



About bp

bp is a leading global energy company – we provide heat, light, and mobility solutions for customers all over the world. bp has operated in the Netherlands (bp NL) for more than 50 years.

Our purpose is to reimagine energy for people and the planet. In 2020 we set our ambition to become a net zero company by 2050 or sooner, and to help the world get to net zero. While we're mostly in oil and gas today, we've increased our global investment in our lower carbon, convenience stores and power trading businesses (what we call our 'transition growth engines'). Our underlying strategy will allow us to integrate our existing capabilities as we work to invest in today's energy system, whilst helping to build out tomorrow's.

Biofuels and other low carbon fuels have an important role to play in helping to decarbonize hard-to-electrify sectors such as aviation, shipping and heavy road transport. bp plans to increase its global biofuel production to 100,000bpd by 2030.

It is on this basis that we are happy to respond to this consultation, and we hope our response can help build a common understanding of the opportunities and challenges ahead, in aid of the Netherlands' national climate ambitions.

Introduction

- bp NL welcomes the Dutch government's ambitions to accelerate climate action. We recognise the government's ambitions to incentivise the decarbonisation of the Dutch transportation sector, via biofuels, direct electrification, and conversion into other energy carriers like hydrogen (or its derivatives).
- bp NL brings in its expertise in fuel production and also its work in support of decarbonisation in carbon intensive sectors, including transport, in our response to this consultation.
- bp NL appreciates that the Ministry of Infrastructure and Water Management has published this consultation simultaneously with the Renewable Energy Directive (hereafter 'RED III' or 'RED') Industry consultation which has been published by the Ministry of Climate and Green Growth, which allows us to analyse more fully the impact of Dutch RED III implementation on our business.
- bp NL highly values the opportunity offered by the Ministry of Infrastructure and Water Management to contribute to the forthcoming legislation and supporting regulation.



General commentary

bp NL recognises the need to include transport sectors other than road under the new mandates such as inland maritime, shipping and aviation.

Obligations

bp NL views the obligations as a welcome step in promoting the decarbonisation of the Dutch transport sector. These obligations, coupled with sub-targets helps to drive a wide use of fuels to help various sectors meet their individual needs.

Whilst we believe that this proposal moves in the right direction, we have a couple comments we would like to raise regarding:

- The proposed correction factor and cap on the refinery route. With a 0.4 correction factor and unknown cap we fear there will be insufficient incentive to use RFNBO hydrogen in refining, leading to a significant slowing down of the much-needed scale-up of the Dutch green hydrogen market. Removing the correction factor is in our opinion essential to incentivise not only production of green hydrogen, but also its widespread use. Furthermore, we believe a functional intermediate route is the most efficient way to reach the RFNBO targets in the transport sector.
- The introduction of the electricity ERE. Whilst these will allow flexibility in credit generation, we would ask whether the ministry would consider readjusting the total target of these if their contribution exceeds a high level. We believe that a level-playing field for all decarbonisation options is essential. We would also like to enquire why a specific electricity ERE was established versus when it was previously covered under the 'Other' HBE. We would also like to understand whether this electricity ERE covers all electric mobility.

Questions and considerations

Is the free space of value in your sector? Or can you do just as well or even better without it?

Some "free space" offers optionality to fuel suppliers across operating across transport modes and helps support the most efficient use of compliance options and maximise decarbonisation of all sectors.

Regarding the NL RED III dedicated aviation target, we have concerns over the proposal that defines the entire aviation sub target as "free space".



Whilst we understand that the Dutch authorities have made this proposal in the spirit of not contradicting the European Commission's (DG MOVE) guidance that the only SAF mandate on fuel suppliers should be placed by RefuelEU as an EU regulation, we believe that adopting the equivalent of the 6 % vol 2030 RefuelEU SAF target in %ghg reduction terms as an absolute "equivalent" national REDIII aviation target (instead of a full "free space") is the best way forward. We believe that allowing some "free space" on top of that target for aviation, maintains the flexibility on how to fulfil it but also allows the incorporation of additional SAF volumes (potentially coming from voluntary demand), helping build a much stronger case for SAF-related investment and supply into the Netherlands. The same approach is deemed essential, also prior to 2030, to incentivise SAF investments in these early years where the stepwise approach dictated by ReFuelEU keeps the SAF mandate flat. In practice, this would mean a dedicated aviation target in %ghg reduction equivalent to ReFuelEU mandated volumes with an additional and growing "free space" on top for the whole period.

It is proposed that there will be obligations through 2030. Is that horizon long enough to take investments? Should the Netherlands set obligations beyond 2030?

bp NL believes that it would be beneficial for Dutch industry to have certainty on obligations post-2030. To this end bp NL would encourage the government to already commence early development of obligations post-2030 as part of a RED IV package, by summer 2027 at the latest.

The government already has a precedent for this with the development of the 'Besluit Energie voor Vervoer', which developed a timeline further than that of RED II.

Interactions with other policy fields

RED III Industry

The refining sector is affected by both the transport and the industry targets under the RED III. As the Dutch government aims to introduce a company-level obligation on the industry to use RFNBO hydrogen, being able to assess this proposal alongside the RED III industry proposal of the Ministry for Climate and Green Growth is highly appreciated. bp NL welcomes the flexibility given to choose which credit to generate upon using green hydrogen in refining. However, bp NL continues to have severe concerns about the level playing-field in both the transport and industry implementation of RED III.

National positive feedstock list and ReFuel Aviation

Given the interaction between ReFuel Aviation and the decarbonisation of the aviation sector under the Dutch RED III implementation, bp NL suggests that a clear guidance on how the national positive list for RED will be linked to ReFuelEU compliance will greatly aid in a transparent, harmonised framework for fuel suppliers to work with. Additional restrictions on feedstock imposed by the RED III implementation would counteract the high decarbonisation aims the government is trying to achieve by complicating the system.

Strong verification schemes such as DDC should be retained

In order to ensure the robustness of the compliance assurance, at least maintaining and even reinforcing robust verification processes at country level is deemed essential to minimise the risk of potentially dubious or fraudulent origin flows of biofuels within/into Europe. In practical terms and in bp NL's view,



should a Member State establish a law in their national regulation to extra-incentivise specific feedstocks nationally, a specific verification process on top of certification schemes shall be defined at least to ensure seamless auditing practices. Conducted as early (upstream) as possible in the supply chain but at minimum at biofuel processing plant level, these ad-hoc verifications are deemed to be an effective measure to reinforce the whole national system, if any national interpretation or deployment of EU requirements exists. The DDC (*Dutch Double Counting*) process already in place in the Netherlands for several years is one of the best examples of how such an ad-hoc verification process could work in practice and bp NL strongly recommends its continuation. It will become even more relevant in the proposed RED III transposition, which increases the level of ambition for sustainable advanced feedstocks in the country.

Mandates on the maritime sector in neighbouring countries -- MoU with Belgium

The inland waterway and international marine bunker sectors are impacted more than other sectors by the effects of un-harmonized policy across bordering Member States. The Port of Rotterdam and Amsterdam are part of a wider region "FARAG/ARA" which covers Belgium and the Netherlands and access the Rhine-region ports in Germany. The Port of Rotterdam is Europe's largest bunker hub, followed closely by Antwerp. Sector specific RED targets on the marine sector will increase the cost of bunker fuels in the ports of the country where the target is implemented. If similar measures are not imposed in nearby countries, there will be a price divergence between locations, which could cause price sensitive maritime customers to choose to bunker fuel in those cheaper locations. bp NL has been in support of the MoU signed with Belgium, which aims to create a more level playing field. Should the MoU not be upheld by the Belgian government, the risks outlined above will materialize and present problems for the bunker operations happening within the Netherlands. In this event, bp NL encourages the government to collaborate with Belgium and other neighboring countries to try to find a solution. If no solution can be found, we recommend a review into the Netherlands marine sector targets.

Closing remarks

We sincerely hope this input will aid the Ministry in working out the further details of both the proposed law and the subsequent decision. In case of questions or requests for clarification on the content of this paper, please do not hesitate to reach out to bp NL.

We look forward to continuing engagement through the forthcoming consultations on the implementation of the RED III transport targets in The Netherlands.