Regulatory and Financial gaps hindering CO2 Removal Technologies

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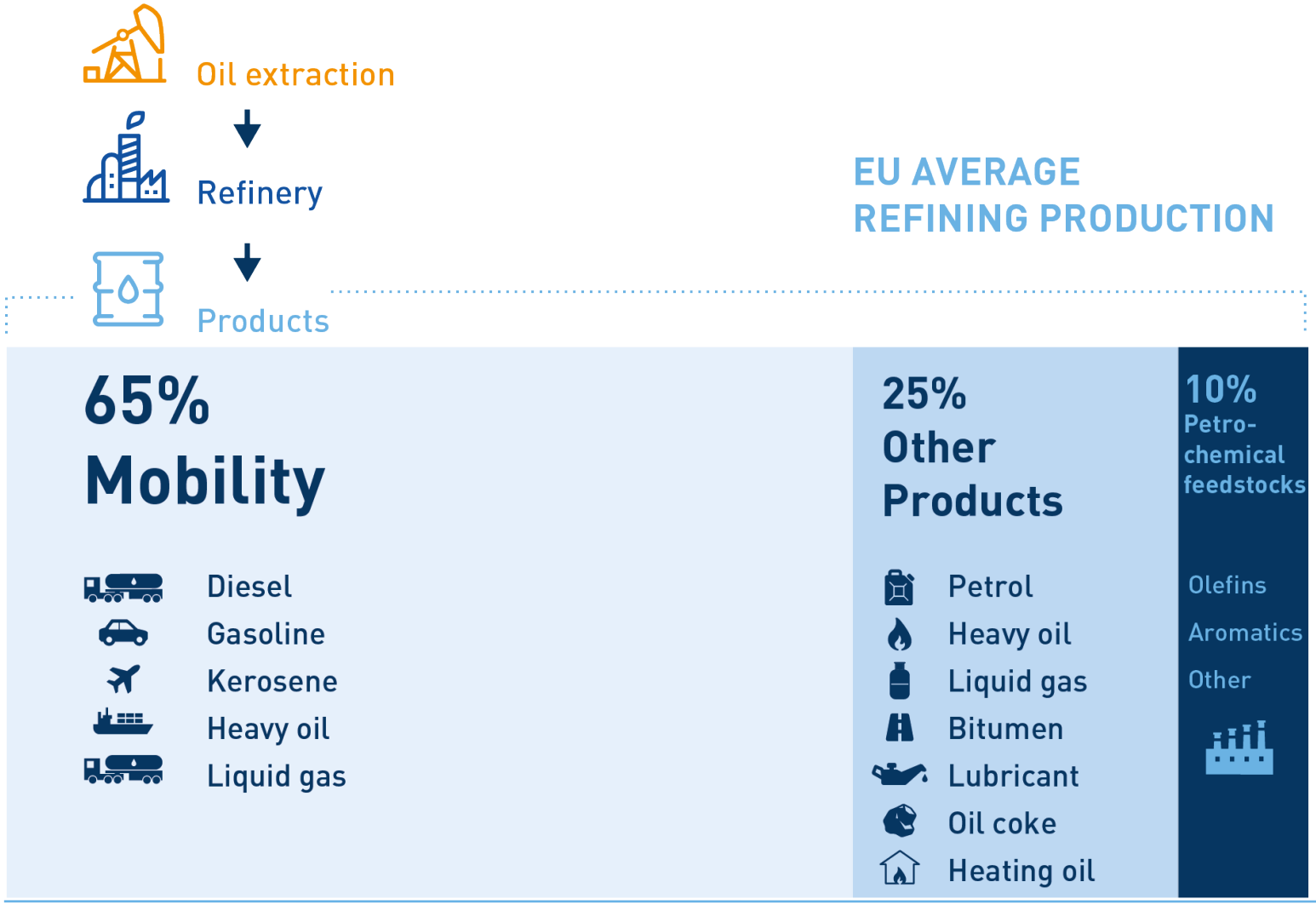
FuelsEurope
REFINING PRODUCTS FOR OUR EVERYDAY LIFE

Overview

- Who we are
- The contribution of the EU refining industry to the energy transition
- Focus on CCS as promising CO2 removal technology
- Shortcomings vs. enabling conditions

FuelsEurope represents 40 Member Companies ≈ 100% of EU Refining

EU average refining production



Sources: EUROSTAT, EUROSTAT, http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Consumption_of_oil_EU-28,_2015,_percentage.png and Wood Mackenzie product markets long-term outlook H2 2017 Demand in EU 28, NOR, CH, ISL for 2015

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The relevance of the refining industry

1. FOR THE EU ECONOMY

0.9% of the EU GDP

1.3 mln EU jobs in total

2. FOR GLOBAL ENVIRONMENT

The estimated Carbon leakage **Every 100 units of CO2 emissions reduced in the EU are replaced by 135 units of CO2 emitted outside the EU**

3. FOR SECURITY OF SUPPLY

The contribution of the EU refining sector to the energy transition

MEASURES TO REDUCE GHG INTENSITY OF THE PRODUCTION CYCLE

- Investments and operational measures for EE (+13% 1992 – 2014)
- Reduction in the burning of liquid fuels
- Reduction of gas flaring
- Blending operations

NEW FEEDSTOCKS

- Processing new types of waste of various origins, including plastic, industrial and food waste, used cooked oils and municipal waste
- Biomass
- Algae

EXTERNAL CONTRIBUTION

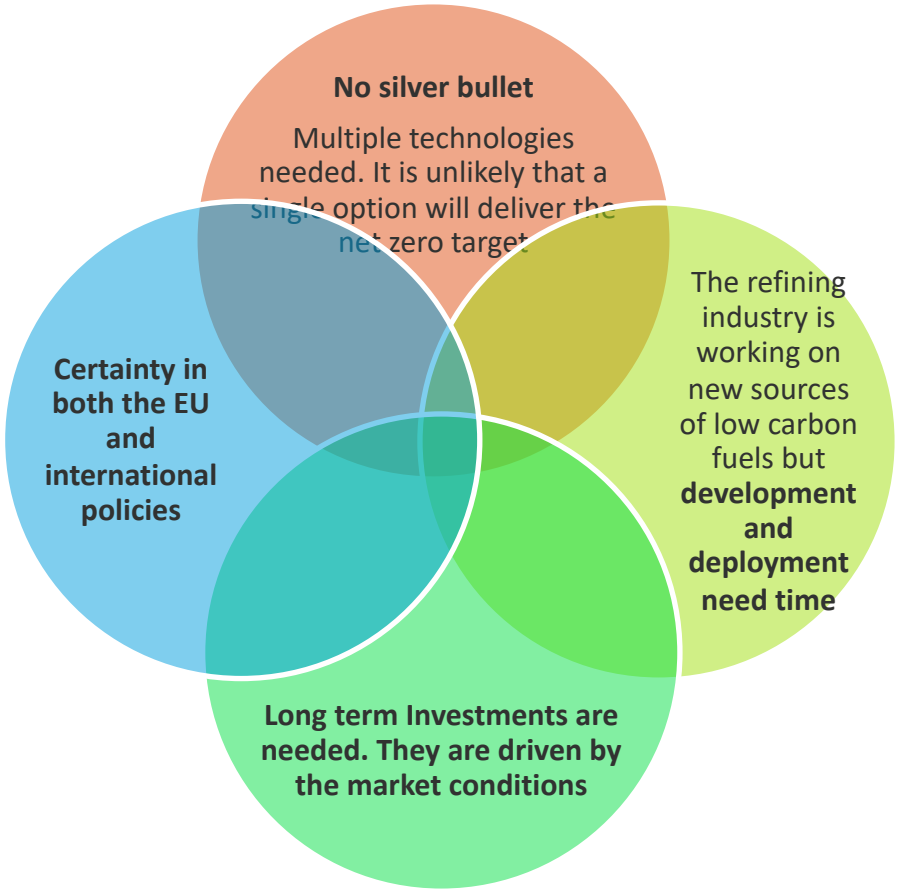
- The **EU long-term strategy "A Clean Planet for all"** considers CCS a key technology to reach -80% GHG reduction by 2050 (up to 600 Mt CO2)
- *On board CO2* capture from vehicles (more complex because of the need to miniaturise the process)
- *Captured CO2 from industrial activities* (including refineries) is collected and stored
- An effective deployment of CCS through the industry would contribute to the EU emissions reduction.

Enabling conditions

Long term goal does represent a challenge for the EU in particular when it comes to the achievement of its ambition while maintaining *the competitiveness* of its economy and the *quality of life of its citizens.* This will require changes in entire EU energy system and in consumer behaviour. It will depend on innovative solutions and on friendly policy framework for investments

- The EU refining has embraced this challenge
- Industry is an important resource for the EU in the energy transition
- It has repeatedly evolved and adapted to economic circumstances, consumer needs and ENVI legislation

- Capacity to evolve the business model consistently with the 2050 objective under the right circumstances.



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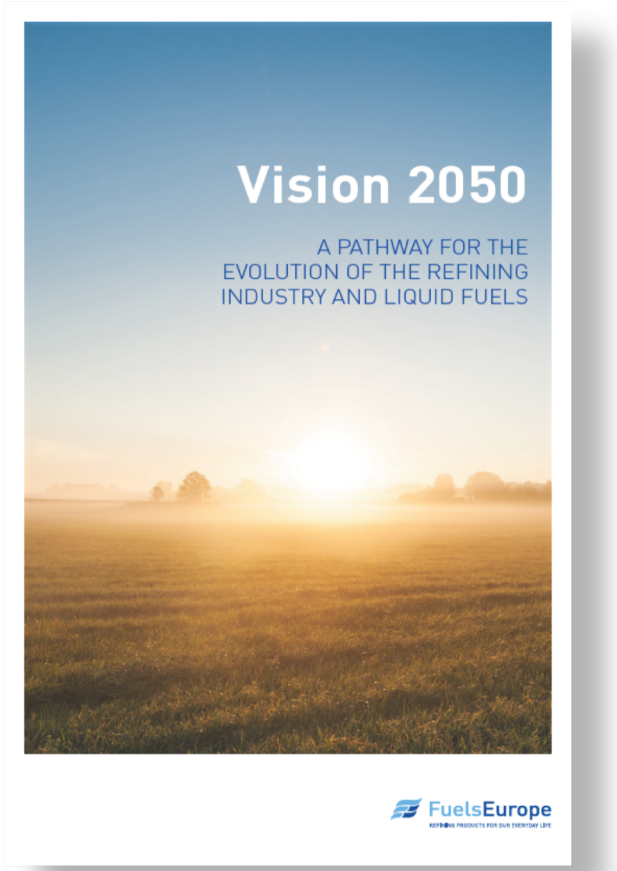
Shortcomings and possible measures

- Huge financial resources for the development of CCS technologies and infrastructures
- Currently, the level of penetration is still low ( )
- The role of private investors is essential, but they commit only if there is a reasonable expectation of business case and a profitable market

- Develop a cross sectoral approach with a single cost of carbon across the economy
- Alternative credit system for CCS , credits for alternative compliance with vehicle efficiency standards could be established (no double counting , no valid for ETS compliance)
- Internationally, move towards a common CO2 market for the whole economy
- Article 6 PA

Vision 2050

More info can be found at: https://www.fuelseurope.eu/vision-2050/



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