

## **Feedback on Commission adoption about proposal for a Regulation of the European Parliament and of the Council on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC**

The Swedish Gas Association – Energigas Sverige – considers the proposal to be basically well-designed and is generally positive about it. We also believe that the proposed rate of reduction of greenhouse gases appears appropriate, in light of the climate targets set up by the EU.

We welcome clear rules and requirements because they eliminate doubts and uncertainties. We are glad that the proposal is designed to pursue technology neutrality, and that it focuses on greenhouse gas intensity.

The Swedish Gas Association has, however, a few comments and questions that we believe need to be addressed in future negotiations:

- The Swedish Gas Association generally believes that greenhouse gas emission calculations for assessing climate and environmental impact should take the complete scope of emissions into account, rather than using so-called “tailpipe” calculations. The Commission's proposal states that a “well-to-wake” perspective should apply, capturing the climate and environmental impact of fuel production and usage. We believe this to be a good approach. However, against this background it is stated that emissions from electricity are zero (see Annex I). This is completely misleading and, in practice, undermines claims of technology neutrality. It is important to remember that over 40% of electricity generated in the EU each year derives from fossil fuels. An emissions factor of zero in respect to emissions from electricity is, therefore, totally unacceptable.
- In the FuelEU Maritime proposal, the Commission refers in several places to other directives that are subject to revision as part of the “Fit for 55” legislation package. This means that the impacts of the FuelEU Maritime proposal cannot be assessed individually, as they would be completely dependent on whether and how changes are enacted in other directives, for example Directive (EU) 2018/2001<sup>1</sup>, (i.e. the Renewable Energy Directive). This includes, among others:
  - In the Commission's draft, the definition of biogas refers to Article 2, Point (28) of the Renewable Energy Directive. According to that definition, biogas means gaseous fuels produced from biomass. This implies that gaseous fuels produced from biomass other than biomethane – such as bio-LPG – are also included in that classification. It is important that this broad definition of biogas is maintained even after the ongoing revision of the Renewable Energy Directive to not limit the possibility for different biomass based gaseous fuels to be fully acknowledged in the FuelEU Maritime proposal.
- In the proposal, the Commission also refers to the calculation of emission factors with reference to the Renewable Energy Directive. It is therefore of the utmost importance that the ongoing revision of the Renewable Energy Directive does not lead to changes in the methodology for calculating emission factors that could, in turn, lead to reduced opportunities for conversion to renewable fuels in the shipping industry. The Swedish Gas

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<sup>1</sup> Directive (EU) 2018/2001 of the European Parliament as regards the promotion of energy from renewable sources.

Association believes that the proposal should clarify how emissions from biofuels are calculated. In Annex II, Table 1, Column 6, the emission factor should be amended to match the calculation in the Renewable Energy Directive, i.e. zero, or with a note (\*) explaining that emissions are calculated according the Renewable Energy Directive.

- We believe that the proposal partly penalises those shipping companies that invested early in environmentally sound technology, since they have already taken measures to reduce greenhouse gas emissions. Several shipping companies have invested in ships that run on liquefied gas, and the proportion of biogas in these fuels is expected to rise in the future, see below. Since the depreciation period for ships is often 30 years or more (compared to around seven years for a goods lorry, for example), this should be taken into account in the ongoing work on the proposal.
- As the proposal is a part of a larger legislation package, it is of great importance that it is coordinated with other relevant proposals. Some examples are the ongoing review of the Energy Taxation Directive (ETD) and the Emissions Trading System (EU ETS.) In addition, the Directive on alternative fuels infrastructure (AFIR) and the Renewable Energy Directive (RED II) are relevant. The proposal should also be aligned with the International Maritime Organisation (IMO).

## Biogas

The Swedish Gas Association also wishes to highlight the importance of supporting the development of domestically produced biogas by stating the following:

Biogas is vital for the fulfilment of Sweden's demanding environmental and climate goals, and should be valued accordingly. Several independent studies rank biogas as the fuel at the top of their lists in terms of climate performance. Our food waste, wastewater, manure, and other residual products become renewable energy, so we can simultaneously solve waste problems and produce bio-fertiliser to help grow organic food, increase soil fertility and reduce eutrophication. Biogas is the circular economy in practice.

Taking biogas's additional societal benefits into account – including improved security of supply, the reduction in methane emissions, and the development of local rural businesses – it is clear that legislative instruments should seek to give precedence to biogas.

From the EU's perspective, the supply of biogas (bio-LNG) is expected to rise sharply. The production of biogas for use in international shipping is expected to rise from around 2% in 2030 to around 5-6% in 2050, according to the European Biogas Association (EBA).

Today, biogas is an important piece of the puzzle in the transition necessary to reach the EU's climate and environmental goals. Its continued development should therefore be supported.



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