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# More biofuels and e-fuels for cars and trucks would mean less for ships, T&E argues

*Green group warns ships need new fuels more than road transport and incentives should reflect this*

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Uptake of synthetic fuels in road transport would not benefit shipping, contrary to what e-fuel industry groups suggest, T&E said in a report



ROAD TRANSPORT COULD OUTCOMPETE SHIPPING FOR THE SCARCE SUPPLY OF FUTURE FUELS.

Source: Fahroni / Alamy Stock Photo

SHIPPING would miss out on future fuel supplies if rule changes open the door to their wider use for road transport, according to campaign group Transport & Environment.

“Including biofuels and e-fuels in road transport would cut available volumes for hard-to-decarbonise sectors, while doing nothing to bring down e-fuel prices for aviation and shipping,” the NGO said in a briefing paper.

The group rejected fuel industry claims that using renewable hydrogen-based fuels in road transport would help to scale up production and thus benefit shipping.

E-fuels can be refined into different hydrocarbons such as e-kerosene, e-diesel and e-naphtha. But how much “e-crude” is made into kerosene compared with road fuel will depend on fuel makers’ incentives. Since little e-fuel will be available in

2030, shipping risks missing out if road transport beats it to the scarce supplies.

T&E warned against changing the incentive for fuel suppliers to focus on green aviation and shipping in the Renewable Energy Directive thanks to multipliers and an indicative supply target for shipping.

Under EU law at least 1% of EU fuel demand needs to be covered by renewable fuels of non-biological origin (RFNBOs) such as e-diesel by 2031, otherwise a sunrise clause kicks in mandating at least 2% of RFNBOs by 2034.

“Refining of e-crude should therefore be optimised for e-kerosene and any co-products should be used to decarbonise hard-to-abate sectors such as shipping or chemical industries,” T&E said.

T&E said if e-fuels and biofuels are credited in the CO2 standards for heavy-duty vehicles, fuel producers would have an incentive to provide only the minimum volume to aviation and shipping that is needed to fulfil regulatory sub-targets. They would set up their refineries to make more road fuel and less kerosene.

The group said it would be cheaper for trucks and buses to go fully electric than to use e-diesel.

Road transport uses a bigger share of fuel than ships. Conventional diesel and gasoline demand account for more than half of total global oil demand, while bunker fuel demand only makes up around 6% of oil demand, according to data from the Energy Institute.

The road transport sector typically pays a hefty premium for gasoline and diesel over crude oil, whereas premiums for conventional bunker fuel are much smaller.

Shipping will require more than 300m tonnes of e-fuels in the coming decades to decarbonise, as the energy density of such fuels is lower than conventional bunker fuels. Maritime bunker fuel demand is thought to be around 250m-300m tonnes.

Vessels 5,000 gt and above consumed 213m tonnes of bunker fuel in 2022, according to the International Maritime Organization.

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By Enes Tunagur

19 Sep 2023

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