Establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of nonbiological origin

2023/2568(DEA) - 10/02/2023 - Non-legislative basic document

This Delegated Regulation **supplements** <u>Directive (EU) 2018/2001</u> of the European Parliament and of the Council by establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of non-biological origin.

Background

The Renewable Energy Directive (EU) 2018/2001 promotes the use of renewable energy in the EU. For the transport sector, a separate target of 14% renewable energy has been set, which can be achieved through the use of liquid and gaseous renewable fuels of non-biological origin.

The Commission is asked to develop a **reliable EU methodology** to ensure that electricity used to produce non-biological liquid and gaseous renewable transport fuels is of renewable origin, including rules to (i) ensure that there is a geographical and temporal correlation between the electricity generating unit and the fuel production, and (ii) to ensure that the fuel producer contributes to the deployment or financing of renewable energy.

Content

This Delegated Regulation lays down **detailed rules** for determining when electricity used for the production of renewable liquid and gaseous transport fuels of non-biological origin can be considered **fully renewable**. These rules shall apply to the production of renewable liquid and gaseous transport fuels of non-biological origin via electrolysis and analogously for less common production pathways. They shall apply regardless of whether the liquid and gaseous transport fuel of non-biological origin is produced inside or outside the territory of the Union.

The Regulation contains:

- rules for counting electricity obtained from direct connection to an installation generating renewable electricity as fully renewable;
- general rules for counting electricity taken from the grid as fully renewable
- rules on additionality, temporal correlation and geographical correlation.

The Delegated Act sets out different ways in which producers can demonstrate that the renewable electricity used for hydrogen production complies with **additionality** rules. It further introduces criteria aimed to ensure that renewable hydrogen is only produced when and where sufficient renewable energy is available (known as temporal and geographic correlation).

The rules will be phased in gradually and will be designed to become more stringent over time. Specifically, the rules foresee a transition phase of the requirements on "additionality" for hydrogen

projects that will start operating before 1 January 2028. This transition period corresponds to the period when electrolysers will be scaled up and come onto the market. Furthermore, hydrogen producers will be able to match their hydrogen production with their contracted renewables on a monthly basis until the 1 January 2030.

A certification scheme relying on voluntary schemes will ensure that producers, whether in the EU or in third countries, can demonstrate in a simple and easy way their compliance with the EU framework and trade renewable hydrogen within the Single Market.

Fuel producers will provide reliable information demonstrating that all requirements are complied with.

By 1 July 2028, the Commission will submit a report to the European Parliament and the Council assessing the impact of the requirements set out in this Regulation, including the impact of temporal correlation, on production costs, greenhouse gas emission savings and the energy system.