
Greenhouse Gas Reductions Regulation in Germany

The legal requirements for reducing greenhouse gases in road transportation have continuously increased. From the point of view of the mineral oil industry, in order to meet the ambitious requirements, it is necessary for the federal government to consider all compliance options for greenhouse gas reductions. These options should be free from any ideology, open to all technologies and market-oriented.

Investments in sustainable fuels need planning security

In 2006, the German Parliament, through the Federal Immission Control Act, obliged all domestic suppliers of fossil fuel products to add a certain proportion of biofuels to their output. As of 2010, the share was at least 6.25% of the energy content. Due to the lower energy content of biofuels, around 7% biodiesel in regular diesel and 10% ethanol in gasoline were required to meet this obligation. With additional measures such as the use of E85 (gasoline with up to 85% ethanol) and the double counting of fuels from waste, the mineral oil companies were able to meet their legal obligations from the start.

In spring 2009, the two chambers Bundestag and Bundesrat passed the amended Biofuels Quotas Act ("Act to Change the Promotion of Biofuels"). On January 1, 2011, the Sustainability Ordinance for Biofuels came into force. Since then, only sustainably produced biofuels can be counted towards fulfilling the quota obligation under the Biofuel Quota Act.

In addition to adjusting the quota scales, the Biofuels Quotas Act stipulated a system change for the years from 2015: since then, the blending is no longer based on a quantity target, but is calculated based on an increasing greenhouse gas reduction target by 2020.

A forward-looking fuel policy must take fuel quality, climate protection, costs and customer acceptance into account

The greenhouse gas reduction rate (GHG rate) set by law in 2015 of initially 3.5% was increased to 4% in 2017 and to 6% in 2020. Compliance is supervised in the Cottbus branch of the main customs office in Frankfurt/Oder. Against the background of the significant increase in the GHG quota, it will be important that all options for reducing greenhouse gas emissions from the fuels placed on the market can be taken into account.

In principle, the state-guaranteed sale of agricultural products should not be the focus of the political requirements for biofuels. Rather, a future-oriented fuel policy has to equally consider the key criteria of fuel quality, climate protection, costs and customer acceptance. It is important to have a robust and clear regulatory framework with realistic targets in order to provide affected companies with planning security for investments in sustainable fuels.

The MWV therefore demands:

- 1) In view of the already agreed requirements for increasing the greenhouse gas reduction rate in the coming years, the open compliance options must be developed in a technology-free manner.
- 2) In accordance with the requirements of the federal government's energy concept, politicians should also adopt an ideology-free and market-oriented energy policy when using fuels.