October 2024

UFE's reply to the public consultation on the draft delegated act setting out a methodology to determine the greenhouse gas (GHG) emission savings of low-carbon fuels

UFE thanks the Commission for the possibility to share its analysis on the proposed draft delegated act setting out a methodology to determine the greenhouse gas (GHG) emission savings of low-carbon fuels on the revised Gas Package. This delegated act will be crucial for the deployment of low-carbon fuels and especially low-carbon hydrogen produced with low-carbon grid electricity and/or directly with nuclear electricity in the EU. The proposed methodology is based on the previously adopted methodology for assessing GHG emissions savings from RFNBO and recycled carbon fuels. UFE reminds **the importance of methodology sounding on a scientific knowledge and a setting of appropriate rules for the calculation of GHG emissions savings.** UFE also recalls **the emergency of defined legal frameworks permitting the emergence of a European industry of renewable and low-carbon fuels (especially hydrogen).**

1. UFE's major concern on this draft relates to additional safeguards (recital 2)

UFE shares the consideration of rules set out without prejudice to Articles 107 and 108 of the Treaty on the Functioning of the European Union and approves the need to ensure that State aids do not unduly distort competition.

Nevertheless, according to recital (2) of the draft delegated act, new criteria in addition to the proposed rules for the methodology of low-carbon fuels could be implemented during State aids clearance. **UFE warns about these additional criteria that could provide legal uncertainties to low-carbon fuels projects and threaten their development.**

Example of time limitations to the use of electricity in certain production processes needs to be clarified because of its significant impact on reliability and economic viability of low-carbon fuels production.

2. UFE recommends taking a decision on sourcing low-carbon electricity from nuclear power plants before 1 July 2028 to provide long-term signals (article 3 - Monitoring and review)

To substitute fossil fuels and to achieve the EU's target of reducing net GHG emissions fixed in the Fit-for-55 package, it is key to build a long-term legal framework permitting the emergence of a European industry of renewable and low-carbon fuels (especially hydrogen).

UFE recommends taking a decision before 1 July 2028 to provide long-term signals on both subjects:

- Low-carbon fuels produced from nuclear power plants with appropriate criteria:
  UFE supports a **technology-neutral position using an approach of GHG emissions reduction based on a life-cycle assessment**. The methodology should ensure consistency with the methodology set out for renewable hydrogen (RFNBO) and provides similar frameworks as the ones for power purchase agreements (PPA) or direct connection with solar and wind facilities. Together with renewable energies, nuclear power plants could provide a steady-, low-carbon electric supply to electrolysers to ensure a competitive and reliable production of low-carbon fuels. A framework for PPAs could be introduced, relying on a similar market-based approach attributing the dedicated emission factor of nuclear electricity. Appropriate criteria adapted to the specificities of nuclear power plants should be defined. Criterion of additionality (no later than 36 months after the initial installation came into operation for renewable assets) needs to be adapted accordingly because of different construction times between renewable and nuclear assets.
- Alternative methodology for assessing GHG emissions savings based on the hourly average carbon content of the national electricity mix:
  To provide consistency with the delegated act setting out the rules for the production of RFNBOs (which foresees an hourly temporal correlation for RFNBO production proved renewable via PPA by 2030) and to reflect more accurately the physical flows of electricity, **the hourly average carbon content of the electricity mix where the electrolyser is located at the country or bidding zone level could be used as an alternative way, if the information is publicly available from a reliable source**.

3. The carbon intensity of electricity from all energy sources should be calculated using a harmonised methodology in part C of the annex (Table 5).

According to part C of the annex (Table 5), the upstream emissions of electricity production from renewables are considered to be equal to zero, by convention. Nevertheless, upstream emissions are taken into account for the calculation of the carbon intensity of other electricity sources, including nuclear.

- **UFE calls on the Commission to harmonise the methodology used to calculate the carbon intensity of electricity, regardless of its origin**, encompassing the manufacture of the electricity production assets.
- **UFE regrets the use of old data for the life-cycle assessment and suggests to employ the most recent data available.** For instance, emission factor proposed for nuclear, 1.2gCO_2e/MJ, uses old data: 2002 for enrichment and U_3O_8 sea transport and 2005 for uranium ore extraction and processing.

4. The emission intensity of generated electricity in Member States set out in part C of the annex (Table 6) should be more accurate, based directly on Eurostat data or official national statistics.

The proposed value of 23.8gCO_2e/MJ (equivalent to 86gCO_2e/kWh) does not reflect the actual carbon intensity of the electricity mix in the French bidding zone.

- **To better reflect the national specificities of Member States, UFE recommends using European data to complete Table 6** or data from official national statistics (French agency ADEME, 53g CO2e/kWh in 2023).