

EBB

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EBB POSITION

MASS BALANCE, CHAIN OF CUSTODY AND VERIFICATION IN THE RENEWABLE ENERGY DIRECTIVE 2009/28

In the context of the Renewable Energy Directive (RE-D) implementation, EBB would like to express its views on how compliance with Directive 2009/28/EC requirements for greenhouse gas savings and land-use criteria should be proved, as well as on the overall organisation of the biofuels supply chain.

EBB understands that the forthcoming Commission Communication interpreting the RE-D biofuels sustainability scheme will entail a description of the mass balance system and the chain of custody management. With this position, EBB would like to contribute to identifying a robust and consistent system based on the RE-D requirements and in line with industry practices.

Mass balance – aggregation of greenhouse gas and sustainability data

In its written comments¹ on CEN TC 383 draft standard for mass balance, the chain of custody and verification, the Commission seems to restrict the definition of a "mixture" to a physical mixture within one single container (storage tank, vessel, truck), where greenhouse gas and sustainability data would have to be kept strictly segregated.

In such a system, all incoming and outgoing volumes into a physical container would keep the same greenhouse gas and sustainability data. When applied to the whole chain of custody, such a definition of "mixture" would also imply that the greenhouse gas and sustainability data of the unprocessed biomass would be maintained throughout the supply chain until the biofuel is consumed.

Under current practices, oilseeds from several NUTS II regions can be used to produce one single type of oil, which then has to be mixed with other types of oils or fats to meet the EU technical requirements for biodiesel. When such mix is processed into biodiesel, the many different greenhouse gas and sustainability data would remain tied to very small quantities of biodiesel, which means that a limited volume of biodiesel (a truck) could bear several dozens different greenhouse gas and sustainability data. Thus, the Commission definition of "mixture" would impose a significant burden on the industry and create real difficulties for verification of compliance.

EBB would like to point out that while most of the operators in the chain of custody blend biomass or biofuels for storage or transport, biodiesel producers blend biomass in order to produce a biodiesel meeting the technical requirements from the European standard EN 14214². Biodiesel producers have to blend different types of biomass into one biodiesel regardless of the mass balance system design.

The underlying concern to the Commission definition of "mixture" seems to be the protection against fraud. Indeed, designing a strict mass balance system would in theory prevent unsustainable biofuels from becoming sustainable through simple blending. This definition undoubtedly contributes to making the system more fraud-resistant. However, the proliferation of sustainability claims will automatically reduce the accuracy of verification, indirectly creating an increased risk of fraud on the sustainability claims.

In the view of EBB, the optimal option to both simplify the mass balance and make it as fraud-proof as possible would be to only allow aggregating the greenhouse gas and sustainability data of a biomass blend that is necessary to produce biodiesel meeting the European specifications. Greenhouse gas emissions data aggregation would allow decreasing the risk of fraud on sustainability claims while preventing unsustainable biofuels from bypassing sustainability requirements. Moreover, most of the greenhouse gas emissions from biofuels come from the biomass production step.

¹ Letter to CEN TC 383 Chairman, 28 October 2009

² Pure rapeseed and tallow biodiesel meets the EU technical requirements from the standard EN 14214 for biodiesel, but imported soybean and palm biodiesel need to be blended to meet the EU technical requirements. Furthermore, finished products traded on the biodiesel markets are produced from biomass blends in order to reach client specifications.

Aggregating greenhouse gas and sustainability data at the level of the biomass would create an incentive for biomass producers to produce their feedstock as sustainably as possible, because the clear competition on greenhouse gas intensity would give a premium to biomass grown with lower fertilizer input, lower use of plant protection products or reduced greenhouse gas emissions from mechanised harvesting.

Within the mass balance system implied by the Commission definition of “mixture”, a limited greenhouse gas and sustainability data aggregation would not prevent finished biofuels with different characteristics to compete on their own merits, or the freedom of fuel suppliers to choose between them. Moreover, it should be reminded that fuel suppliers have a complete freedom as to the way in which they will reach their greenhouse gas reduction obligation by 2020.

Mass balance – time and spatial scale

According to the logistics of biodiesel production and trade, biomass and biodiesel volumes are constantly incoming and outgoing, creating a situation where the product is continuously flowing between storage tanks, vessels or trucks. Moreover, due to technical constraints, storage tanks are never completely emptied out.

In view of the above, a time period needs to be set in order to “close” the administrative requirement for mass balance. Under a mass balance without a limited time period, a consignment representing 5% of a storage tank capacity could virtually be “kept” as long as the tank would not be emptied below 5%, which never happens.

EBB favours instead a one year reference period, corresponding to one fiscal year and also in line with the natural crops cycle. A too short period would impede imports, which is not in line with the spirit of Directive 2009/28/EC.

Furthermore, EBB considers that the mass balance should be performed at the scale of the site, a concept that could encompass port facilities as well as production sites, which matches the reality of the biomass and biofuels industry. A strict approach restricting mass balance to a physical container would prevent putting together product stocked in different tanks on one single site, which would only make logistics more complex and not provide any additional guarantee for biofuels sustainability. Moreover, considering connected storage tanks as one container would lead to considering distant facilities connected by a pipeline as one tank, while unconnected tanks on the same site would not. Ultimately, defining a scope smaller than a site would only lead to a modification of the facility that would otherwise not have taken place (building new tanks, adding pipes).

Chain of custody definition

The chain of custody definition should include all steps, from feedstock production to the fossil fuel supplier. The Commission includes fuel suppliers into the chain of custody, which corresponds to its natural end point: the greenhouse gas emissions from a biofuel can no longer be distinguished from a fossil fuel as soon as both products are mixed together. Consequently, fuel suppliers would bear the responsibility for putting sustainable biofuels on the market, based on the sustainability certificate provided by the biofuel producer.

The biofuel producer should issue a certificate indicating the greenhouse gas savings achieved and including all greenhouse gas emissions from the chain of custody as well as the transport to the delivery point. It is essential to include the emissions related to the biofuels delivery in the chain of custody in order to avoid claims that the chain of custody design grants a premium to products imported from areas where major environmental problems are observed. All along the supply chain, documents issued by the precedent step in the supply chain would be locked and impossible to modify. It should be the fuel supplier’s responsibility to add further greenhouse gas emissions caused by any operation beyond the delivery point indicated by the biofuel producer in the certificate.

Verification

Audits should be performed every year, similarly to the mass balance period, which would allow a close monitoring of mass balance practices. Audits should be performed at one single time by a certified third party and the report should be made available for purchase to every potential buyer.

*The European Biodiesel Board, also known as **EBB**, is a non-profit organisation established in January 1997. EBB is the voice of the EU biodiesel industry. It gathers 73 companies and associations and aims to promote the use of biodiesel in the European Union. EBB member companies account for around 80% of EU biodiesel production.*