



Brussels, 22 March 2010

To: Commissioner Connie Hedegaard
CC: Director General Jos Delbeke

RE: Implementation of Article 7a of the Fuel Quality Directive

Dear Commissioner Hedegaard,

We write to express deep concerns about the implementation of the Fuel Quality Directive, and to provide some specific suggestions for improvement.

We are worried that the draft implementing provisions regarding Article 7a, which sets a greenhouse gas (GHG) reduction target for transport fuel, undermine the whole purpose of this landmark piece of legislation and therefore put its future in jeopardy.

Up to this point we have supported the approach of Article 7a of the Directive. We agree that setting a greenhouse gas reduction target for transport fuels is the best approach to decarbonising the sector and that allowing fuel suppliers a wide range of reduction options – including stopping gas flaring, using ‘cleaner’ crudes and using low-carbon alternative fuels and electricity - offers the best potential for significant carbon cuts and low-carbon innovation.

However, current draft implementing provisions contain just one default GHG value for all oil-based transport fuels, which still represent 95% of road transport energy use. In

this form, the methodology would remove any incentive to clean up oil extraction and processing methods. Extraction and processing practices show enormous variations in carbon footprints and therefore offer huge potential for emissions reductions. The draft legislation would, for example, leave the European market wide open for transport fuels produced from tar sands, which have more than three times higher GHG emissions from extraction and refining compared to conventional oil. With these provisions the European Commission is contradicting the whole purpose of the Directive and seriously undermining efforts to reduce the GHG emissions from transport.

For these reasons, we urge you to ensure that the GHG methodology for fossil fuels contained in Article 7a of the Fuel Quality Directive is vastly improved. We make the following recommendations:

- Introduce a set of conservative default values for diverging GHG intensity of crude oil, including tar sands and other sources of heavy crude;
- Introduce opportunity to take into account improvements in refinery efficiency;
- Leave opportunities for fuel suppliers to prove that they are performing better than the default values (by investing in better technology, reducing flaring, switching to cleaner fuels, etc.);
- Introduce accurate, robust and mandatory reporting systems for the carbon intensity of oil down to the project level. While such reporting will inevitably be incomplete in the beginning, it needs to start now in order to create the necessary transparency for future reviews of the law.

With the adoption of Article 7a of the Fuel Quality Directive, the EU has sent a clear signal that transport fuels must be decarbonised. We urge you to set up an effective implementation system that also incentivises the oil industry to clean up its act.

Yours sincerely,



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