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Enable renewable fuels in CO₂ standards for cars and vans

Targeted corrections to leverage the strength of renewable fuel supply chains for a quicker and more inclusive decarbonisation

Europe's transport sector is in a dire situation as it is facing multiple challenges at the same time: severe global competition in the automotive industry, greenhouse gas emissions that don't go down, lower-than-expected uptake of electric vehicles, uncertainty for many SMEs of the supply chain.

Still the European Commission's proposal fails to address these issues in an effective manner.

In this context, the European Parliament's **ENVI, ITRE and TRAN Committees** should support a **greater space for renewable fuels** in new cars and vans.

This is a **critical lever to achieve climate objectives, improve the automotive sector's competitiveness, and safeguard jobs while ensuring consumer acceptance:**

- This will meet the **need of OEMs for more flexibility** to achieve the Regulation's emission reduction objective, while securing investments in electrification;
- This will **accelerate the GHG emission reduction** of road transport by leveraging existing supply chains and infrastructure – think, for instance, of the 30,000 LPG refuelling points that can be used for renewable liquid gases;
- This will be **vital for the economics of SAF and renewable marine fuels**, because biorefineries produce multiple co-products, including **BioLPG**, that must find a long-term market outlet to ensure the viability of the whole biorefinery ecosystems;
- This will lead to **more decarbonisation options for consumers**, especially lower-income or rural households.

Renewable liquid gases, including BioLPG, can contribute to climate objectives and the wider consumer acceptance because they offer:

- a drop-in renewable alternative to LPG;
- an established refuelling infrastructure in many countries;
- an easy switching choice for petrol vehicles thanks to reliable conversion kits;

Keeping the new car market segment opened to renewable liquid gases would **ensure investment certainty** for renewable liquid gases. This will contribute to accelerate the decarbonisation of new cars and of the existing fleet.

In light of the draft reports and the Committee discussions, Liquid Gas Europe supports the amendments contributing to the following changes:

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1. **Recognising vehicles running exclusively on eligible renewable fuels as zero-emission vehicles** (Articles 3 and 4; Annex I).
2. **Enabling robust monitoring for eligible-fuel vehicles** (new article).
3. **Enhancing renewable fuel credits by granting 10% flexibility and removing artificial restrictions** (Article 5a; Annex I, Part A, point 7).
4. **Applying renewable fuel credits from the year after entry into force** (Article 4; Article 5a(1); Article 8).
5. **Calculating credits on RED lifecycle GHG savings with workable reporting, interim safeguards and aligned mileage values** (Article 5a(1); Annex I, Part A).

Recommendation 1: Recognise vehicles running exclusively on eligible renewable fuels as zero-emission vehicles

⚠ The proposal does not create a dedicated category for such vehicles, despite a positive assessment of this option in the impact assessment of the European Commission. As a result, these vehicles cannot be counted as zero-emission vehicles for the purpose of manufacturers' fleet-average compliance, even where the fuels used comply with the strict criteria of the Renewable Energy Directive.

👉 **Liquid Gas Europe urges MEPs to support a definition under Article 3 and a corresponding compliance rule under Article 4 recognising vehicles running exclusively on eligible renewable fuels (VEEFs)** as zero-emission vehicles for the purposes of CO₂ standards. This recognition should be conditional on robust fuel-use monitoring and verification.

Recommendation 2: Enable robust monitoring and safe inducement systems for eligible-fuel vehicles

⚠ The proposal does not establish the approval and monitoring methodologies needed for vehicles running exclusively on eligible renewable fuels. A dedicated vehicle category can only work if there are reliable methods to verify eligible fuel use.

Monitoring methodologies already exist and have been thoroughly assessed in the WGMM's technical report¹, and some demonstrated in the real world. They could easily support an enforceable framework in line with the current RED and its upcoming revision. These methodologies range from mass-balancing approaches to digital solutions and physical links of vehicle and fuels.

👉 **Liquid Gas Europe urges Member States to support a legal mandate requiring the Commission to develop practical type-approval and monitoring rules for eligible-fuel vehicles.**

¹ Working Group on Monitoring Methodologies, Monitoring The Use Of CO₂ Neutral Fuels In Road Transport A Cross-Sectoral Industry Assessment (December 2024), [available online](#).

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This would turn the renewable-fuel vehicle category into a technically enforceable compliance route and provide legal certainty for manufacturers, authorities and consumers.

Recommendation 3: Enhance renewable fuel credits by granting 10% flexibility and removing artificial restrictions



The **current fuel credit design** limits the contribution of renewable fuels to 3% of the fleet-wide target and applies additional restrictive sub-caps, including the 1% limitation for fuels from Annex IX Part B feedstocks. Article 5a(2) limits eligible fuels to RFNBOs and to biofuels and biogas produced from Annex IX feedstocks. This is too narrow to create a credible investment signal and **does not reflect how renewable fuel production chains operate in practice**.

Renewable fuel production requires long-term demand certainty and sufficient scale to be viable and cost-effective. Biorefineries do not produce a single fuel: they co-produce renewable diesel, SAF, renewable naphtha and renewable liquid gases such as BioLPG. Artificial restrictions between feedstocks or co-products can undermine the economics of integrated biorefineries and reduce the investment case for renewable fuel production, especially where renewable liquid gases are produced as co-products of HVO or SAF pathways.



Liquid Gas Europe **recommends** that Article 5a should grant a **10% flexibility for RED-compliant renewable fuels** and **remove restrictive sub-caps**. In particular:

- The 1% sub-cap for fuels produced from Annex IX Part B feedstocks should be removed where fuels comply with RED sustainability and GHG criteria.
- Define eligible fuels as all renewable fuels covered by the Renewable Energy Directive (RED).
- Renewable fuels should be credited according to **verified lifecycle GHG savings**, not excluded or disadvantaged because they arise alongside other renewable fuels.
- Renewable liquid gases, including BioLPG and renewable DME, should remain eligible where they meet the applicable RED requirements.

This would support efficient use of sustainable feedstocks, strengthen biorefinery economics and create a more realistic investment signal for renewable fuel scale-up.

Recommendation 4: Apply renewable fuel credits from the year after entry into force



Article 5a applies only from 2035, while the proposal introduces multiannual compliance flexibility for manufacturers. This delays the role of renewable fuels until after the critical investment period for both vehicles and fuel supply chains.

Renewable fuel producers, including producers of renewable liquid gases, need **demand visibility before 2035**. Manufacturers also need **compliance tools** well before 2035, considering regulatory pressure, global competition and affordability constraints are already acute.



Liquid Gas Europe **calls for Article 5a to apply from the calendar year following the entry into force of the Regulation**. Renewable fuel credits should also be usable within compliance

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averaging periods, so that manufacturers can integrate renewable fuels into their fleet-compliance strategies.

Recommendation 5: Calculate credits on RED lifecycle GHG savings with workable reporting, interim safeguards and aligned mileage values



The fuel credit formula relies on quantities placed on the Union road transport market, GHG intensity, Union Database reporting, vehicle registrations and assumed lifetime mileage. If these elements are not workable or aligned with existing legislation, credits may be delayed, undervalued or applied inconsistently.

A credible credit mechanism requires robust reporting and simple implementation. This is particularly important for renewable liquid gases, which can be produced as biorefinery co-products and distributed through established fuel logistics.



Liquid Gas Europe **recommends the following corrections:**

- The credit formula should use RED lifecycle GHG savings and sustainability verification as the core basis for calculating renewable fuel credits.
- The Union Database under RED Article 31a should be used where fully operational, with an interim fallback such as SHARES – the EU tool for tracking renewable fuel consumption.
- Mileage assumptions in Annex I should be reviewed for consistency with existing type-approval legislation (Euro 7): 200,000 km for passenger cars instead of 240,000 km in the Commission's proposal.

Liquid Gas Europe urges the Committee negotiations to correct the proposal in a targeted and workable way. A 10% renewable fuel flexibility, combined with RED-aligned eligibility, early application, removal of restrictive sub-caps and robust monitoring, would strengthen technology neutrality without undermining climate ambition.

Liquid Gas Europe remains available to provide technical input and market intelligence, and would welcome the opportunity to arrange a meeting with the competent officials to discuss these recommendations in detail.

Liquid Gas Europe

Liquid Gas Europe's membership is composed by national LPG associations, the main European LPG suppliers, distributors and equipment manufacturers. With the support of its working groups of industry experts, Liquid Gas Europe is actively involved in concrete initiatives and programs to ensure the sustainable, safe and efficient development of LPG in Europe.