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EBB response
Commission consultation on accounting methods and conditions for the 10% renewable energy in transport target and on the need for additional types of biofuels being listed in Annex III of the Renewable Energy Directive

The European Biodiesel Board (EBB) is the European federation of biodiesel producers, gathering the majority of European biodiesel producing companies[1]. Biodiesel currently represents 3/4 of all biofuels consumed in the EU.

EBB welcomes the opportunity to comment on the accounting methods for the 10% target provided for in the Renewable Energy Directive 2009/28.

With the adoption at the end of 2008 of an ambitious Climate and Energy Package, in particular its Renewable Energy Directive, the EU has set itself as the global leader in the fight against climate change and the development of alternative sources of energy. This move, in particular the 10% binding target for renewable energy use in transport, came in recognition of the major contribution that biofuels an particularly biodiesel can bring to the EU's objectives of climate change mitigation, energy supply security and economic growth.

By 2020, the 10% target of the RED will serve as a key instrument of the EU climate change mitigation strategy. Transport is indeed the only EU economic sector where greenhouse gas (GHG) emissions are growing unabated. Additionally, the 10% target will reduce the EU's dependency on fossil fuel sources and oil imports, therefore contributing to strengthening the EU energy security.

In this perspective, it is of central importance to ensure that the full efficiency and scope of the 10% is maintained. This means that the 10% target should incentivize the consumption of those technologies that will make a significant contribution to an increased use of renewable energy in the transport sector by 2020. Any diverging approach would not be compatible with the overall objective of Directive 2009/28.

In this perspective, **EBB is alarmed by some of the proposed options put forward in the consultation document, which would equate to account the whole amount of electricity, hydrogen or methane used in transport as being fully renewable, without sufficient proof or certainty that this is actually the case.**

In the view of EBB, such course of actions would be both unacceptable and counterproductive, for the following reasons:

- Electricity and hydrogen are not energy sources but energy carriers. In other words, using electricity or hydrogen does not guarantee per se the use of renewable energy. One should not forget that more than 80% of EU electricity is derived from fossil sources, as it is illustrated in Member States

[1] http://www.ebb-eu.org/members.php

National Action Plans[2]. Likewise, hydrogen will not be produced from renewable sources on a commercial basis by 2020. Methane currently used in the gas grid is predominantly of fossil origin (natural gas). This is a fundamental difference with biofuels, which are genuinely displacing fossil energy use.

- **As the focus of the RED is to promote renewable sources of energy, it is important not to divert this effort towards energy sources or energy carriers that may be in fact of fossil origin.**

- There is no "smart metering" system allowing tracing the renewable part of electricity, hydrogen or methane, from production to end-use. For instance, it is nearly impossible to trace back with full certainty the source of the electricity used to power electric cars or trains, therefore accounting electricity under the 10% target creates no incentive to the production of "green electricity". In particular, important issues of monitoring and measuring of the GHG intensity arise when electricity used in vehicles is supplied in individual homes or other buildings not subject to an official metering system.

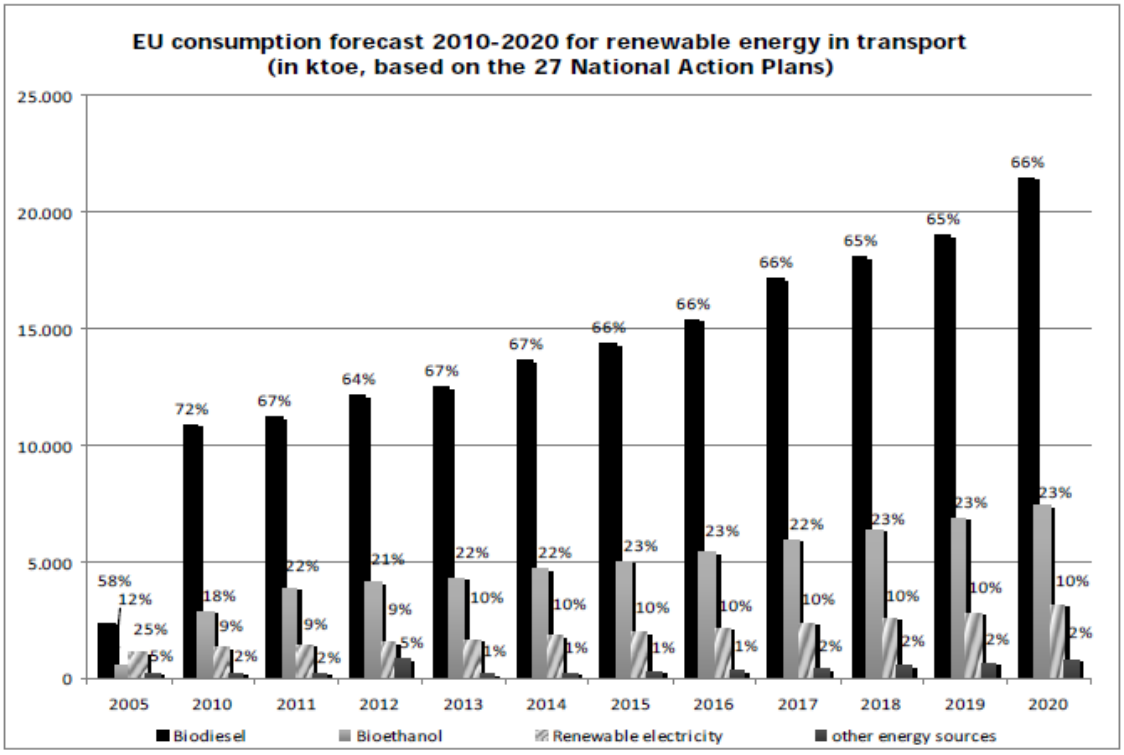
- The RED provides that by 31 December 2014, the Commission shall present a report, addressing, in particular, the commercial availability of electric, hybrid and hydrogen powered vehicles, as well as the methodology chosen to calculate the share of energy from renewable sources consumed in the transport sector[3]. Until this assessment is carried out, it does not seem warranted to amend the accounting method of the 10% target.

- It is all the more essential to consider carefully the account rules for the 10% target, as Article 3-4 of Directive 2009/28 foresees that the contribution or renewable electricity shall be considered to be 2,5 times the energy content of the input of electricity from renewable energy sources. If accounting all electricity used in vehicles as being renewable, the Commission will inevitably create a large competitive disadvantage for truly renewable transport fuels (biofuels).

- **As highlighted above, if electricity, hydrogen or methane produced (partially) from fossil source is to be considered as fully renewable for the purpose of the 10% target, this will stand in direct contradiction with the scope and spirit of Directive 2009/28.** In addition, it will be done at the detriment of truly renewable sources of energy such as biofuels, which will contribute to displace fossil fuels. **This approach would jeopardize the achievement of the 10% target of renewable energy use in transport by 2020.**

- As a matter of fact, Member States have clearly indicated in their National Action Plans that biofuels (and specifically biodiesel) will contribute the largest part of the 10% target for 2020 (66% of the target should come from biodiesel, 23% from bioethanol). Electricity is expected to represent only but a marginal contribution. The same holds true for biogas. Member States National Action Plans also clearly illustrate that no hydrogen from renewable sources will be used to fulfill the 10% target.

[2] EEA/ECN Executive Summary of National Action Plans, http://www.ecn.nl/docs/library/report/2010/e10069_summary.pdf, p.6.
[3] Article 23-8



- **In this context, EBB urges the European Commission to maintain the accounting rules of the 10% target in such way that the contribution of electricity, hydrogen and methane cannot be systematically considered as being entirely from renewable origin. For electricity from renewable origin, the provision of Article 3-4 of the RED should continue to apply (EU or national average to be used).**

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Section A: Electricity from renewable sources in transport

1. How do you value the impact of the 10% target for renewable energy in transport by 2020 on the development of electric vehicles?
- ANSWER: Not significant

As most of EU electricity is produced from fossil sources, the 10% target of Directive 2009/28 will not in itself create a significant incentive to produce more renewable electricity. Again, electricity is an energy carrier, not an energy source.
In addition, Member States forecasts under the National Action Plans shows that electricity will provide only a marginal contribution to the 10% target. It would be counterproductive to reduce the share of truly renewable fuels (biofuels) in favor of electricity for which there is no guarantee of the renewable origin.

2. Under what condition do you think it would be justified to count the whole amount of electricity in electric vehicles as renewable?
- ANSWER: None

As highlighted above, in the absence of any smart metering system allowing to measure with accuracy the renewable energy share of electricity generation, there is a genuine risk of that electricity produced from fossil sources is accounted under the 10% target of the RED, which would negate the very objective of the text.

All the other options listed in the consultation document would not ensure that the electricity used in transport is entirely sourced from renewable energy. With regards to tradable certificates or supply contracts, this is not an appropriate course of action either, as the RED 10% target is meant to reward renewable energy use in the transport sector and not in other sectors.

Similarly, Member States will not be in a position to prove a direct link between the wider use of electric vehicles on the one hand and the production of renewable electricity on the other hand. It must be acknowledged that renewable electricity generation will be driven by a large range of factors (fiscal incentives, CO_2 and electricity prices, technical innovations) that go well beyond the mere deployment of electric vehicles and which are not within the scope of the Renewable Energy Directive.

Furthermore, the wording used in the consultation paper is misleading: article 3-4 of Directive 2009/28 relates to "the whole amount of the electricity originating from renewable sources used to power all types of electric vehicles to be considered" and not just the whole amount of electricity used in vehicles. Therefore, it can never be an option under Directive 2009/28 to account all electricity used in vehicles as being renewable.

3. What benefits do you expect the option you selected under (2) will have:
- ANSWER: Other (please specify)

Ensuring that the whole amount of electricity in electric vehicles is not systematically accounted as renewable will have the beneficial effect to ensure that the 2020 10% of renewable energy in transport is actually met (by avoiding that electricity produced entirely or partly from fossil sources is accounted under the target).

4. What costs in terms of administrative burden do you expect the implementation of the option you selected under (2) will have:
- ANSWER: None

We do not expect any additional cost or administrative burden from the selected approach.

Section B: Hydrogen from renewable sources in transport

1. Which are in your view the most likely ways to produce hydrogen from renewable sources (partly or fully) by 2020?
- ANSWER: None are likely to be significant by 2020

This is well illustrated by Member States National Action Plans, which forecast that no hydrogen from renewable sources will be used to fulfill the 10% target.

2. For each option you selected under (2), if it would be used for transport, how would you suggest to calculate its contribution to the 10% target for renewable energy in transport?

This is irrelevant until at least 2020, considering the lack of commercial maturity of renewable hydrogen pathways.

Section C: Biomethane via the natural gas grid in transport

1. How do you value the impact of the 10% target for renewable energy in transport by 2020 on the development of methane vehicles fuelled by methane from the gas grid?
- ANSWER: Not significant

As stated in the consultation document, "methane in the gas grid originates mostly from non-renewable sources (natural gas)" so it cannot be expected that the 10% target of the RED will in itself have an impact on the development of vehicles fuelled by methane from the gas grid.

2. Under what condition do you think it would be justified to count the whole amount of methane extracted from the gas grid for the use in vehicles as renewable?
- ANSWER: None until the time that all methane injected into the gas grid concerned is originating from renewable sources.

All the other options envisaged will not guarantee that the methane used in vehicles is entirely of renewable origin. With regards to tradable certificates or supply contracts, this is not an appropriate course of action as the RED 10% target should rewards renewable energy use in the transport sector and not in other sectors.

3. What benefits do you expect the option you selected under (2) will have:
- ANSWER: Other (please specify)

Ensuring that the whole amount of methane used in vehicle is not systematically counted as renewable will have the beneficial effect to ensure that the 2020 10% of renewable energy in transport is actually met (by avoiding that methane produced entirely or partly from fossil sources is accounted under the target).

4. What costs in terms of administrative burden do you expect the implementation of the option you selected under (2) will have:
- ANSWER: None

We do not expect any additional cost or administrative burden from the selected approach.

Section D: Energy content of biofuels

1. Do you think additional types of biofuels need to be listed in Annex III of the Directive? If yes, which ones and could you provide values?

We do not see the need to list additional pathways at this stage.
If additional pathways have to be introduced, it is essential that this is done in a transparent way, indicating the criteria followed and data sources used in this respect.

2. Do you think more precision in terms of decimals is necessary in the values in the Annex? If yes, could you provide such values?

The values listed in Annex III seem accurate both with regard to existing literature and industry data.

Separately, it is important to underline that Annex III values should be used to report the energy content of biofuels in the framework of Directive 2009/28 10% target and more generally to refer to the energy content of biofuels. Consequently, Annex III values are not meant to be used to extrapolate other data on the basis of calculations.
At the end of 2010, the German Ministry of Finance modified the density values of biofuels to be used for national taxation and sustainability policies, on the basis of a calculation using the values of Annex III. This calculation resulted in a totally inappropriate density figure for biofuels. Indeed biofuels density cannot be estimated but should be instead measured according to the applicable ISO/EN technical standards. The approach of the German Ministry of Finance was modified at a later stage following the request of the entire German biofuels supply chain, but this clearly illustrated the fact that Annex III data are only referring to the energy content of biofuels and should not be used for further calculation.

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