

i.remissvar@regeringskansliet.se  
kopia till anneli.giorgi@regeringskansliet.se.

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## The Swedish 2030-secretariat review of the regulation of ensuring a level playing field for sustainable air transport

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Please note that the general comments of the Swedish 2030-secretariat's comments on the Fit for 55 Package are to be seen as an introduction to the detailed comments on this directive. We need to see the full picture to comment on individual directives.

**Nedan följer 2030-sekretariatets kommentarer på enskilda förslag till ändringar i direktiv, förordningar med mera som är del av EUs Fit for 55 paket.**

**2030-sekretariatet fokuserar på de förslag som har en direkt påverkan på transportsektorn. Här utgår vi från de svenska 2030 målet, och eftersom de beslut som tas i EU skall införas i svensk rätt är de av avgörande betydelse.**

**Vi kommer att frånga gängse remiss struktur, och inleda alla enskilda remisskommentarer med en gemensam del, dessutom allt på engelska. Skälet till den gemensamma övergripande strukturen att EUs Fit for 55 paket måste ses som en helhet, och där olika förslag delvis motverkar varandra. Det är även viktigt att se till helheten när de olika delarna kommenteras, inte minst i skuggan av Sveriges betydligt mer ambitiösa klimatkrav för transportsektorn. Vi skriver på engelska för att EU kommissionen har samtliga förslag på konsultation, och att samma kommentarer kan användas.**

The Fit for 55 package is the most comprehensive environmental review in the history of the European Union. The Climate law increased the ambitions, and now more than 13 directives and regulations are amended, revised, or presented as new directives.

We comment on each of the transport connected proposals below, but first some general points for the overall package.

1. The ambitions for the transport sector are far too low and not ambitious enough to contribute to the targets of the Paris agreement or to put the EU on track for reaching the 2050 net zero target. The ambition to decrease greenhouse gas emissions (GHG) by 13% by 2030 is the same as allowing 87% of fossil carbon dioxide emissions to continue to pollute the atmosphere. In a decade where the climate

target of many industries often is more ambitious, and countries like Finland, Sweden and the UK go far beyond, it is not acceptable that the commission takes this passive position. The recent IPCC [Working Group I contribution to Sixth Assessment Report](#) and the IEA [Net Zero by 2050](#) clearly outlines the need to start now, and use all available low carbon technologies.

2. It is good that GHG reduction targets are introduced as a rule, as this is a fundament for a technologically neutral approach. However, the commission is not applying the same way to determined emissions across the board. In some directives, like the FuelEU Maritime directive, the concept of Well-to-Wake is introduced. It is a life cycle approach that incorporates all aspects of fuel/ energy production and combines it with the efficiency of the vessel/vehicle. The Commission must, to allow for prioritization of the most cost-effective way to transition to a net Zero society, allow for life cycle reviews of all forms of energy for transport.
3. The CO2 targets for vehicles and trucks have been instrumental in incentivizing the vehicle industry to decrease emissions. However, the CO2 measurements are done with a tailpipe approach, not considering the life cycle of the fuels, nor the vehicle power train. Electric vehicles are given a zero-emission status, when the fossil fuel content of producing the electricity determines climate impact. Likewise, biofuels are not given any advantages, despite GHG reduction of up to 90%. Indeed, with biogas made from manure, the GHG savings are higher than 100% due to the avoided methane leaking from the manure.
4. It is good that there are up to date requirements of electricity provided for electric vehicles, and to produce renewable fuels of non-biological origin (RFNBO). We need similar requirements for all types of energy, i.e., a threshold for when the type of energy is deemed sustainable, and a GHG reduction factor to be used when calculating the benefit of the type of energy. By doing that for all fuels, we have a level playing field, and society can prioritize.
5. We are strongly in favour of basing the taxation of energy for transport on the energy content rather than volume. We are also supportive of phasing in taxation for maritime and aviation fuels. Again, it creates a level playing field. The reduction quotas suggested for these latter fuels are interesting and will give industry a long-term direction. We do however note that the ambitious targets are set post 2030 – why not directly?
6. Cohesion is key. The many suggested revisions and amendments span over a huge area of transport related initiatives. It is crucial that the initiatives are connected through similar determinations of GHG reductions, and through similar approaches to types of energy. This is not the case. The “newer” directives, for instance maritime and Aviation, contain some novel approaches, but they are often negated through antiquated approaches from older directives.
7. The Aviation and Maritime directives represent new thinking in challenging sectors. We note that the Commission still is determined to censor the largest supply of biofuels on the market, despite sometimes 80-90% GHG reduction potential. We are however encouraged by the introduction of a Well-to-Wake approach for emissions from energy supplied to shipping. We also note the quota for biofuels in the aviation sector. We do however recommend a GHG reductions quota rather than a volume based on a sustainable aviation fuel (SAF) quota.

The Fit for 55 package consists of:

| <b>Proposal</b>  | <b>Pro's</b>   | <b>Con's</b>   |
|--|--|--|
| Revision of the renewable energy directive   | Good with GHG target focus<br>Demands on renewable electricity<br>Union database   | Too low ambition.<br>Biased evaluation of energy sources. Different demands on different fuels based on terminology, not GHG reduction.  |
| Revision of the energy tax directive   | Much needed revision of the 2003 directive. Will be hard to pass as it needs consensus. Good suggestions on taxation based on energy content.            | Still not a fully technological approach – should build on GHG reduction (life cycle). Fails to incentivize faster GHG reduction that set out in RED.  |
| Revision of the directive on the deployment of alternative fuels infrastructure  | Very important directive. Important requirements of transparency. Good structure on progress reports.  | Misses focus on biofuels, the most prominent source of fossil carbon reduction in place today. By 2030, 90% of vehicles on the roads will be combustion engine – will need biofuels.               |
| Amendment of the regulation setting CO2 emission standards for cars and vans   | Has been important and has proven effective. We strongly support continued sharpened requirements, but from a well-to-wheels basis.                      | Zero emission vehicles do not scientifically exist. The measurement of CO2 needs to be revised to allow a technologically neutral approach.  |
| ReFuelEU Aviation for sustainable aviation fuels   | Very interesting proposal, good with a Europe wide reduction quota.  | Again, arbitrary method used to censor some energy sources with high GHG reduction. Quota should be set by GHG reduction level. Need to be more ambitious. Strange to disqualify crop based fuels. |
| FuelEU Maritime for a green European maritime space  | Interesting proposal that introduces a Well-to-Wake approach, a life cycle assessment of fuels and vessels. Good GHG related target.                     | Strange limitations of most biofuels on the market. Late and low introduction of GHG reduction targets. Strange to disqualify crop based fuels.  |
| A carbon border adjustment mechanism   | Important, but of less direct importance to transport. Important to counter the high emission of CO2 by using polluting technologies in other countries. |  |
| Revision of the EU emissions trading system (EU ETS), including its extension to shipping, revision of the rules for aviation emissions and establishing a separate Emission Trading System for road transport and buildings | Good to keep transport in the burden sharing.  |  |
| Recast of the energy efficiency directive  | Important, of less direct importance to transport.   |  |
| A social climate fund  | Naturally important as there is a risk of negative reactions as the  |  |

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|   | cheaper fossil fuels are replaced. However, the fossil fuels come with a great negative impact on society through climate impact.                   |  |
| Revision of the effort sharing regulation on member states' reduction targets in sectors outside the EU ETS                               | Important that transport remains, as it will force the member states to set national requirements higher than RED.                                  |  |
| Revision of the regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry (LULUCF) | Important, of less direct importance to transport. However, the proposal risk to limit raw material to be used for energy for the transport sector. |  |
| EU forest strategy  | Important, of less direct importance to transport. However, the proposal risk to limit raw material to be used for energy for the transport sector. |  |

Review of the regulation of ensuring a level playing field for sustainable air transport

The sustainability debate for aviation is quite recent, and it is welcome to see a stronger sustainability focus on aviation. The RefuelAviation Directive is an important step.

The RefuelAviation Directive is one of two new directives with a focus on strategic parts of the transport sector and are developed without any prior directives to “build on”. This opens for opportunities for an innovative and modern view on biofuels. It is therefore strange that the ReFuelEU Aviation directive in the preamble states:

*For sustainability reasons, first generation biofuels such as crop-based biofuels Feed, and food and crop-based biofuels, which have limited scalability potential and raise sustainability concerns, should not be supported. Indirect land-use change occurs when the cultivation of crops for biofuels displaces traditional production of crops for food and feed purposes.*

It is true that there are biofuels with sustainability concerns, but it is likewise true that there are sustainable biofuels, also from food and feed crops, with a 90% GHG reduction. The directive should, in keeping with a technologically neutral approach, allow for developments of both technology and sustainability.

In the directive the text continues: *Research has shown that the scale of the effect depends on a variety of factors, including the type of feedstock used for fuel production, the level of additional demand for feedstock triggered by the use of biofuels and the extent to which land with high-carbon stock is protected worldwide.*

It is true that biofuels produced where tropical jungle is cut down, opening land with high carbon stocks to erosion, has a high direct climate impact. These raw materials are regulated in the high IIUC risk delegated act, and in fact in RED. Those “bad” biofuels should not be used as an excuse to ban good biofuels. The directive discusses this with regards to synthetic aviation fuels in preamble point 19: *When produced from renewable electricity and carbon captured directly from the air, synthetic aviation fuels can achieve as high as 100% emissions savings compared to conventional aviation fuel.* With renewable electricity and the best form of carbon capture, the

emission saving is high. But with coal power electricity, and fossil-based carbon, the synthetic aviation fuel would be a disaster.

To summarize; rather than banning biofuels with a certain terminology, focus on the GHG reduction potential, and set technologically neutral criteria. This is especially important in the aviation industry, that is a R&D intensive industry with potential to catalyse developments. The staff working papers discredits crop based fuels, which happens to dominate the market today, and put strong emphasis on RFNBO's – that we do not yet have on the market. It would be better to support a GHG reduction quota, and let the market determine which, naturally sustainable, alternatives to pursue. Immature technologies could deserve incentives to get started, but in general a market approach is preferable.

The directive further warns against a *biofuel displacement from the road sector towards air transport*. The climate does not care where fossil carbon is emitted, and it is important to allow the industry to develop technologies to provide more biofuels, from sustainable sources. This can only be done by R&D and continued production. The market should be allowed to determine the final use of the important role biofuels have to play.

We are disappointed that the European Commission does not opt for a GHG reduction quota as in the Maritime directive. We also see two interesting examples of reduction quotas for aviation in Norway and Sweden. In both countries the policies have been developed in dialogue with the industry and has firm support.

We are not in favour of a blending quota set on volume. The GHG reduction is dependent on the quality of the SAF, and a volume-based targets favour the SAF just above the threshold- not the best SAF. For the sake of cohesion, set the target on GHG reduction, in line with targets set in RED, the maritime directive and the Energy Taxation Directive.

We also suggest that the blending curve should be steeper. The European Commission will not comply with the climate targets of the Paris agreement with such a lax quota, and we see more and more supply rapidly coming onto the market.

Currently the GHG reduction plan is heavily weighted towards 2050, post 2030, thus allowing billions of tons of fossil CO<sub>2</sub> being released in the 29 years to 2050. We also suggest that an incentive is put in place for operators choosing to go above the pathway described in Annex 1.

All in all, we are in favour of the directives' intentions, but suggest a GHG based reduction target, a steeper blending curve and a broadening of the uptake of SAF.