Feedback from the Swedish Gas Association on the proposal for a regulation on the deployment of alternative fuels infrastructure

General comments

The Swedish Gas Association welcomes the fact that the EU is now taking an ambitious holistic approach to climate policy. The new climate package "Fit for 55" is an important step in reducing emissions by at least 55 percent by 2030, and achieving climate neutrality by 2050 – two important goals that we fully support and stand behind.

We also welcome the position taken in “Fit for 55” that regulations and directives should work together better. This is a prerequisite of effective regulation and for capitalising on the opportunities that currently exist to reach our goals. Unfortunately, we must state that several directives/regulations still do not fit well together, despite the sound approach adopted by the European Commission. This needs to be addressed during future negotiations around the climate package.

One example of this is that the proposed regulation no longer demands increased use of compressed gas for vehicles (in Sweden and increasingly in Europe this incorporates renewable biomethane). This does not provide the opportunity for compressed biomethane to become more widely used and to contribute to the fulfilment of the Renewable Energy Directive. Within the Renewable Energy Directive, biogas’s strong performance with regards to the climate is recognised, and it is categorised as one of the advanced biofuels whose use is specifically promoted. In a similar way, it can be noted that another EU tool, taxonomy, does *not* clearly classify investment in ships or goods lorries powered by liquefied biogas as sustainable. On the other hand, investment in the infrastructure required to facilitate these vehicles is, according to the proposed regulation, still regarded as desirable or necessary. This ambiguity in EU policy creates uncertainty and risks delaying necessary investments.

The EU should also strive for technology neutrality in their policies. With the proposed regulation, the European Commission has unfortunately taken a step in the wrong direction in this matter. The current directive states, in several places, that it is highly important for EU investment in alternative fuels and infrastructure to be made in a technology neutral manner, which is a sound approach. However, in the proposed regulation the arguments supporting technology neutrality have been completely removed. Instead, the Commission has chosen in advance which technologies will grow in which segments in the future. We believe that this path risks becoming counterproductive. We are convinced that all sustainable alternatives will be required in order to reach the environmental and climate goals set out by the EU.

The Swedish Gas Association welcomes an ambitious expansion of infrastructure for electric and hydrogen vehicles, but we believe that biomethane should be addressed with the same level of ambition. This is not the case with the Commission’s proposed regulations, even though biomethane is one of the market’s most sustainable and cost-effective alternative fuel. That biomethane for road transport is attributed a rather limited role – and is thus placed in the shadow of electricity and hydrogen, upon which the proposed regulation focuses – is likely not optimal from a socio-economic perspective. The building costs of a liquefied biogas fuelling station are today around twice that of a diesel equivalent, while a hydrogen fuelling station costs significantly more. We fear that the proposal's recommended requirements for electric charging infrastructure will also be very costly. The Swedish Gas Association wishes to emphasise the importance of taking cost-effectiveness into account when EU member states negotiate an agreement on the goals for infrastructure development.

Comments on Article 2, Point 3; definition of “alternative fuels”

It is good that the new regulations clarify that there is a range of both renewable and fossil-based alternative fuels. On the other hand, it is completely unacceptable that electricity, hydrogen and ammonia do not follow the logic applied to other alternative fuels, that is, categorisation into renewable and fossil fuels. Electricity, hydrogen and ammonia are placed in an entirely separate category (”alternative fuels for zero-emission vehicles”). This is very difficult to accept, because these three alternatives can evidently be derived from either fossil or renewable sources. The same applies to gas, for example, which can be produced from fossil (natural gas) and renewable (biogas) sources.

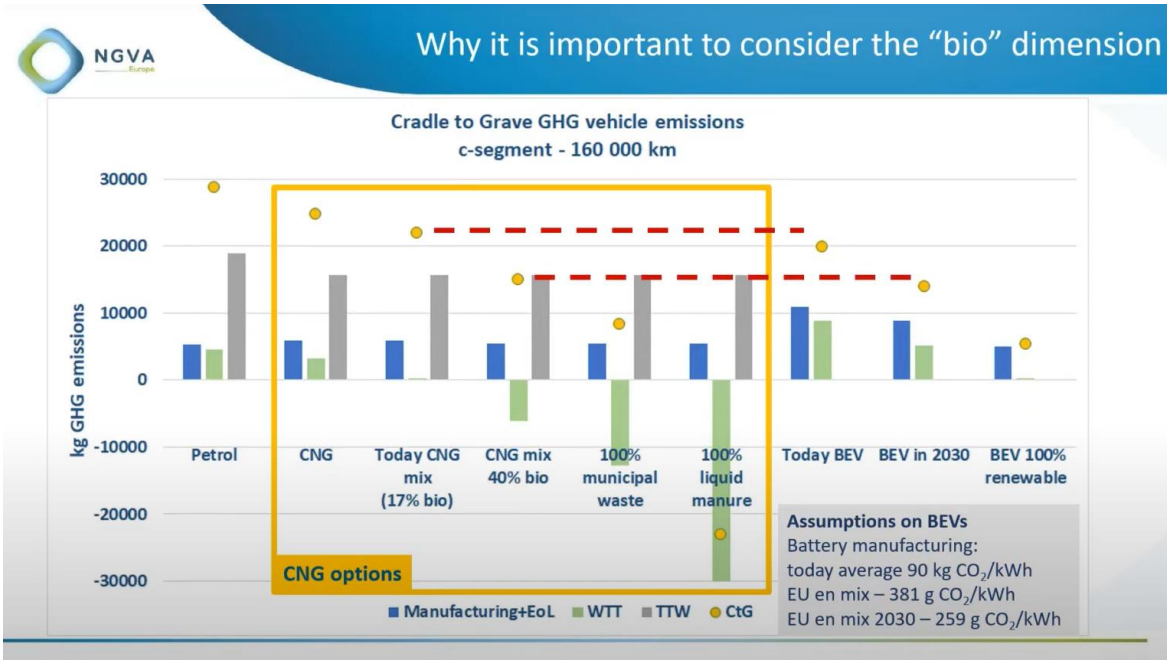
Comments on (5), (7), (8) and (35), and Articles 8 and 11

It is very positive development that the regulation points more unambiguously (relative to the current directive) towards “a clear decarbonisation pathway” for gaseous and liquid fossil fuels. However, we note that a similar reasoning has not been applied to electricity and hydrogen as fuels. Battery and fuel cell vehicles are described as “zero-emission powertrain technologies”, without any reference to or reflection on how electricity and hydrogen would be produced. The notion that electricity and hydrogen would, by definition, produce "zero emissions" is a major shortcoming in EU climate policy in general, and it risks complicating, hindering and delaying decarbonisation of the transport sector. It is self-evident that if electricity and hydrogen are produced from fossil sources, then CO_2 emissions will be released.

At the Swedish Gas Association, we are convinced that all sustainable alternatives will be required in order to reach the environmental and climate goals set out by the EU. There is no single solution that can replace the petrol and diesel used today. Both biogas, renewable hydrogen, renewable electricity, and other renewable and sustainable liquid alternatives are needed. Electrification of the transport sector is one of several important pieces of the puzzle, but it must be done with a greater awareness of the used electricity's source and climate impact, and with a comprehensive, holistic perspective on vehicles, infrastructure and fuels.

Sweden has come a long way in the process of introducing renewable fuels – not least with gas; 95% of CNG consists of bio-CNG – and it has an important role in working towards a systems approach in the EU with regards to *all* alternative fuels, including electricity, gas and liquid fuels. The all too common “tailpipe perspective” is, we believe, devastating for the EU’s climate work and the prospects of reaching its stated goals.

Comparing a medium-sized car powered by the European electricity mix with one that runs on the European CNG mix (17% bio-CNG), shows that both emit around 20,000 kg GHG emissions per year. If the same comparison is made for 2030 – when the share of renewables is expected to have increased for both electricity and CNG mixes – both alternatives emit approximately 14,000–15,000 kg GHG emission per year. This information comes from NGVA Europe (the Natural and bio Gas Vehicle Association) and is shown in the figure below. The yellow dots indicate the total GHG emissions from cradle to grave for different technologies, including the impact of both vehicles and fuel. The broken red lines help illustrate that the climate impact of an electric car and a gas car are strikingly similar (in a European setting), both now and in 2030.



Given the equivalent climate impacts from electric and gas-powered cars, it is remarkable that the proposed regulation indicates the European Commission's intention to remove compressed gas from the list of vehicle fuels whose development demands support. LNG/bio-LNG is also treated unjustly, being assigned a "limited role". Biogas is thus not given an equal opportunity – relative to electricity and hydrogen – to develop and contribute to climate goals.

This is especially unfortunate as the share of biomethane in gas used for vehicles is increasing rapidly across Europe. It is currently at an average of 17% throughout the EU, and at fairly high levels in countries like Sweden where the biomethane share is 95% (other examples: Denmark, Finland, and the Netherlands). Larger countries such as Germany, France and Italy – where there is a relatively large gas car fleet – are beginning to catch up, with an increasing share of bio-CNG (between 20% and 50%). The industry's assessment is that the biomethane share could reach an average of 40% throughout the EU by 2030.

Comments on (26), (27), (28) and (29), and Articles 6 and 7

In addition to our reflections on cost efficiency and our criticism that biogas is not handled with a sufficient level of ambition (see general comments above), the Swedish Gas Association welcomes the ambitious targets for hydrogen refuelling infrastructure. It is a positive development that the proposed regulation outlines hydrogen refuelling infrastructure requirements in a clearer way than the current directive.

Annex II

Point 3.1 refers to an ISO/TS Technical Specification. ISO/TS have very weak status because they are not international standards. It is highly questionable for a mandatory EU regulation to make reference to an ISO/TS. Any TS could easily be withdrawn, changed or transformed into an ISO standard by bodies outside the EU, over which we have no influence. The EU could then find themselves being directed by overseas technology suppliers who may promote their own interests around the construction of hydrogen refuelling stations, rather than making decisions beneficial to Europe.

Points 3.5 and 3.6 are redundant. The text says, in principle, nothing and can therefore be safely removed.