CONSULTATION RESPONSE

Energy Traders Europe response to the European Commission's consultation on the review of RED II Annex V and VI on the rules for calculating the GHG impact of biofuels, bioliquids and biomass fuels

Energy Traders Europe welcome the opportunity to comment on the European Commission's public consultation on the review of Annexes V and VI of Directive EU/2018/2001 (RED II), outlining the rules for calculating the greenhouse gas impact of biofuels, bioliquids and biomass fuels and their fossil fuel comparators. Please find below some considerations on the importance of Annex VI to unlock the full potential of bioLNG in the EU. We remain available to continue the discussion and provide all required information or clarifications.

Background

BioLNG is a key solution in decarbonizing hard-to-abate sectors such as heavy-duty transport and maritime shipping, where other technologies have to date proved to be less effective, or not viable at all. Under Implementing Regulation (EU) 2022/996, **two equally valid regulatory pathways are available for supplying bioLNG**: physical liquefaction, where biomethane is produced and converted into liquid form at a liquefaction facility directly connected to the production site or to the grid; and mass balance liquefaction (or liquefaction by equivalence), where gaseous biomethane is injected anywhere in the grid and directly recovered as liquid using the LNG facilities within the interconnected European gas infrastructure. The integrity of the chain of custody is always ensured by the implementation of a certified mass balancing system.

As we also presented in our paper *Unlocking the full potential of bioLNG: mass balance liquefaction must remain a viable pathway*[1], the possibility to rely on both physical and contractual pathways provides much greater opportunity to develop the sector, enable greater flexibility in infrastructure use, support investments in EU biomethane production, and ensure stable supply of domestic renewable fuels for European consumers.

[1] Energy Traders Europe, 15 July 2025. Available at: https://cms.energytraderseurope.org/storage/uploads/media/250714-res-gas-wg-pt-mass-balance-liquefaction.pdf

With this in mind, we strongly recommend that mass balance liquefaction should not be penalised with excessively high default processing value as compared to the actual value of physical liquefaction process.

Policy Recommendations

- For accounting emissions in mass balance liquefaction, the revised RED Annex VI should **maintain the currently used, and widely accepted ISCC methodology**, which relies on a default value derived on typical EU liquefier energy consumption data multiplied by the national electricity mix. Such methodology could be officially recognised within the EU regulatory framework.
- If the Commission chooses to establish a default value for mass balance liquefaction GHG accounting under Annex VI, this should be properly justified and should not artificially allocate emissions in a process where these emissions do not actually occur. Such value would be expected not to diverge substantially from the emissions computation currently set by ISCC.
- As a next step, to ensure clarity, the Commission should confirm – either in the revised Annex VI, or in the forthcoming recast of Implementing Regulation 2022/996 – that the **electricity grid carbon intensity (CI) to be factored into ISCC's formula is the most recent value published by JRC**. More regular (e.g. annual) updates by JRC would also help avoid confusion on which CI should be applied.
- As a side note, we underline that the recast **Implementing Regulation plays a pivotal role in unequivocally confirming the viability of mass-balance liquefaction** (or "liquefaction by equivalence") – without imposing a mandatory physical liquefaction step – provided that the volumes considered emerge from infrastructures which are part of the single EU mass-balance system. **Including a definition[2] of "equivalence liquefaction" in said act would therefore be welcome**. We always look for legislation to provide clear signals to the market and to investors, rather than creating uncertainty**.**

[2] For example: "*a system that allows biomethane injected into the interconnected gas infrastructure to be tracked and recovered as bioLNG from any existing LNG terminal that is part of the interconnected gas infrastructure, without physical separation, ensuring that RED sustainability and GHG reduction criteria are met through certified mass balancing in accordance with national certification schemes or international voluntary schemes recognised by the European Commission.*"

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Comments on the consulted Annex to the Delegated Directive

The review of Annex VI Parts A and C (p. 19 and p. 37) includes wording on the allocation of processing emissions for (compressed and) liquified biomethane:

"If biomethane is transported in either its compressed or liquefied form, an additional disaggregated value of 2.4 or 4.9 g CO2eq/MJ shall be added, respectively. The liquefaction value is only applicable if liquefaction takes place in the EU and is powered by electricity. In all other cases, actual values shall be calculated. In addition, emissions from the transport and distribution of such biomethane shall be added as actual values".

We note that:

- "Transported" may be a typo, and the last line of the paragraph seems to confirm this hypothesis. Perhaps the term "transformed" is more adequate. We kindly invite the Commission to check the wording and **avoid confusing processing emissions (e_p) and transport emissions (e_{td}).**
- It remains unclear, from the current text, what pathways for liquefaction are considered for the allocation the disaggregated value of *4.9 g CO2eq/MJ* (processing emissions). Indeed, the paragraph does not clarify what "powered by electricity" means, nor whether if mass balance liquefaction is captured.

In order to provide legal certainty for the industry on the questions raised above, as well as to **ensure equal treatment of mass balance liquefaction and level-playing field across all liquefaction pathways**, we recommend amending the text as follows (see **table** below for a complete summary):

*"If biomethane is ~~transported in either its~~ compressed **and used as a transport fuel,** ~~or liquefied form, either~~ an additional disaggregated value of 2.4 ~~or 4.9~~ g CO2eq/MJ shall be added;*
If biomethane is liquefied, process emissions (e_p) associated with the conversion to liquefied biomethane shall be added. They shall be calculated as follows:

a. ***for biomethane liquefied in a liquefaction plant directly connected to the European biomethane production site, or in a liquefaction plant connected to the gas network (excluding LNG terminals), an actual value or disaggregated default value of 4.9 g CO_2eq/MJ shall be added;***

b. ***for grid-injected biomethane which is withdrawn by mass balance and liquefied within an EU interconnected LNG terminal, an actual value or disaggregated default value of 4.9 g CO_2eq/MJ shall be added;***

c. ***for biomethane liquified by equivalence in an EU interconnected LNG terminal (without using a liquefier), the value shall be either:***
   I. ***computed by a methodology based on typical EU liquefier energy consumption data multiplied by the carbon intensity of the national electricity, where available, or***
   II. ***an additional disaggregated value of 4.9 g CO_2eq/MJ***

d. ***For biomethane liquefied outside the EU and imported in a liquefied form, an actual value shall be added.***

~~*The liquefaction value is only applicable if the liquefaction takes place in the EU and is powered by electricity.*~~

In addition, emissions from the transport and distribution of such compressed or liquefied bio-methane shall be added to the calculation of the overall emissions as actual or default values."

In brief:

Liquefaction Pathway	Actual Values	Default Values
BioLNG from liquefaction plant directly connected to the European biomethane production site, or in a liquefaction plant connected to the gas network (excl. LNG terminals)	Yes	4,9 g CO2eq/MJ
Grid-injected biomethane which is withdrawn by mass balance and liquefied within an EU interconnected LNG terminal	Yes	4,9 g CO2eq/MJ
Mass balance liquefaction	ISCC methodology	4,9 g CO2eq/MJ
Liquefaction outside EU	Yes	No

Mass-balance liquefaction is a scalable pathway to foster the uptake of biomethane and bioLNG market while leveraging existing infrastructure and certified chain-of-custody systems, as well as ensuring the integrity of the chain of custody. The recommended drafting clarification preserves environmental integrity, improves legal certainty, and avoids unintended penalisation of equivalence systems, thereby supporting the policy objective of scaling sustainable fuels for key hard-to-abate sectors.

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