

## **DRAFT DELEGATED ACT ON DETAILED RULES FOR PRODUCTION OF RENEWABLE LIQUID AND GASEOUS TRANSPORT FUELS OF NON-BIOLOGICAL ORIGIN - CEMBUREAU POSITION**

CEMBUREAU, the European Cement Association ([www.cembureau.eu](http://www.cembureau.eu)), welcomes the opportunity to comment on the draft Delegated Act pursuant to Article 27(3) of Directive 2018/2001 (RED II) establishing a methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of non-biological origin (RNFBO).

### ***Introduction – CO<sub>2</sub> utilisation is an essential element for the cement industry’s transition to carbon neutrality***

CEMBUREAU’s 2050 [Carbon Neutrality Roadmap](#) sets out the technological and innovation pathways to achieve carbon neutrality by 2050 in the cement industry. These pathways span the full value chain and assess the CO<sub>2</sub> reduction potential in both the manufacturing part of the business (clinker and cement manufacturing) as in the production, use and end-of-life of the end product, concrete, which is a key enabling building material for tomorrow’s sustainable built environment thanks to its durability, strength, recyclability and its carbonation potential.

With two thirds of its CO<sub>2</sub> emissions related to the manufacturing process (calcination of limestone), the cement industry strongly focuses on carbon capture as its key technology representing 42% of its CO<sub>2</sub> emission reduction efforts by 2050. A significant number of carbon capture and storage and use (CCUS) projects are currently under development by the cement industry (please see our [map of ongoing innovation projects](#)), showing clear EU industrial leadership.

Crucially, a large part of these projects consists in re-utilization of the CO<sub>2</sub> captured in cement kilns. This is crucial given the geographic spread of the 200 cement kilns across Europe – whilst some installations are located next to potential CO<sub>2</sub> storage sites, a large number of them will have to rely on re-using CO<sub>2</sub> through Carbon Capture and Utilization (CCU) in the short, medium and long term. Different types of CO<sub>2</sub> usages are being considered (for instance, mineralization or chemical products), but today, the use of CO<sub>2</sub> for the production of RNFBOs is the most promising and most widely-implemented CCU solution in the sector. In addition, such production will increase the EU’s independence from third countries for its energy supply, a goal clearly set out by the RePower EU Communication.

## ***The draft Delegated Act assumes a level of RE that impedes hydrogen/CCU development***

Renewable electricity currently makes up 17.4% of the energy mix in the European Union. While efforts are underway to increase this potential, the roll-out will depend on factors such as electricity grid expansion, permitting procedures and public acceptance, all elements that greatly differ amongst the regions of the European Union as to their impact on investments. In this context, the following provisions of the Draft Delegated act are problematic from the perspective of creating a sound hydrogen or CCU business case:

### ***“Fully renewable” electricity (Article 4(1) Draft Regulation)***

- ✓ According to Article 4(1) of the Draft Delegated Act, electricity producers can count electricity taken from the grid as fully renewable if the installation producing renewable liquid and gaseous transport fuel of non-biological origin is located in a bidding zone where the average proportion of renewable electricity exceeded 90% in the previous calendar year.
- ✓ Such high threshold percentage risks to put a very significant impediment to the development of hydrogen and CCU projects.
- ✓ ***CEMBUREAU therefore urgently calls for a more gradual phase-in of the RE requirements and lower the 90% requirement to an average that is a reasonable pathway from the current share of renewables in the energy mix.***

### ***Electricity considered renewable under power purchase agreements / simultaneity criteria (Article 4(2) (c) Draft Regulation)***

- ✓ The Commission proposes that electricity used in a RFNBO installation can only be considered “green” when it was produced in the same hour by a renewable installation contracted via a Power Purchase Agreement (PPA).
- ✓ This would severely constrict the operating hours of RFNBO installations and therefore render them uneconomical.
- ✓ ***CEMBUREAU therefore suggests to significantly extend the reference period for the simultaneity criterion to at least a quarter of a year.***

### ***Electricity considered renewable under power purchase agreements / location criteria (Article 4(2) (d) Draft Regulation)***

- ✓ One of the conditions for considering electricity as renewable under a Power Purchase Agreement (PPA) relates to the location of the electrolyzers (in the same or neighbouring bidding zone or in an adjacent offshore bidding zone).
- ✓ Such location criteria limit the potential for PPA's to be concluded across Europe and to properly exploit regional benefits in renewable generation (solar power in the South and wind power in the North).
- ✓ ***CEMBUREAU therefore strongly suggests to omit the reference to location criteria from Article 4 of the proposed Draft Regulation.***

### ***Extension of transitional period and grandfathering clause (Articles 7 and 8 Draft Regulation)***

- ✓ The Commission proposes a transitional period until the end of 2026 in which the requirements on RE use are slightly less stringent. However, even during the transitional period with regards to the location of electrolyzers and RE installations the regular strict criteria apply.

- ✓ In addition, the transitional period is too short in order to be helpful in practice because projects that are planned today will come into operation only after the transitional period has ended.
- ✓ Finally, the Commission proposes a grandfathering clause in respect of the criteria of additionality and unsubsidized RE installations, while simultaneity and location criteria – as the main impediments for green RFNBO production – are not included.
- ✓ ***CEMBUREAU therefore urges the Commission first, to extend the transitional period at least to 2035; second, to systematically include less strict requirements in the transitional period for all of the criteria in Article 4 (2); and third, to extend the grandfathering clause to enable less strict requirements for all of the criteria in Article 4 (2).***

\*\*\*