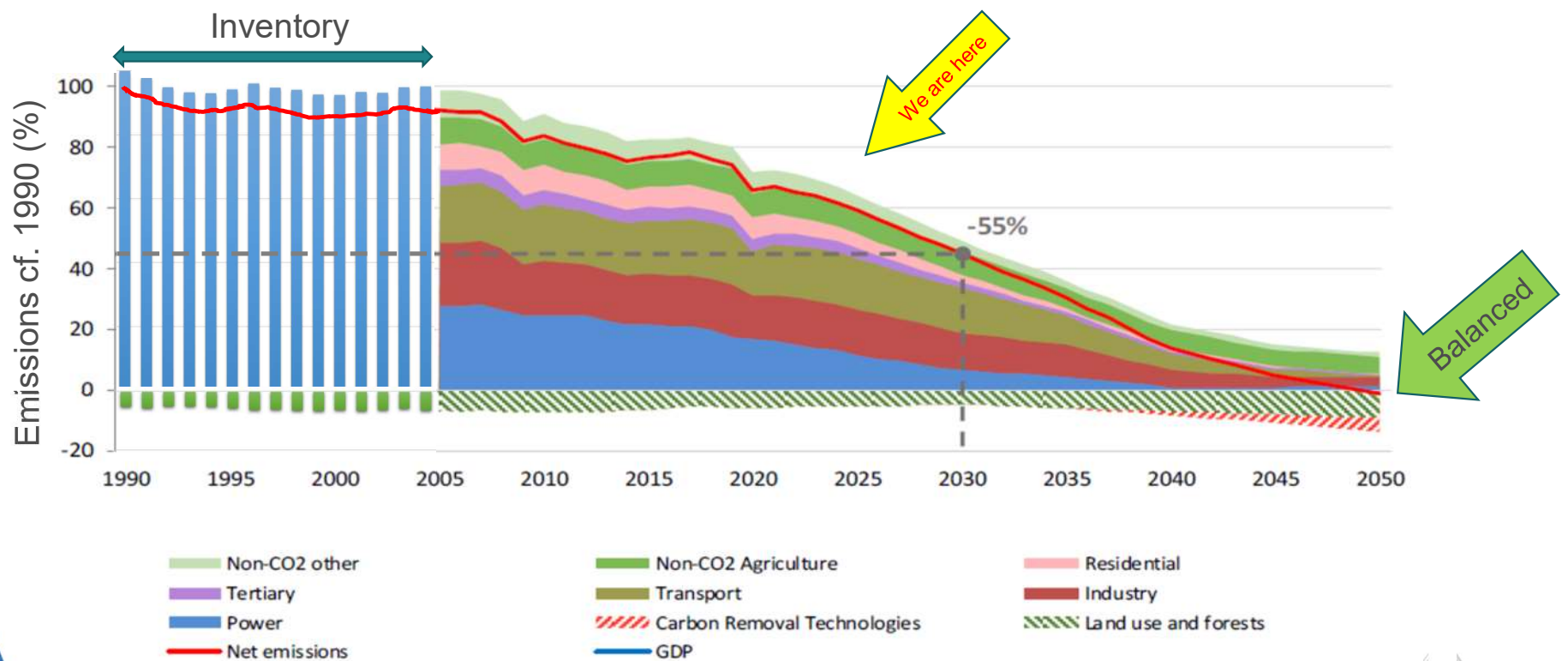


- Trend from implemented policies
- Limit warming to 2°C (>67%) or return warming to 1.5°C (>50%) after a high overshoot, NDCs until 2030
- Limit warming to 2°C (>67%)
- Limit warming to 1.5°C (>50%) with no or limited overshoot

Projected GHG emissions make it likely that warming will exceed 1.5 C and also make it harder to limit warming below 2C after 2030

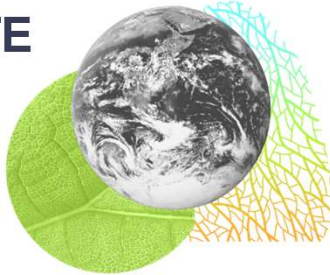
Source: Climate Change 2022: Mitigation of Climate Change. Contribution of WG III to the 6th Assessment Report of the IPCC

European Green Deal, a pathway to climate neutrality



Delivering on the 2030 commitment

CLIMATE



TRANSPORT



ENERGY



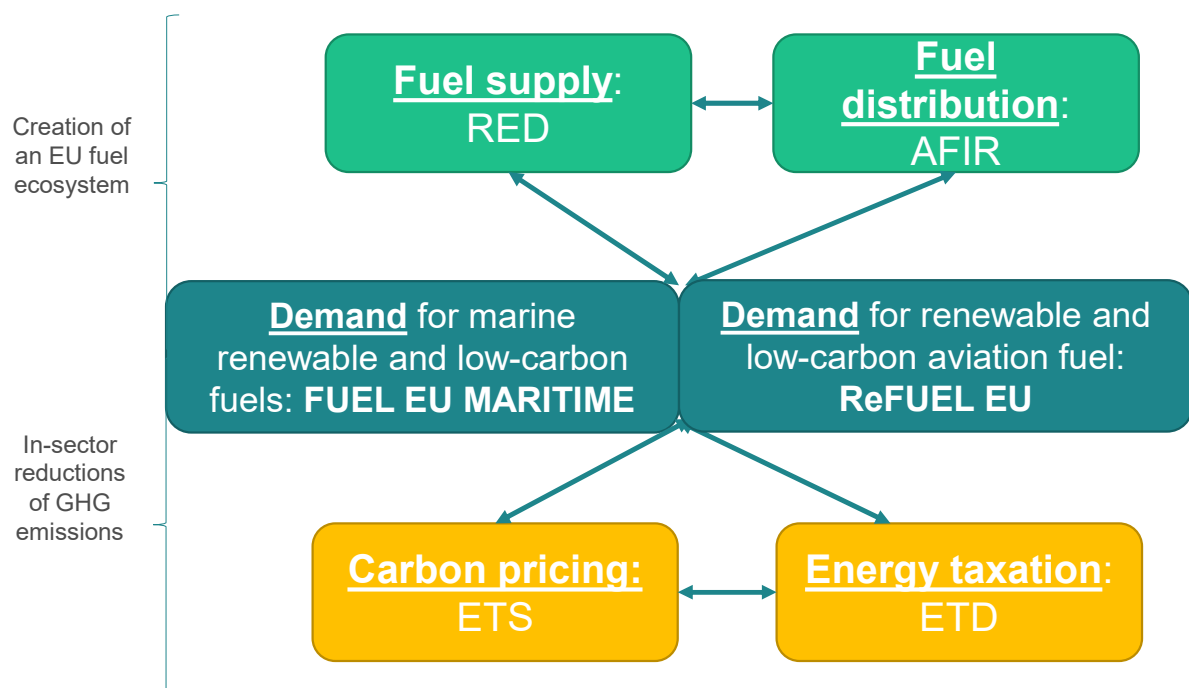
TAXATION AND TRADE



Overview: Fit for 55 Package

Pricing	Targets	Rules
<ul style="list-style-type: none"> • Stronger ETS including in aviation • Extending the ETS to maritime, road transport, and buildings • Updated Energy Taxation Directive • Carbon Border Adjustment Mechanism 	<ul style="list-style-type: none"> • Updated Effort Sharing Regulation • Updated LULUCF Regulation • Updated Renewable Energy Directive • Updated Energy Efficiency Directive 	<ul style="list-style-type: none"> • Stricter CO₂ performance for cars & vans • New infrastructure for alternative fuels • ReFuelEU: More sustainable aviation fuels • FuelEU: Cleaner maritime fuels
Support measures		
<p>Using revenues and regulations to promote innovation, build solidarity and mitigate impacts for the vulnerable, notably through the new Social Climate Fund and enhanced Modernisation and Innovation Funds</p>		

FuelEU Maritime and ReFuel Aviation as part of Fit for 55



- **Complementary with ETS:** ETS promotes energy savings while Fuel Initiatives address fuel technology.
- **Complementary with RED and AFIR:** Fuel Initiatives address fuel demand, RED fuel supply and AFIR fuel distribution.
- **Complementarity with ETD:** taxation levels for renewable and low-carbon fuels and for electricity at berth are consistent with FuelEU goals.

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Thank you



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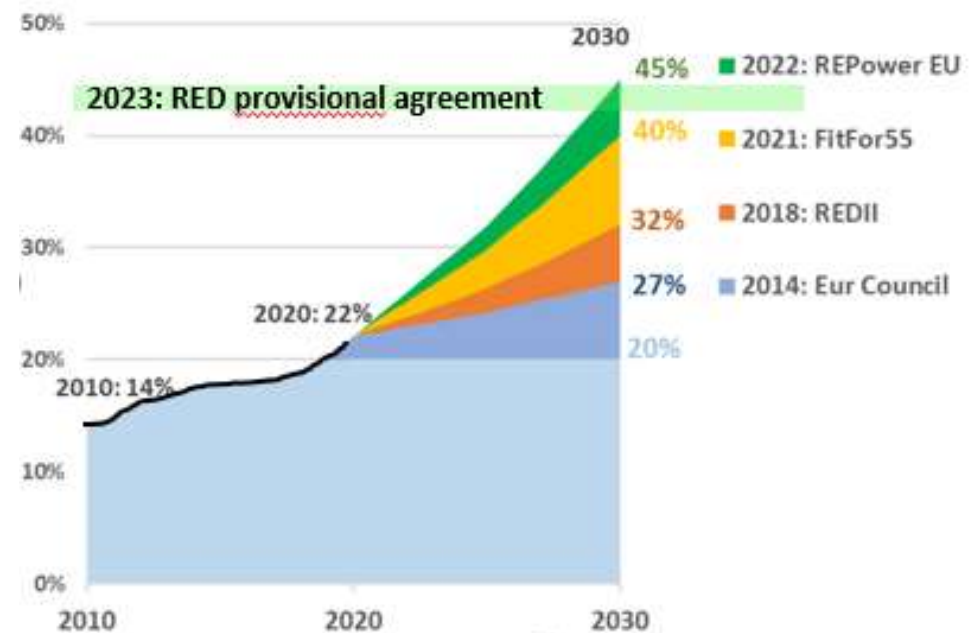
Backups

Renewable Energy Directive (RED II+) - Transport



- Increased target for **renewables in transport** from 14% to 29% in energy terms **and** a parallel compliance target with a reduction in the carbon intensity of 14.5% of transport fuels.
- The level of the target doubles the level of ambition.
- RED also expands its scope since it no longer refers to only the road and rail sector, but encompasses **‘all fuels and electricity supplied to the transport sector’**, including aviation and shipping.
- The LCA approach remains unchanged compared to RED II (currently in force).

Evolution of RE targets for 2030



Revision of the EU Emissions Trading System (EU ETS) Directive

Updates to Existing EU ETS

Increase in overall ambition of emissions reductions by 2030 to **-62%** compared to 2005 levels

Phase-out of ETS free allowances between 2026-2034 in line with phase-in of the Carbon Border Adjustment Mechanism (CBAM)

Market Stability Reserve (MSR) strengthened

Innovation Fund increased from 450 to 575 million allowances & **Modernisation Fund increased** with 3 new MS eligible: EL, PT, SI

Inclusion of maritime sector with gradual surrendering till 2026

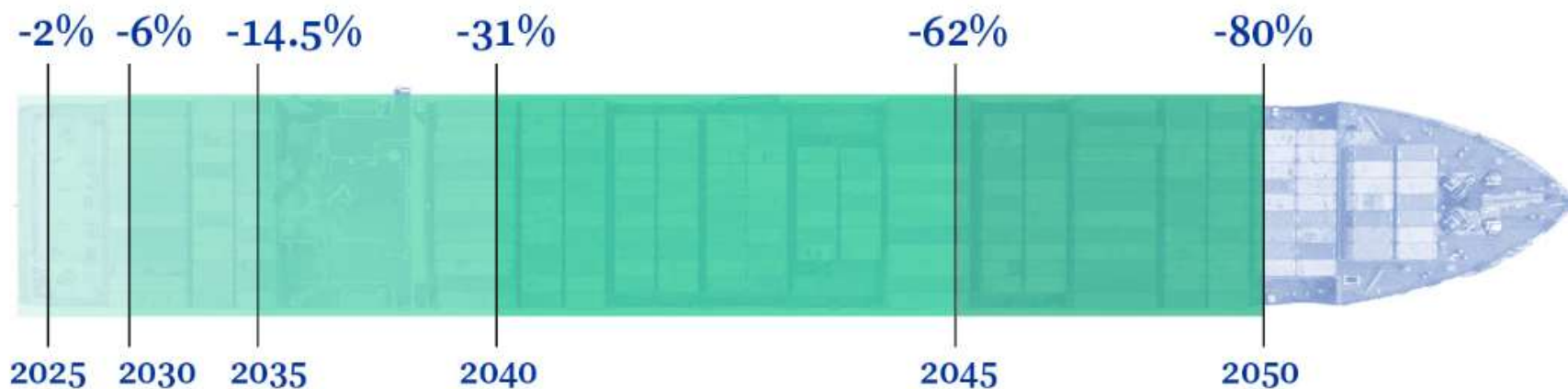
Update of ETS-Aviation with 'clean-cut' approach & extension of 'stop-the-clock' until 2027 (Commission to assess strengthening of CORSIA by mid-2026), & gradual phase-out of free allocation



FuelEU Maritime

- **GHG intensity of the energy used on-board** to be gradually reduced

Annual average carbon intensity reduction compared to the average in 2020



Use of **onshore power supply for most polluting ships** required at berth

ReFuelEU Aviation



The ReFuelEU aviation regulation will oblige:

aircraft fuel suppliers at EU airports to gradually increase the share of sustainable fuels (notably synthetic fuels) that they distribute

Minimum share of supply of sustainable aviation fuels (in %)

