How to promote green fuels in maritime

Delphine Gozillon
E-fuels such as e-ammonia can reach up to 7% of EU shipping’s energy demand by 2030.

**Shipping’s path to zero**

*Source: Transport & Environment*
Get FuelEU targets on track with the Paris Agreement

Shift targets 5 years ahead to get to zero by 2050
FuelEU proposal will make fossil LNG eligible for decades:

- 4-stroke DF engines now compliant until 2029;
- 2-stroke LP DF engines until 2034;
- 2-stroke HP DF engines until 2039

Note: T&E compilation based on the proposed FuelEU Maritime Regulation. Baseline was estimated by T&E using 2020 Rotterdam fuel sales data as a proxy, in the absence of EU 2020 data. LNG WW also includes pilot fuel. Not shown on this graph: fossil hydrogen, ammonia, methanol all have WW well above 2025 threshold.
Current FuelEU proposal will drive fossil LNG and biodiesel in shipping, instead of green e-fuels;
How to fix this?

T&E key recommendations
A multiplier in FuelEU will boost the attractiveness of e-fuels

-> With a multiplier of 5, using e-fuels to meet the GHG target becomes 5 times cheaper

**Commission Proposal**
- Climate disaster: Compliance with fossil fuels possible AND cost-attractive

**T&E Proposal (recommended by IA):**
- Give a discount on e-fuels use
  - Scenario A - multiplier of 2: Compliance with e-fuels a bit cheaper but still unattractive
  - Scenario B - multiplier of 5: Compliance with e-fuels becomes cheaper and much more attractive
Limiting pooling to renewables only would improve competitiveness of e-fuels vis-a-vis fossil fuels.

Only renewable-fuel-based surplus credits should be transferable.
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<th><strong>T&amp;E FuelEU Maritime recommendations</strong></th>
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<td><strong>Multiplier of 5</strong> to boost e-fuels’ cost-effectiveness</td>
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<td>**Limit credit exchange mechanism with excess credit sales (pooling) to ** <strong>ships with renewables only</strong> <strong>to incentivise their uptake;</strong></td>
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<td>**Exclude all crop-bio &amp; ** <strong>Apply RED II</strong> <strong>sustainability and GHG saving criteria to all advanced fuels</strong></td>
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<td>**Increase the ambition of the ** <strong>GHG target &amp; use GWP20 for methane</strong></td>
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<td><strong>Regulation with dissuasive fines</strong> <strong>(cfr car CO2, DE REDII) - NO “pay-to-comply” (or limited in time)</strong></td>
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<td><strong>Beyond intra EU</strong> <strong>(full MRV scope)</strong></td>
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T&E recommendations for green port infrastructure (AFIR)

End the LNG mandate on EU ports to avoid stranded assets & tackle climate change

Make SSE (shore-side electricity) infrastructure mandatory in all passenger terminals by 2025;

Make SSE infrastructure mandatory for containers, oil tankers, re-bulk by 2030; and for all ships by 2035

Mandate ports to deploy hydrogen & ammonia-refuelling infrastructure