

ETIP Bioenergy - Working Group 3, Biofuels distribution and end use

Webinar on “Resilience of the Internal Combustion Engine Vehicle and its impact on low-carbon fuels demand”

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Participants: Dorothee Lahaussis, Béatrice Perrier, Roland Dauphin, Anders Røj, Patrik Klintbom, Peter Canciani, Nils-Olof Nylund, Lucas Megas, Ignacio Herraes, Giorgio Zambani, Adrian Irimescu, Piotr Wieczorek, Thies Fellenberg, Philippe Marchand

Summary

Three presentations:

- *Setting the scene*, Dorothee Lahaussis
- *Concawe Fleet & Fuel outlook towards 2030*, Roland Dauphin
- *HDV CO2 directive revision, short update*, Anders Røj

Taking stock of the EU Commission proposals earlier this year, “Fit-for-55” and ICEV sales ban in 2035, the objective of this webinar was to better understand and exchange on the consequences for the (low-carbon) fuels market of the expected resilience of the Internal Combustion Engine Vehicles in the “legacy” fleet.

In the first presentation, Dorothee reminds us that the EU Commission-sponsored RED3 impact study expects liquid fuels to still be present in 2050, with a volume around 100 Mtoe, with a majority of biofuels, as the 310 million vehicles, mostly liquid fuels-driven today, on the EU roads will not disappear right away (average age of the fleet between 10 and 12 years).

The second presentation showed the results of the modelization of the fleet and the fuel demand in 2030, done by Concawe as part of the RED2 impact evaluation (“Fit-for-55” RED3 update in progress): the study shows the RED2 objectives could be met in the predicted battery supply constraint environment, indicating the benefits of higher biofuels incorporation rate (like 50 % HVO in diesel), of downsizing batteries to allow maximum repartition in BEV, confirming the resilience of liquid fuels in 2030 and beyond. The more ambitious RED3, replacing renewable mandates by a GHG emission reduction target and sub-mandates for advanced biofuels and synthetic fuels, in essence joining RED and FQD, will be more challenging. Concawe study is in the process to be updated with the proposal from Fit-for-55 (e.g. new CO2 regulations for cars and vans).

The third presentation exposed the flaws of distinct climate regulations for fuels and engines, where biogenic carbon is not properly rewarded for its contribution to the reduction of the carbon footprint of HDVs, although the present impact study for the directive revision, led by Ricardo, could open the possibility of a Well-to-Wheel approach, reminding us we should be outspoken on the benefits of biofuels and biogas when given the opportunity, like in a public consultation. Patrik informed us of a DG MOVE possible proposal by year-end, calling for a WtW approach for air and maritime transport, in contradiction with the fact that road transport retains distinct regulations, but, according to Concawe, WtW or separate WtT and TtW do not induce different responses on the market in terms of fleet (i.e. electrification pick-up) and fuel demand, at least until 2030. The ban on ICE car sales in 2035 opens up a different situation: Anders confirms that OEMs do not have incentives today to further develop HDVs running on 100 % renewable fuels?

In the debate, the central question is the carbon footprint reduction for the ICEV legacy fleet beyond 2035, that could remain inhibited by the blend wall for first-generation biofuels, like the normalized 10 % for ethanol, when diesel can be further decarbonized with drop-in biofuels like HVO, beyond the normalized B7. This reality of difficult to abate GHG emissions could become a key issue for EU governments in the period closing to 2050 and is an incentive to work on the subject of biofuel incorporation in liquid fuels.

Kits that are available in France to upgrade gasoline-powered cars to run on E85 fuel may not be adequate in colder climate environments (re: Euro 6 cold start performance requirement) and anyway necessitate a favorable tax code to justify the switch to E85: could remain a niche market.

BEV second-hand market could be similar to ICEV second-hand market, as EU Commission impact study shows TCO still favorable and companies are now proposing cost competitive upgrades to used batteries (selective module replacement) to retain performance (range & power) for second-hand BEV. OEMs should retain the obligation of battery warranty and durability. Conclusion is that this would not be an issue for electromobility market pick-up.