Public Consultation Response

The Methanol Institute (MI) welcomes the opportunity to provide feedback on the Delegated Directive amending Annex V and Annex VI to Directive (EU) 2018/2001 as regards rules for calculating the greenhouse gas impact of biofuels, bioliquids and biomass fuels and their fossil fuel comparators.

We commend the European Commission's climate leadership and intention to establish a solid regulatory framework and update European legislation where necessary to ensure a sustainable and circular transition to net zero emissions.

Recognise carbon capture storage via utilisation in products and clarify provisions for third countries

MI strongly supports the proposed updates to calculation methodology for GHG savings from carbon capture and storage. At the same time, we consider that clearer wording confirming equal treatment of emissions captured inside and outside the EU provided Monitoring, Reporting and Verification (MRV) standards are met would further benefit investor confidence. As such, we would positively welcome confirmation that third countries can benefit from this approach and reflect the full carbon savings of their project configurations. We also believe further clarification is needed regarding which standards will apply for MRV to ensure permanence, prevent leakage and safeguard system integrity.

MI would like to draw your attention to the reference to 'applicable national law' (Annex page 6). We strongly recommend providing the option of both applicable national law and 'verifiable contractual obligations, in line with the legal provisions applicable in the Union'. This additional wording enables the use of certification bodies' expertise to ensure efficiency and facilitate implementation.

Furthermore, we would strongly recommend recognising carbon storage via utilisation in products that permanently, chemically binds carbon in products which will be in line with the Delegated Regulation for calculating GHG savings of low-carbon fuels (Delegated Regulation 2025/2359).

MI also recommends that the provision applies not only to CO2 in products, but also to the permanent storage in solid carbon form in line with the Delegated Regulation 2025/2359. Many biofuel projects will have additional solid carbon waste or co-product streams (e.g, biochar). As such, providing recognition for this form of permanent carbon storage allows for a complete evaluation of a project's carbon and GHG benefits.

Consider all viable decarbonisation options for renewable methanol

We welcome the EC's proposal to include a wider selection of feedstock suitable for biogas and biomethane production that can be used for heat/power as well as biofuels. In that respect, the list and associated values should be extended to cover forest residues, straw, waste & residue wood, farmed wood, forest residue chips, short rotation coppice wood, stem wood, wood industry residues. These feedstocks have been identified by methanol producers as important sources of biomethane and therefore renewable methanol.

MI recognizes the value in focusing on commercially available technologies however disagrees with the Commission's assessment that methanol production from feedstocks such as biowaste, manure and sewage sludge is not viable. As such, we strongly recommend including 'methanol from biogas' and 'dimethylether from biogas' along with other production methanol pathways. These are viable decarbonization pathways and should be recognized as such.

In addition, we note that the default value on page 11, previously listed as 'Methanol from waste wood' has been updated and described as 'Methanol from waste & residue wood' and we welcome this clarification that supports the utilisation of wood residues. We note that this pathway does not specify whether processing energy is sourced from a grid connection or self-provided with more wood consumption.

MI notes that grid sourced electricity can be significantly more efficient than consuming additional wood to power the plant – enabling a given quantity of feedstock to be used for more production of fuel. We recommend that an option for both self-generated process energy and external electricity sourced from an electricity grid is included in order to best reflect real-world operational configurations. This also provides equal treatment to the solid biomass fuel pelletisation pathways in Section D which lists multiple cases covering both process electricity from the grid and self-generated heat and electricity with additional feedstock.

Technology and geography neutrality remains essential for global emissions reduction

We welcome the recognition of carbon capture as a pathway to decrease emissions intensity.

Recognise the use of market-based/contractual mechanisms (e.g, PPA's, GOOs) for renewable and low-carbon electricity supply

MI highlights the need to clarify the guidelines within Annex V to include provisions relating to an asset specific emissions factor for process electricity consumption (e-processing) where verifiable contractual mechanisms are in place (e.g, PPA's, virtual PPA's, Guarantees of Origin and Renewable Energy Certificates). We underline that such mechanisms have evolved significantly and have incentivised large amounts of renewable energy procurement from grid connected projects. Many biofuel projects are and will be operating in regions where direct connection of renewable power is restricted by physical space, infrastructure or regulatory constraints. We are convinced that by recognising the use of renewable electricity sourced via the grid it is possible to access more renewables at lower cost and hence lower the GHG intensity of the fuels that are produced, whilst supporting European competitiveness with other global markets that increasingly provide recognition for contractual mechanisms (e.g. UK RTFO).

Imperative to ensure a level playing field for all biofuels with no exceptions

MI notes proposals from industry to lower default values for specific fuels. Any revisions should prioritise the comparative carbon intensities of different pathways and not distort competition. MI underlines the importance of the principles of robust and transparent emissions accounting as well as technology neutrality.

Maintain references to bio-ethers to continue incentivizing mobility decarbonization and ensure EU legislative consistency

We question the removal of the typical and default values of the GHG emissions savings for renewable fuel ethers such as bio-MTBE in part B. This high-quality and high-efficiency petrol component can be blended with petrol due to its high-octane number and oxygen content which improves the fuel combustion, supports fuel efficiency and decarbonizes transportation. This is especially relevant as certain member states (e.g. Germany) use the GHG emission reduction factor to meet their transport obligations under RED.