Joint Statement on the Low-Carbon Fuels certification draft Delegated Act

25 October 2024

The co-signatories of this letter represent project developers, producers, infrastructure operators, market stakeholders and users of low-carbon fuels, including e.g. low-carbon hydrogen and its derivatives. Low-carbon fuels are produced from non-renewable energy sources and meet a GHG emissions reduction threshold of 70%. They include notably low-carbon hydrogen and its derivatives and can be produced from various energy inputs and via different production pathways, such as low-carbon electricity or natural gas with CCUS.

The co-signatories of this letter **welcome the intention of the European Commission to define the necessary elements for the certification of low-carbon fuels** (Art. 9 of the Hydrogen and Gas Directive) in order to **support a clear regulatory framework, a prerequisite for their needed ramp-up**. Indeed, globally, low-carbon hydrogen is likely to represent a significant source of hydrogen supply and demand especially in the transition toward net zero. Against this background, the co-signatories express concerns about several aspects of the Delegated Act, which would endanger the deployment of low-carbon hydrogen and a hindrance for the realisation of the EU hydrogen ambitions. It should also be noted that low-carbon fuels currently receive only limited recognition and incentives from the EU regulatory framework.

The co-signatories:

- Support the intention to **deliver this Delegated Act efficiently and swiftly** with a technologically neutral approach.
- Welcome the intention to apply equivalent **requirements for domestic and imported** low-carbon fuels to ensure a necessary level playing field.
- The co-signatories consider it necessary to **include in the Delegated Act the possibility to recognise and provide adequate proof** of better performance of individual projects, at each step of the production process, for all types of GHG, compared to the default values **set in the Delegated Act – the latter needing regular review by the European Commission**. Opening the possibility to showcase actual better performance will foster innovation and encourage overall emissions reduction. The calculation of the GHG intensity of the fuel should happen as an average of monthly, **or more granular,** intervals.
  In that spirit, the co-signatories consider that:
    - For natural gas, **showcasing better performance should be allowed for all types of GHG emissions** and the limitations in place based on arbitrary concepts e.g. incorporated processes should be lifted. While the link made with the Methane Emissions Regulation is welcome, the co-signatories would however encourage the

European Commission to **explicitly clarify how economic operators will be able to showcase better performance, before the implementation of the methodology (2028)** than the conservative default values of the Annex B, especially with the +40% premium applied.

- Low carbon fuels producers should also be able to demonstrate **better GHG performance on the electricity that they use**. Beyond its central role for electrolysers-based LCF production, electricity has also a critical importance for steam methane reforming and methane/LPG pyrolysis processes[1]. The co-signatories acknowledge that opening the possibility of low carbon PPAs could create new challenges, eventually requiring alignment with the RFNBO Delegated Act electricity requirements. The European Commission is proposing to explore that option only by July 2028: **the co-signatories underline that it is likely to hold back financial investment decisions for European manufacturing assets and be detrimental to the emergence of renewable and low-carbon value-chains for hydrogen, fuels and industrial products.**

- **Support the intention of the European Commission to consider both CCS and CCU** but underline the **need for clarification on several provisions** e.g. the conditions/timeline related to the recognition of CCS in third countries, the provisions related to solid carbon or the introduction of the concept of long-lasting products in addition to permanent CCU (from the ETS) should be addressed.
- **Stress the importance of considering the technical maturity and availability of hydrogen leakage detection technologies**, a prerequisite before their integration into the GHG emissions calculation of low-carbon fuels and RFNBO.
- **Welcome the intention to create a link with the RED Union Database** and encourage the European Commission to **ensure that the traceability provisions defined for renewable gases are also applicable** to low-carbon gases[2]. It should also be ensured that LCFs imported to Europe are properly recognised within the system.
- **Underline the need to ensure regulatory certainty and clarity** for project developers, whose timelines extend beyond the already foreseen 2030 review of the Delegated Act (Art. 92 of the Hydrogen and Gas Directive). For projects launched before this review, the co-signatories consider as essential to maintain stable regulatory requirements during their operating lifetime, which may extend beyond the review.
- **Encourage the European Commission to facilitate a swift and efficient process of accreditation** of Voluntary Certification Schemes, as it is one of the pillars of certification, a necessity to enable supply, trade, and demand for domestic and global volumes.

The co-signatories stand ready to provide further input and encourage the establishment of collaborative stakeholders' dialogue and forum to shape effective and inclusive policies accelerating the deployment of all low-carbon fuels technologies.

[1] DVGW-EBI, Ecological evaluation of hydrogen supply, 2022
[2] Implementing Regulation (EU) 2022/996


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