METHANOL INSTITUTE

The Alternative Fuel Infrastructure Regulation

Regulation of the european parliament and of the council on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU of the European Parliament and of the Council

- The Alternative Fuel Infrastructure Regulation should be refined to reflect the plurality of solutions capable of delivering the climate benefits necessary to attain the Union's climate ambition. The Methanol Institute encourages technology neutral and fuel agnostic policymaking, to avoid creating artificial barriers for entry of renewable, low carbon, and net carbon neutral alternative fuels into the EU fuel mix.
- While existing infrastructure requires only minor adaptation to accommodate methanol and other low-carbon renewable fuels, policy should still support deployment of such infrastructure, accelerating and ensuring access to fuels capable of delivering immediate climate benefits.
- The Methanol Institute proposes that the Alternative Fuel Infrastructure Regulation should:
  - Contain targets for deployment of infrastructure for renewable fuels in maritime transport;
  - Include methanol infrastructure under the deployment plan for alternative fuels in inland-waterways; and
  - Add targets for deployment of infrastructure for methanol in road transport.

Introduction

The framework of measures for the deployment of infrastructure of alternative fuels within the European Union set up by the Alternative Fuel Infrastructure Regulation has the potential to stimulate the integration of renewable, low carbon, and net carbon neutral fuels into the fuel mix, addressing the significant environmental impact of transport. In the name of supporting the increased deployment of alternative fuel infrastructure, the Commission has chosen to grant preferential treatment to certain specific energy carriers and in doing so effectively selects winners from the outset. Instead of picking the means by which to attain progress, policymakers should encourage innovation and initiative by placing emphasis on the objective itself, which is to ensure access to energy carriers addressing the threat of climate change. The Alternative Fuel Infrastructure Regulation in its current format, has significant gaps, prioritizing some fuels over others creating artificial barriers for entry of alternative fuels into the market. While the Methanol Institute supports the spirit of the Regulation, it suggests it be refined to reflect the plurality of solutions capable of delivering the necessary climate benefits to attain the Union's climate ambition. To that end, the Methanol Institute proposes the following amendments:

1. Add targets for deployment of infrastructure for methanol in maritime transport

Major trading ports around the continent need facilities to store and supply green fuels to make low carbon and carbon neutral vessels logistically viable. In accordance with the long-term objective of climate neutrality of the European Union, the Alternative Fuel Infrastructure Regulation must mandate the deployment of bunker and fuel supply infrastructure for fuels that enable a gradual transition towards carbon neutrality. As Article 11 establishes a clear mandate for LNG refueling points in maritime TEN-T ports and requires Member States to identify relevant ports through their national policy frameworks, so should the Regulation include an Article on infrastructure for methanol. As an easy-to-handle, liquid fuel compatible with most engine types, methanol is poised to occupy a prominent role in the energy transition of maritime transport. With regards to infrastructure, renewable liquid fuels require only minor, low-cost, modifications to existing bunkering infrastructure and fuel supply systems, such as storage tanks, pipelines, fuel pumps, and bunkering barges, unlike fuels which may require refrigeration and high-pressure storage. As large volumes of methanol intended for chemical applications are already stored in multiple ports, mandated deployment of fuel infrastructure would comprehensively facilitate methanol integration into maritime transport. Correspondingly a labeling system for compatibility of fuel infrastructure with alternative fuels should be put in place. In setting a target for deployment of infrastructure for methanol in ports, the Commission would stimulate adaptation of existing infrastructure to the handling of fuels which may deliver immediate climate and local air quality benefits.

2. Include methanol fuels under the deployment plan for alternative fuels in inland

While preferential treatment is granted to Liquified Natural Gas (LNG) in maritime transport, shore-side electricity supply is favored for inland-waterways under AFIR. As Articles 9 and 10 of the Regulation set out provisions to ensure installation of inland-waterways vessels, so should similar provisions be established for the bunkering of methanol. With adequate policy support, renewable and low-carbon liquid fuels are bound to compliment direct electrification and accelerate the energy transition of inland waterway transport, while simultaneously address air quality issues in populated areas in which smaller vessels of inland waterways often operate. In fact, vessels can have a longer lifetime while being compliant by undergoing minor retrofitting to be fueled by methanol while electrification requires much more CAPEX for retrofits. Mandated deployment of methanol compatible infrastructure would thus accelerate the energy transition of inland-waterways, representing a cost-effective alternative to direct electrification in the maritime segment, capable of initiating a trajectory towards carbon neutrality. Finally, the Regulation should abandon the definition of certain energy carriers as “zero-emission” as their upstream emissions should be considered to the same extent as other fuels. The “zero-emission” category serves solely to create false impressions of climate progress and potentially shunt fuels such as renewable methanol capable of delivering significant climate benefits. The Methanol Institute recommends to that end and for the sake of consistency between other Fit for 55 legislative files, to remove references to “zero-emission” and instead refer to Advanced biofuels and Renewable fuels of non-biological origin, and the use of LCA guidelines.

3. Add targets for deployment of infrastructure for methanol in road transport

The Regulation should include targets for refueling infrastructure of methanol specifically aimed at heavy-duty vehicles and road transport vehicles. Methanol fuel cell technology systems or high blends of alcohol in dual fuel engines represent a realistic path to introduce low carbon and net carbon neutral solutions for the heavy-duty segment. In fact, AFIR's objective of promoting interoperability and accessibility for infrastructure may well be facilitated by methanol as a fuel for combustion engines, fuel cell cars, and battery EVs. Mandated deployment of refueling infrastructure would facilitate the market penetration of heavy-duty vehicles fueled with sustainable alternative fuels and expand the energy transition of transport to the heavy-duty segment. Establishing dedicated fuel infrastructure would represent minimal investment for fuel suppliers as equipment is largely compatible with that of existing gasoline and diesel distribution, storage, and dispensing equipment.

THE METHANOL INSTITUTE (MI)

FOUNDED IN 1989

Serves as the global trade association for the methanol industry representing the world's leading methanol producers, distributors and technology companies, the mission of the Methanol Institute (MI) is to serve and provide cost-effective value to its membership from our offices in Singapore, Washington, D.C., Brussels, Beijing and Delhi.

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