NBB Sustainability & ILUC Workshop, September 27th 2018

Latest developments in EU legislation impacting biofuels

André Paula Santos
EBB Public Affairs Director
aps@ebb-eu.org

EBB
EUROPEAN BIODIESEL BOARD

Contents

- The European Biodiesel Board
- EBB members & associate members
- The European biodiesel industry
- European legislative outlook
- EU legislation on biofuels:

  Main elements agreed on the RED II:
  - Targets & caps
  - Advanced & waste-based biofuels
  - Multipliers for renewable electricity and specific sectors
  - ILUC-related rules
  - Traceability database

- PROBLEM: Public perception of biodiesel still very much influenced by NGOs…
- Main challenges and related topics for research in the next two years

The European Biodiesel Board

- The European Biodiesel Board (EBB) represents 75 members from 21 European Member States accounting for nearly 80% of EU biodiesel production and nearly two thirds of the biodiesel produced worldwide.
- Deeply committed to offer a green alternative to fossil fuels in transport, EBB constantly works towards the reduction of EU energy dependency, the creation of green jobs and the protection of environment.
- EBB represents its members to the institutions of the European Union and in other international organizations
- We are constantly committed in the promotion of scientific, technological, legal and research activities.
- Our aim is to bring effective solutions to the biodiesel industry from different perspectives (economic, political, legal, institutional and technical)

EBB members & associate members

EUROPEAN BIODIESEL BOARD

The European biodiesel industry

EU Biodiesel Production

- 2010 9.5 million tonnes / 2.71 billion gallons
- 2011 8.6 million tonnes / 2.45 billion gallons
- 2012 8.9 million tonnes / 2.54 billion gallons
- 2013 10.3 million tonnes / 2.94 billion gallons
- 2014 13.1 million tonnes / 3.73 billion gallons
- 2015 11.5 million tonnes / 3.27 billion gallons
- 2016 11.6 million tonnes / 3.3 billion gallons

EU Biodiesel Productive Capacity

- 2010 21.9 million tonnes / 6.25 billion gallons
- 2011 22.2 million tonnes / 6.33 billion gallons
- 2012 23 million tonnes / 6.56 billion gallons
- 2013 24.2 million tonnes / 6.90 billion gallons
- 2014 23 million tonnes / 6.56 billion gallons
- 2015 22.9 million tonnes / 6.53 billion gallons
- 2016 21.3 million tonnes / 6.07 billion gallons

European legislative outlook

	GHG emissions	Renewables	Energy efficiency
2020 Legislation in place and being implemented	**20% savings** ETS, ESD, FQD	**20%** (including **10% in transport**) **RED**	**20%** EED, EPBD
2030 Goals set by European Council in October 2014: ***new legislation agreed in the last few months***	**≤ 40% savings** ETS revision, Effort Sharing Regulation and LULUC	**RED II** **≥ 32%** (at EU level, with review clause in 2023) **14% in transport**	**32.5%** (review in 2023) **EED II**

All 2021-2030 legislation is adopted, and expected to be transposed by 2021 in all EU Member States

RED II – main elements agreed

Targets and cap on crop-based biofuels

EUROPEAN BIODIESEL BOARD

- EU-wide overall target of **32% for renewables in 2030**, with an upwards review clause in 2023

- EU-wide target of **14% for renewables in transport in 2030**

- Crop-based biofuels capped at **no more than 1% higher than their contribution in 2020 in each Member State, with a maximum of 7% of road and rail consumption**

Problem:
Member States that chose to do so are able to reduce their ambition on transport in the same proportion as they low their cap on crop-based biofuels

RED II – main elements agreed
Advanced & waste-based biofuels

• Sub-target for advanced biofuels from Part A of Annex IX:	• **0.2% in 2022** • **1% in 2025** • **3.6% in 2030;**
• Part B of Annex IX capped at 1.7% in energy content:	Member States can ask the Commission to go above the cap subject to availability
• Double counting included for the entire Annex IX (Parts A and B)	**Includes biodiesel from used cooking oil and animal fats**
• Annex IX identical to one agreed in the 2014 ILUC Directive.	**Includes biodiesel from used cooking oil and animal fats**

RED II – main elements agreed

Multipliers for renewable electricity and specific sectors

Multiplier for renewable electricity in **road transport** at **4x**

Multiplier for renewable electricity in **rail transport** at **1.5x**

Multiplier for renewables in **aviation** at **1.2x**

Multiplier for renewables in **maritime** at **1.2x**

Only for advanced and waste-based biofuels

RED II – main elements agreed

ILUC-related rules 1/3

- **ILUC factors** remains in the RED II only for reporting;

- Nevertheless, Member States may distinguish between types of biofuels, bioliquids and biomass fuels produced from food and feed crops, **considering best available evidence on indirect land-use change impact**.

  For instance, **Member States can set a lower limit for the contribution from food or feed crop-based biofuels, bioliquids and biomass fuels produced from oil crops**.

RED II – main elements agreed

ILUC-related rules 2/3

RED II considers that **ILUC occurs when the cultivation of crops for biofuels, bioliquids and biomass fuels displaces traditional production of crops for food and feed purposes**. This additional demand may increase the pressure on land and can lead to the extension of agricultural land into areas with high carbon stock such as forests, wetlands and peat land causing additional greenhouse gas emissions.

While there are risks stemming from ILUC, the RED II acknowledges that the scale of the effect depends on many factors, including:

- the type of feedstock used for fuel production;
- the level of additional feedstock demand triggered using biofuels, bioliquids and biomass fuels; and
- the extent to which land with high carbon stock is protected across the globe.

RED II – main elements agreed

ILUC-related rules 3/3

As such, and while RED II recognizes that the level of GHG emissions caused by ILUC cannot at present be unequivocally determined with the level of precision required to be included in the GHG emission calculation methodology,

it considers that **the highest risks of ILUC have been identified for biofuels, bioliquids and biomass fuels produced from feedstocks for which a significant expansion of the production area into land with high carbon stock is observed**.

Therefore, it:

- **Limits food and feed crop-based biofuels, bioliquids and biomass fuels promoted under the Directive to 2020 consumption levels** and, in addition,
- Requires Member States to set a specific and gradually decreasing limit for biofuels, bioliquids and biomass fuels produced from food and feed crops **for which a significant expansion of the production area into land with high carbon stock is observed**.
- **Exempts low ILUC-risk biofuels, bioliquids and biomass fuels from the specific and gradually decreasing limit**.

RED II – main elements agreed

ILUC-related rules: the "palm oil issue" 1/2

After initially extreme proposals to *"ban"* palm oil biodiesel, this is the possible compromise:

Cap on the contribution from high indirect land-use change risk food or feed crop-based biofuels produced from crops for which a significant expansion of the production are into land with high carbon stock is observed to their level of consumption in 2019 in each Member State, unless they are certified as low indirect land-use change risk biofuels.

- To this end, the Commission shall **submit a report on the status of production expansion of relevant food and feed crops worldwide**, and
- **Adopt, by February 2019, a delegated act setting out criteria for certification of low-ILUC risk biofuels and for establishing the high ILUC risk feedstocks for which a significant expansion of the production area into land with high carbon stock is observed**;
- By 1 September 2023, the Commission shall review the abovementioned criteria based on the best available scientific data and adopted a delegated act amending, where appropriate, and **including a trajectory with the view to a gradual decrease of the contribution of high ILUC risk feedstocks for which a significant expansion of the production are into land with high carbon stock is observed**;

RED II – main elements agreed

Definition of low ILUC-risk biofuels

RED II defines low ILUC-risk biofuels and as those from which feedstocks *"were produced within schemes which avoid displacement effects of food and feed crop-based biofuels, bioliquids and biomass fuels through:*

1. *improved agricultural practices, as well as*
2. *the cultivation of crops on areas which were previously not used for cultivation of crops, and*
3. *which were produced in accordance with the sustainability criteria for biofuels and bioliquids set out in Article 26."*

This definition is mostly based in an ECOFYS study from 2016, which analyzed two options to achieve additional biomass production from low ILUC-risk biofuels:

1. **Increasing crop yields** through improved inputs and management practices, including better fertilization, irrigation, seeds and equipment as well as the possibility to apply multi-cropping systems, or
2. **Expanding agriculture on previously non-agricultural land** with low carbon stocks and low biodiversity value.

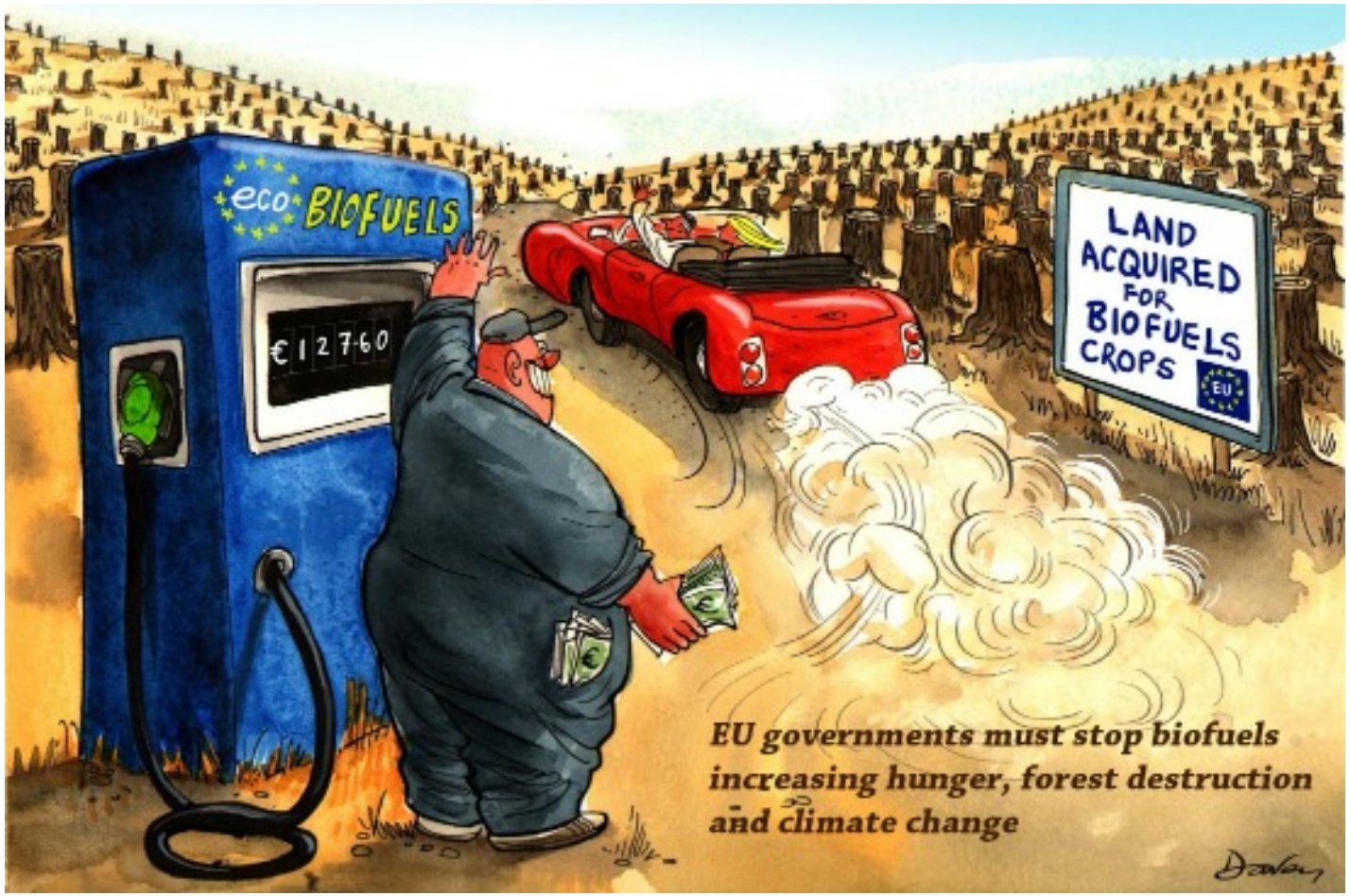
RED II – main elements agreed
Traceability database

- By 2021, the Commission shall ensure that a **database is put in place enabling tracing of liquid and gaseous transport fuels that are eligible for counting towards the targets** (i.e. includes all biofuels).

- To feed into this database, Member States shall require the relevant economic operators to enter information on the transactions made and the sustainability characteristics of these fuels, including their life cycle greenhouse gas emissions, starting from their point of production to the fuel supplier that places the fuel on the market.

- Voluntary certification schemes should verify compliance with this requirement when checking compliance with the sustainability criteria for biofuels, bioliquids and biomass fuels.

PROBLEM: Public perception of biodiesel still very much influenced by NGOs…



Main challenges and related topics for research in the next two years

What can we do together?

- How to define (low and high) ILUC risk biofuels?
- How to better explain the protein/food security argument?
- How to counteract the negative narrative on palm oil & deforestation which threatens to *"contaminate"* other crops such as soy and rapeseed?
- How to push for the need to have a "life-cycle assessment" of all renewable energy sources, including electric vehicles (which are currently wrongly seen as *"zero emission vehicles"* by policy makers)?

Thank you for your attention

André Paula Santos
EBB Public Affairs Director
aps@ebb-eu.org

www.ebb-eu.org

EBB
EUROPEAN BIODIESEL BOARD

September 27th 2018