



**JOINT LETTER**

**The Revision of RED II**

We, the undersigned associations and companies, representing the entire spectrum of the electric mobility ecosystem, call on Parliament and Council to set a true level playing field between zero-emission options in amending the Renewable Energy Directive (RED II), so that they can compete fairly in reaching RES (Renewable Energy Sources) targets for road transport.

Road transport is undergoing a major transformation: the share of electric vehicles in car sales in Europe has increased to more than 10% in 2021, and the industry is transitioning towards a complete phase-out of internal combustion engines in new passenger vehicles, as proposed by the Commission for 2035.

The revision of RED II presents a unique opportunity to accelerate the transport sector's transition towards zero emissions, and to modernise the legislative framework for renewable energy in Europe's transport system by going beyond the blending of biofuels. As battery electric vehicles offer the highest conversion efficiency compared to other available solutions, electricity should be able to compete on an even footing and under the same rules and conditions as other energy options.

Providing the right incentives will enable operators in the e-mobility ecosystem across the EU to significantly accelerate the transition towards zero-emissions transport, in line with the EU's decarbonisation aims and the changes to the ecosystem required with electrification, in particular supporting the business case to deploy chargers.

## CALL TO ACTION

*More specifically, we call on Parliament and Council to:*

- 1. Guarantee appropriate Energy Efficiency Ratios (EERs) to account for the superior energy conversion efficiency of renewable electricity versus fuels*
- 2. Extend the scope of fuel-neutral credit trading to include private charging*
- 3. Allow for the accounting of renewable electricity beyond the national grid average*

## 1. Consider the links between current multiplier system and proposed GHG-based mandate

The Commission proposes to revise the methodology through which member states account for their transport sub-target under RED II. The current Directive allows countries to choose between setting transport targets based on energy volumes/content or well-to-wheel GHG emissions reductions. The Commission now proposes a unified approach, with reductions being calculated based on GHG reductions.

With this change comes the deletion of the existing 'Energy Efficiency Ratio EER' / "multiplier"<sup>1</sup> of 4 for electricity. The purpose of the EER is to account for the superior energy conversion efficiency of renewable electricity: with 1 megajoule (MJ) of renewable electricity, EVs do 3.2 times more transport work and deliver 5.4 times more GHG reductions than delivering a MJ of RED II compliant bioethanol to a combustion engine vehicle<sup>2</sup>. Hence, deleting the EER means incentivizing inefficient forms of renewable transport energy.

The new mandate instead contains an "implicit" EER, i.e. a different fossil fuel baseline (183 gCO<sub>2</sub> eq/MJ for electricity, 94 for biofuels), achieving a similar effect.

The challenge is that 24 out of 27 Member States currently do not use a GHG-based target, but rather an energy-based one. Member states may therefore push for maintaining the flexibility to choose between GHG- or energy-based targets. However, keeping flexibility between GHG vs. energy must also mean keeping the EERs as included in the current RED II. In other words, it is imperative that in all amendments to the Commission's proposal, the EER of four for renewable electricity is safeguarded. Otherwise, such systems may inadvertently and unfairly support less energy-efficient solutions and slow down Europe's energy transition.

Furthermore, several amendments on initial Parliament draft reports identify a single fossil fuel comparator to be used for all "renewable fuels" (i.e., 94 gCO<sub>2</sub>eq for both biofuels and renewable electricity). Proponents of these amendments claim that renewable electricity is granted disproportionately high GHG savings. However, in calculating the GHG benefits of electricity supplied into the transport sector under GHG-based systems, it is important to maintain the fossil electricity reference value of 183gCO<sub>2</sub> eq/MJ as proposed by the Commission. This provides a stronger incentive to reduce the GHG intensity of the electricity supplied and should thus be compared to fossil electricity (183) rather than fossil fuels (94).

## CALL TO ACTION

*We therefore call on Parliament and Council to:*

- *Maintain the fossil fuel comparators proposed by the Commission for the new GHG based system*
- *Include appropriate EERs if Member States are allowed to keep accounting on an energy basis*

<sup>1</sup> Under RED II Article 27, paragraph 2

<sup>2</sup> See recent T&E study/briefing: <https://www.transportenvironment.org/discover/how-to-reward-renewable-energy-efficiency/>

## 2. Extend the scope of fuel-neutral credit trading mechanisms beyond public charging

One key positive change proposed by the Commission is a new obligation on Member States to introduce fuel-neutral credit trading mechanisms allowing operators to generate compliance credits that they can sell to obligated fuel suppliers under the revised article 25(2) of RED II. This modernisation guarantees equal treatment between energy options: national fuel suppliers will have a broader range of options at their disposal to choose from in meeting their obligations; not just renewable fuels, but also renewable electricity.

However, the Commission's proposed wording explicitly limits the scope of the trading mechanisms to be established to public charging only. This would exclude the majority of charging sessions, as in the light duty segment at least 70% of charging of electric cars takes place at home or in the workplace, i.e. outside the public space. With electric buses and trucks, this percentage is even higher, since they mostly charge at depots.

Limiting credit trading to public charging hence creates serious unintended effects on the charging market. It discourages people from charging at home or at the workplace, and discourages electric truck and bus operators to invest in charging points at their premises, pushing them to use valuable public space where, under normal conditions, private charging would be preferable.

In addition, private charging offers enormous potential for renewable energy use, vehicle-to-grid and energy balancing functionalities. Extending the credit mechanism to private charging will incentivize the use of renewable energy in private locations and improve the business case for renewable energy use.

### CALL TO ACTION

*We therefore recommend to:*

- *Expand the scope of the EU-level mandate for credit systems to any type of charging, including private charging.*

## 3. Allow for accounting of renewable electricity beyond direct connection in the same way as for Renewable Fuels of Non-Biological Origin (RNFBOs)

A third distortion that needs to be addressed is the different treatment of additional renewable electricity when it is used to directly power electric vehicles versus when it is used to produce Renewable Fuels of Non-Biological Origin (RNFBOs).

Contrary to RFNBOs, the possibility for crediting up to 100% renewable energy does not exist for electricity when used to directly power electric vehicles, unless a direct line can be proven (e.g. solar roof on a charging station, which represents a minimal fraction of overall energy use). In all other cases, only the average share of renewables from the previous two years in the national grid mix can be credited. To remedy this serious distortion, it should be ensured that if electricity is proven to be produced from renewable sources, it is credited as up to 100% renewable in order to ensure fair competition and a proper level playing field.

In addition to existing provisions for renewable electricity calculation foreseen in the Commission proposal<sup>3</sup>, the Commission should thus develop a framework to properly account for renewable electricity supplied from the electricity grid to electric vehicles.

A key way to better reflect the actual share of renewables in the electricity mix is to allow operators to use more recent and up to date data on the RES-share available on the grid. Article 27.1 proposes that the “average share of renewable electricity supplied in the territory of the Member State in the two previous years” shall be used to determine the share of renewable energy. It is not clear why the Commission instructs Member states to use obsolete numbers; the power sector is greening rapidly and using old numbers underestimates the actual share of renewables. Operators should be given the alternative to freely use the most recent data available, including data for the actual year in which the electricity is supplied.

## CALL TO ACTION

*We therefore recommend to:*

- *Introduce an obligation on the European Commission to develop a framework providing a pathway for operators to credit up to 100% renewable electrons supplied to road vehicles, as is the case for RNFBOs.*
- *Allow operators to use the best available data for the compliance year in question to determine the renewable share present on the grid, rather than resorting only to the previous two years' national average.*

3. Art. 27(c)(iii): average share of renewable electricity supplied in the territory of the Member State in the two previous years; fully counted as renewable if electricity is obtained from a direct connection to an installation generating renewable electricity.

## Co-signatories

