

## **Minutes of the tenth high-level meeting of the EU Refining Forum, 18 February 2021**

The meeting was divided into two sessions.

First on the European Green Deal and industry, the *EU industrial strategy and Recovery*, chaired by **Cristina Lobillo Borrero** (Director, ENER A – Energy policy) and the second on fuels for *climate neutrality – the renewable and low carbon fuel value chain* (chaired by **Catharina Sikow-Magny**, Director ENER C - Green transition and energy system integration). For both sessions, the introduction focussed on presenting the topics to be discussed and on the importance of keeping the objective of climate neutrality, while addressing the challenges refining and other industries face.

After the introduction, **Commissioner for Energy Kadri Simson** highlighted the main challenges ahead of the decarbonisation of energy, industry, refining and transport sectors, underlining the importance of transformation for the fuel value chain. She briefly mentioned the key elements of the Fit for 55 package planned for June. Last year the Commission adopted financial packages supporting recovery, representing €1.8 trillion firepower, of which 30% is earmarked for climate related measures. The radical transformation of the industry requires however private investments. She mentioned the initiative of the refining industry ‘Clean fuels for all’ as a good example, how industry can work together with the Commission.

**FuelsEurope President Béla Kelemen** welcomed the tenth high level meeting of this forum and its long-term tradition. He stressed the importance of liquid fuels, which will exist besides electrification in the transport sector, however, in the future they will be no longer be of fossil origin. Innovation is very important in this sector, and he called on the Commission to present a strategy on liquid fuels. He also emphasized the importance of circular fuel cycle and related CO2 emissions.

**MEP Anna-Michelle Asimakopoulou** focussed on two topics amid the recovery from the pandemic induced crises, centred around digital and green transition: the industrial strategy and sustainable finance. She underlined that EU’s industrial strategy should facilitate investments and should not compromise competitiveness and the transition should be cost effective, and transitional fuels, such as gas, should not be disregarded. She expressed concerns regarding the draft delegated act on Taxonomy as it narrows down the scope of energy projects to be financed. The taxonomy should adopt a more holistic approach, and should not take away the right of Member states to define their energy mixes. Parliament and Commission should work closely together to reach the best result.

**Fulvia Raffaelli (DG GROW)** provided an update on the EU Industrial strategy. In light of the lessons learnt from COVID 19, the 2020 Commission’s industrial strategy is going to be updated in the coming weeks to accelerate the green and digital transition and to strengthen resilience of our industries. The new 2030 target to reduce emissions by at least 55%, twined with the aim to make the next 10 years Europe’s digital decade, can bring significant opportunities for our companies and their employees. Europe’s next long-term budget and the EU’s recovery instrument will allow us to turn the challenges posed by the COVID-19 pandemic into long-term opportunities, not only by supporting the recovery, but also by

investing in our future: the green and digital transitions and a more resilient European industry.

From the Commission still, **Ewelina Daniel** and **Andreas Zucker** from the modelling team of ENER presented the scenarios of the 2030 Climate Target Plan. In order not to backload efforts to reach climate neutrality by 2050, the EU agreed to increase the climate ambition for 2030 (-55% GHG emission). They presented detailed modelling results for changes in the energy mix by 2030 and 2050 with focus on industry and transport sectors. They also underlined that the new target means €350 billion of additional investment over this decade.

**Judith Kirton-Darling (IndustriAll)**, focused her intervention on socially just transition, recognising that refineries are of key importance in decarbonisation, and it is important to keep jobs in the sector. We need a digital, climate neutral and competitive European economy. We need to speed up the rollout of clean technologies, and there is a huge appetite in the industry for innovation and new technologies, which can be seen on multiple applications for financing from the EU innovation fund. She stressed that industrial transition is insufficiently covered in national recovery plans. She also added that sustainable finance taxonomy should not blacklist industries.

**Herald Ruijters (Director, MOVE)**, presented the Commission's sustainable and smart mobility strategy, adopted at the end of the last year. This strategy lays the foundation for how the EU transport system can achieve its green and digital transformation and become more resilient to future crises. Climate neutrality requires 90% cut in transport emissions by 2050. Among the key initiatives, he underlined the Alternative Fuels and Infrastructure and Renewables Directive. Energy efficiency and rollout of infrastructure will play a key role.

**Henrik Henrikssen (Scania)** presented the green mobility vision of Scania. He underlined that the company focuses first on the 2025 emission targets, more accountable than long-term vision of 2040-2050. The company strongly advocates biofuels and new ways (e.g. biogas) in heavy truck transport. Cooperation with science and knowledge based target setting is of key importance. Hydrogen is an alternative in the future, but we need to learn more about the use and economics of this. For Scania, green steel would be an attractive alternative, relating to use of hydrogen in steel manufacturing. To reach a fossil free vehicle world, we need to follow a holistic approach and invest in the right infrastructure.

**Martha Yugo (Concawe)** presented the Clean Fuels for All initiative of the refining industry, which focusses on low carbon fuels in the transport segment. There is no single solution towards decarbonisation, biofuels and e-fuels and powertrain combinations offer similar GHG reductions as battery electric vehicles. Currently there are more than 31 projects on low carbon fuels in Europe. According to the strategy, investments might amount to €400-650 billion up to 2035, and these demo projects and scale are needed for the successful transition.

**Berta Cabello (Repsol)** presented the possible ways of transforming refineries (as key elements focussing on energy efficiency, renewable gases, low carbon fuels and carbon capture and use). She also presented three projects (based on advanced biofuels, hydrogen and e-fuels and biogas). Repsol already produces 700 tonnes of sustainable biofuel per year, and these project will add to this capacity, creating several thousands of jobs. **Harro van De Rhee, ExxonMobil** presented the so-called H-Vision in the Netherlands. The project enables

to convert refinery gas into low carbon hydrogen (and cutting the emissions of the Rotterdam port therewith). This will cover the full hydrogen value chain and contribute to the creation of an EU hydrogen infrastructure. The project will also contribute to the decarbonisation of other industrial clusters, in line with the Green Deal objectives.

During the session for comments and **Member States**, Italy reminded that electrification will play a significant role but this is not sufficient in the transport sector, therefore low carbon hydrogen and fuels are needed. For decarbonisation of the economy, other possible ways are necessary to be taken into account, such as bio-methane from waste and capturing methane from agriculture. Greece mentioned their objective to reach a share of 35% of renewable fuels in the refineries by 2030. On the way to transition to green economy, they also see energy efficiency as crucial.

Finally, **John Cooper (Director General, FuelsEurope)** summed up the main conclusions from the presentations and speeches, focussing on the new business model to be adopted by the industry, to reach climate neutrality by 2050. All kind of renewables need equivalent recognition, in order that technologies can compete. Demand for liquid fuels will grow in the forthcoming decades. The Commission is expected to present important legislative acts in 2021, and vehicle emission policies should be reconsidered in view of that. The Commission should also propose a strategy for liquid fuels, following a holistic approach, mainly relating to renewable fuels, however, petroleum refining will stay with us for the foreseeable future.

**Brendan Devlin, adviser at ENER**, agreed that demand for liquid fuels will grow, the question is how we are going to produce them. Long-term contracts, similarly to the electricity and gas markets at the beginning of the development phase, can have a significant role in deployment of new fuels and infrastructure. He agreed that we need to continue discussion with the industry, which this forum is an effective tool for.