

EBB position on RED II – 2020-30 EU Renewables in Transport



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Next steps towards a new vision of EU sustainable biodiesel

Biodiesel represents today a significant renewable energy source in the European Union (EU). Our industry was born from a political ambition that is still ready to serve: develop an EU-made green fuel to improve EU energy security, progress towards a low carbon economy and strengthen the independence and revenue of European farmers.

Our industry continues to be committed to these values, with a vision to continuously improve its performances in the next decade 2020-30 and beyond. This Position Paper provides the detailed position and suggestions of the EU biodiesel industry to unlock the potential of this new, EU-based, renewable source of transport energy. In the frame of the upcoming negotiations on the post-2020 EU Renewable Energy Directive (RED II), the points below will be of crucial importance:

1. Ensure policy continuity after 2020 **by not lowering the contribution of biofuels or biodiesel to 3,8%**. The current renewables target in transport should be extended beyond 2020 and the **7% maximum contribution of biofuels from arable crops to the share of renewables in transport should not be reduced**.
2. Increase ambitions for renewables overall by setting a 30% EU-wide target, and specifically in the transport sector by **setting a mandatory target of at least 15% by 2030**, while also **promoting sustainable conventional biodiesel beyond the 7% cap. The continuation of an EU mandate for renewables in transport is crucial**. Without an EU mechanism to oblige the uptake of biofuels in transport, the **current European market for biofuels will be fragmented after 2020** and will solely rely on national initiatives and policies.
3. Improve the **efficiency of sustainability criteria and anti-fraud traceability requirements** for biofuels.
4. Support a **progressive and realistic deployment of advanced biofuels** in a complementary perspective, on top of conventional biofuels. In this frame, biodiesel and HVO produced from recycled fats, animal fats and any kind of waste or residue oil of biological origin should be fully included in a clear conceptual definition of advanced biofuels.
5. Include specific measures to tackle emissions and **reduce GHG emissions from Heavy Duty Vehicles, Aviation & Maritime** transport.
6. Enhance the use of **higher biodiesel blends** within harmonised fuel grades across the EU.
7. **Fully consider the potential huge damages on EU economy, jobs and agriculture** coming, instead, from a sudden and unreasoned phase-out of the EU biodiesel sector. This would also have dramatic negative effects on the EU supply of vegetable proteins.

Introduction

Biodiesel as a major European opportunity for reducing transport GHG emissions in 2020-30

- With 11 million tonnes of biodiesel produced every year, **the EU is today the world leader in the production and use of renewable diesel for transport**. This "*made in Europe*" green diesel production helps balancing a yearly EU diesel deficit of 25-35 million tonnes of imported fossil diesel.
- Biodiesel is a **concrete and commercially available alternative to fossil fuels in transport**.
- Reducing GHG emissions from transport is challenging, especially in the case of **buses and heavy duty vehicles, aviation and navigation**, where electrification is not a viable option. The reduction of emissions in these transport modes will only be achieved effectively by promoting the use of biodiesel.
- **Every tonne of biodiesel produced from crops generates two tonnes of EU-made vegetable proteins. This supports EU independency in food and feed supply** and balances the 70% EU reliance on imported proteins.
- **The EU biodiesel industry** is committed to constantly improve its contribution to EU sustainable growth and **is the main European investor and producer of advanced biofuels from waste and residues**. Advanced biodiesel can be produced from a wide variety of waste and residues, such as waste animal fats or used cooking oils. The overall progress of this industry needs a consistent framework of support in the next decade.
- In this context, a phase-out of first generation biodiesel would not be an appropriate option: the **discontinuation of the existing industry would strongly harm the EU economy, in particular its agricultural sector, and would lead to job losses also affecting investments in advanced biofuels**.

New strategies and new perspectives for supporting biodiesel and advanced biodiesel are available for 2020-30. They deserve to be included as viable and pragmatic options in devising a new Renewable Energy Directive for the next decade.

Key elements for an effective and ambitious 2020-30 EU Renewable Energy Directive (RED II)

1. Extend the current renewables target in transport beyond 2020 and ensure policy continuity by not lowering the contribution of biofuels and the 7% crop biofuels cap

To respond to the goals of COP21 and meet the EU's overall decarbonisation goal of a 30% reduction in GHGs in the non-ETS sectors ⁽¹⁾, of which transport is the most challenging sector, and to reach the EU-wide goal of at least 27% renewables by 2030, **the EU cannot roll back its 2020 ambitions.**

Consequently, alongside **an increase of the abovementioned overall renewables target to 30%**, the share of renewables in transport that will be reached in 2020 by each EU Member State should be considered as a minimum basis for the period 2021-2030.

The 7% maximum contribution of biofuels from arable crops, as a share of renewables in transport, must therefore be maintained. A reduction would be inconsistent with EU Common Agricultural Policy goals. Also, this level was the resulting compromise between EU institutions following three years of intense policy debates, culminating in the ILUC Directive ⁽²⁾. This compromise, which is still being implemented by Member States, was deemed by all parties to adequately address concerns over the alleged impact of the EU's biofuels policy on the availability of biomass and risk of ILUC emissions.

This compromise also recognised that conventional biofuels produce valuable co-products, notably for the livestock sector, allowing the EU to decrease its protein supply deficit by substantially reducing its dependence on imports of feed meals.

Additionally, **the RED II proposed differentiation between biodiesel and bioethanol is unjustifiable as it is not science based.** As recognized by the European Commission in the past, and stressed on several occasions by independent scientific parties such as California Air Resources Board in the USA, ILUC is a theory and cannot be observed nor measured. For more information specifically on ILUC, see Annex on "*Correcting misconceptions around ILUC*".

2. Increase ambitions for renewables in transport by setting a mandatory target of at least 15% of transport fuel consumption by 2030

Alongside other measures to reduce the GHG emissions of the transport sector, article 25 of the RED II should foresee **an incorporation obligation on fuel suppliers of at least 15% renewable energy in transport by 2030.** This obligation should include:

- i. A non-decreasing maximum of 7% of sustainable biofuels from arable crops, thereby continuing the 7% cap agreed in the 2015 ILUC Directive, as mentioned above;
- ii. The remaining 8% of transport fuel consumption should be progressively covered by advanced biofuels - such as biodiesel from waste and residues - and other renewables in transport; advanced biofuels bring substantial GHG savings, have a strong potential but will be fully economically viable only in the long-term and need specific incentives;

¹ Agriculture, buildings, waste and transport, included in the so-called Effort Sharing Regulation (ESR), currently under discussion.

² Directive (EU) 2015/1513 of the European Parliament and of the Council of 9 September 2015 amending Directive 98/70/EC relating to the quality of petrol and diesel fuels and amending Directive 2009/28/EC on the promotion of the use of energy from renewable sources (Text with EEA relevance)

iii. **Other sustainable and low-emission biofuels that contribute to the EU bio and circular economy by generating protein and supply for the EU animal feed sector.**

These should be defined as biofuels that:

- save at least 60% of GHG emissions compared to the fossil fuels they replace, and
- are produced from feedstocks that comply with mandatory sustainability requirements as set out by the EU Common Agricultural Policy.

This approach would avoid leaving behind the transport sector, which remains the only EU sector where GHG emissions keep increasing every year and could reach close to 45% of all EU economy emissions in 2040-50 ⁽³⁾, contrary to all other EU economy sectors which have experienced falling GHG emissions.

A 15% renewable share in transport consumption target would also provide **regulatory stability** and protect the existing **25.000 jobs directly linked to biodiesel production** in the European biodiesel industry, which are part of the **220.000 total jobs of the EU biofuels sector**, which include jobs in the farming and crushing sectors.

European biodiesel production also helps the food and animal feed sectors through the production of proteins for animal feed as **the EU is still dependent on 70% of protein imports**. Upstream, European cultivation of rapeseeds provides protein meal, hence decreasing imports from third countries. Downstream, biodiesel's main co-product, green glycerine, replaces chemicals in a wide variety of fields such as cosmetics, food, feed etc.

The RED II framework should ensure that conventional biofuels that produce valuable co-products, notably for the livestock sector, which allow the EU to decrease its protein deficit by substantially reducing its dependence on imports of feed meals, remain part of the energy mix.

Finally, biodiesel contributes to the reduction of Europe's energy bill: The European Commission concluded that avoided costs of imported fuels by using domestically-produced biofuels instead, amounted to € 7.6 billion in 2010, of which biodiesel alone amounted to as much as €5.8 billion of savings ⁽⁴⁾. Forecasts project that avoided fuel import costs could reach at least € 50 billion in 2020 in 2010 prices ⁽⁵⁾. The Commission itself estimates that *"a 30% share of renewables in 2030 would help create about 600,000 jobs and save €258bn in fossil fuel imports"* ⁽⁶⁾.

3. Improve the efficiency of sustainability criteria and anti-fraud traceability requirements for biofuels

The European biodiesel chain is already complying with strict sustainability criteria laid out in the existing RED, and committed to continuous improvements. European biodiesels already abide by the most stringent sustainability rules in the world, which prevent feedstocks from being grown on deforested land, peat lands or areas with a high biodiversity value. Sustainability is a precondition for any form of renewable energy to be able to contribute to decarbonisation objectives.

A single European cross-checking database of traceability for all biofuels is necessary to have national and voluntary schemes interlinked to avoid any kind of potential fraud and should be included in RED II.

Specifically, a dedicated single European cross-checking traceability database would be crucial to ensure that national and voluntary schemes are interlinked to avoid potential fraud, and should be included within article 25 of the RED II.

³ Technical report: [EMISIA SA report No: 14.RE.002.V2 "The contribution of biofuels in transport sustainability post-2020"](#)

⁴ Economic Energy, Part III, p. 130

⁵ European Commission Staff Working Document accompanying the report from the Commission to the European Parliament and the Council 'Renewable energy progress report', [SWD\(2013\)102](#)

⁶ European Commission DG CLIMA website.

To allow a full picture of the GHG emissions savings delivered by biofuels, an update of the fossil fuel comparator ⁽⁷⁾ is needed to reflect real values. The existing methodology to calculate GHG savings should be maintained, but its transparency and engagement with the biofuels industry increased. The power to amend Annex V should not be delegated to the European Commission.

4. Support a progressive and realistic deployment of advanced biofuels in a complementary way to conventional biofuels

The deployment of advanced biofuels should build on existing legislation and industry to secure investor confidence, which is a prerequisite for any new investments in renewable fuels projects to take place. Advanced biofuels are an additional means to further reduce fossil fuel use and GHG emissions, and **should be supported through a dedicated sub-target as already included in the RED II proposal.**

Nevertheless, to ensure that advanced biofuels are correctly incentivised, the RED II proposal should consider the following points:

- A **conceptual definition of advanced biofuels** should be included in the RED II. This definition should promote diversified advanced biofuel technologies and a broad raw material base which is not restricted to Annex IX feedstocks. This approach avoids the arbitrary listing of feedstocks which can be considered as advanced. This is crucial to ensure a meaningful contribution of waste and residue feedstock-based biofuels towards the reduction of GHG emissions in transport, as well as to give long term visibility to stakeholders, to promote diversified advanced biofuels technologies and to allow investments into new technologies. It would also encourage technological innovation and limit price increases for consumers.

The definition of advanced biofuels proposed by the Sub Group on Advanced Biofuels (SGAB) ⁽⁸⁾, made up of 34 experts from various stakeholder groups and chaired by the European Commission, should serve as the reference for the definition of advanced biofuels in the RED II. SGAB defines advanced biofuels as follows:

Advanced Biofuels are those produced from biomass ⁽ⁱ⁾ other than food/feed crops while meeting the EU sustainability regime ⁽ⁱⁱ⁾ under the legislation in force ⁽ⁱⁱⁱ⁾.

i) Biomass as defined under RED or any amendment to it.

ii) Sustainability regime as defined under EU Legislation

iii) Existing legislation in force at the time of consideration.

Having such a **comprehensive and transparent definition of advanced biofuels** would incentivise advanced biofuels that:

⁷ To be considered a renewable energy in the framework of the Renewable Energy and Fuel Quality directives, biofuels must reach a threshold of 35% of emission savings compared to fossil fuels (and 50% in 2018). To carry out the comparison, their carbon intensity is compared to those of fossil fuels, an average value of 83.8gCO₂eq/MJ. However, the Commission already recognised that this value was too low and proposed a new value of 94.1gCO₂eq/MJ (which is not yet implemented).

As such, the energy savings of biofuels are still evaluated in comparison with the old "fossil comparator". This difference of treatment de facto minimise the emissions savings of biofuels.

These average values are calculated by the JEC, a research collaboration between the Joint Research Centre of the European Commission, the EUCAR (representing the technical arm of the EU car industry) and CONCAWE (representing the technical arm of the EU Oil refining sector).

Although the JEC is an important partner of the European Commission for establishing and evaluating biofuel policies, it gathers representatives of the fossil fuel and car manufacturing industries and excludes representatives of the biodiesel production chain. This constitutes a serious issue of governance neutrality, and should be addressed and corrected in the framework of the RED II.

⁸ SGAB report titled "Building up the future", from February 22nd, 2017.

- i. Deliver low carbon dioxide emissions or high GHG reductions;
 - ii. Demonstrate high sustainability;
 - iii. Are produced from municipal or industrial waste, such as used cooking oil, animal fats or sludge or also from residue streams or process by-products, ligno-cellulosic biomass, provided that it does not have an impact on agricultural land used for food. Also, yield improvements and new kind of crops (winter crops, cover crops, etc.) should be allowed for consideration as advanced biofuels.
- Feedstocks listed today in Part B of Annex IX of the RED II proposal should also be considered as advanced – as per the above mentioned conceptual definition.
 - The 1.5% target foreseen for 2021 (article 25 of the RED II) is not ambitious enough to absorb the production of advanced biodiesel (which would be around 3 million tonnes), **and should be increased to 2.5%**.
 - **The proposed 1.7% cap for the use of feedstocks listed in Part B of Annex IX should be eliminated**, as there should be no arbitrary picking of ‘winners’ among waste and residue feedstocks. Such an approach would also be consistent with the Commission’s proposal, which recognises savings of as much as 90% of GHG emissions for biofuels made from waste and residues. Indeed, the proposal provides a supportive framework for the use of waste and residues in biofuels in several ways. This includes:
 - o Keeping the same treatment of waste and residues as under Directive (EU) 2015/1513 with regards to traceability.
 - o Waste and residue feedstocks continue to be “*considered to have estimated indirect land-use change emissions of zero*”.
 - In addition, any concerns with fraud or other trade issues should be addressed individually, namely by setting-up a strong EU-wide traceability system for all biofuels. As mentioned above, advanced and non-advanced biofuels should to be submitted to an EU-wide traceability verification ⁽⁹⁾ to avoid untrustworthy claims for extra incentives.

5. Include specific measures to reduce GHG emissions of Heavy Duty Vehicles, Aviation & Maritime transport

EU transport is heavily dependent not only on fossil energy but also on imports. To reduce GHG emissions in commercial and Heavy Duty Vehicles (HDVs) - which represent alone around 35 to 40% of all EU road transport emissions – as well as Aviation and Maritime sectors, biofuels are essential as there is no viable potential for electrification in these transport modes. As such, specific measures are necessary to decarbonize these sectors, including:

- a. Development of separate targets for biofuels and CO₂ emission standards for Heavy and Light Duty Vehicles (vans, buses and trucks – all keeping a full diesel mobility in next decade at least);
- b. A specific target of 5% bio-kerosene in Aviation;
- c. A specific target of 5% renewable fuels in navigation.

⁹ The Register of Biofuels Origination (RBO) is a voluntary industry sub-scheme based on a EU wide independent database for anti-fraud verification ensuring the traceability from the origin and along the whole production chain of all renewable fuels. The RBO database is already active.

6. Enhance the use of higher biodiesel blends

To ensure higher use of renewable fuels in transport, it is crucial to continue the work on new fuel standards and eliminate regulatory hurdles.

Commercially available biofuels are the most efficient and viable means to achieve green and low emissions in transport, and the current B7 level of biodiesel blending in fossil diesel should be maintained. Higher FAME blends and grades and HVO should be promoted especially in those sectors where electric mobility is not a viable option, as highlighted above.

As such, the RED II should **provide the right framework to promote not only biofuels but also the development of higher biodiesel blends** such as B10, B30, B100, ED95 and HVO100.

Furthermore, an easy and efficient way to incentivise biodiesel and biofuels development would consist in recognising the GHG emission savings of biodiesel and biofuels generally in clean vehicle standards. Consistently with the EU ETS Directive, biofuels should be granted zero tail-pipe emissions.

7. Fully consider the potentially huge damages on the EU economy, jobs and agriculture that would result from a sudden and unreasoned phase-out of the EU biodiesel sector

Under its current framework, the present RED II proposal risks to play biofuels off against each other to the advantage of much less sustainable forms of fossil energy, favouring fossil energies imports from unstable regions over renewable fuels which are locally produced from domestic biomass.

A phase-out of first generation biofuels would be at complete variance with what is happening in the rest of the world (biodiesel in the US is even considered as an advanced biofuel) and would lead Europe to lose its leadership on renewable diesel fuels. Instead of supporting the Paris agreement on climate change and the EU's climate and energy goals, a phase-out of conventional biofuels would:

- hinder decarbonisation in transport (the only EU sector where GHG emissions keep increasing every year), thus also placing a higher burden on other non-ETS sectors;
- have a devastating economic impact on the EU biofuels chain, from farmers to processors;
- put at risk the 220,000 biofuels direct and indirect jobs in the EU, particularly in rural areas;
- further undermine investor confidence (including those in the advanced biofuels sector);
- favour unsustainable fossil energy at the expense of sustainable renewable energy; and
- work against the EU's energy security and bio-based economy goals.

In this perspective, we strongly encourage EU decision-makers to carefully consider, under a RED II, all the opportunities arising from the future progress of renewable biodiesel as a practical and available solution to improve the EU economy, maintain jobs, decarbonise transport and improve EU environment, air quality and climate foot-print.

The **European Biodiesel Board (EBB)** is a non-profit organisation established in January 1997. Today, the EBB gathers 65 members across 21 Member-States, which represents 75% of the European output. Biodiesel is the main European solution to reduce emissions from transport and dependence on imported oil. EBB aims to promote the use of biodiesel in the European Union and is committed to fulfil International standards for sustainability in GHG emissions and sustainable feedstock. The EBB is constantly working towards the development of improved and greener technologies.

Annex

Correcting misconceptions around ILUC

The debate about Indirect Land-Use Change (ILUC) has considerably affected the biofuel sector in the EU, tarnishing the reputation of this promising industry and putting previous investments at risk, although ***there is no consensus on ILUC among the international scientific community.***

In fact, the various studies conducted thus far have highlighted considerably different conclusions. For example, the study conducted by the California Air Resources Board (CARB) in 2015 ⁽¹⁰⁾ established that ILUC values for rapeseed biodiesel are four to five times lower than those established by GLOBIOM, the latest study commissioned by the European Commission ⁽¹¹⁾.

Moreover, concerns over food supply insecurity as a result of cultivation of biofuels feedstock are largely misplaced, and lead to unjustified concerns over food-based biofuels, as pointed out by the recent report ["Reconciling food security and bioenergy: priorities for action"](#), produced by the IFPRI (together with the World Bank, the Delft University of Technology, the Centre for Environmental Policy of the Imperial College of London, among others). This report gathered evidence that refutes most assumptions underlying this hypothesis, and states that ***"despite a rapid increase in food production, there is no evidence of biofuel impacts on food-related health, either beneficial or detrimental."***

The report adds that the effect of biofuel crop cultivation on food prices in developed economies is minimal, with those economies generally struggling with waste and excess production, in turn contributing to low prices for farmers. It concludes by saying that **well-designed biofuels usage programmes can simultaneously improve food security in countries with populations at risk of under nourishment, and in more developed economies.**

To reinforce the **lack of direct relations between food prices and biofuels** the [OECD-FAO Agricultural Outlook 2016-2025](#) ⁽¹²⁾ concluded that **the recent period of high agricultural commodity prices is most likely over.** The outlook forecasts that **the increased demand for food and feed for a growing and more affluent population is to be mostly met through productivity gains**, with yield improvements expected to account for about 80% of the increase in crop output.

Considering the dubious nature of the ILUC science, **ILUC factors should continue being limited to reporting obligations and not be subject to accounting**, and a much more transparent approach to ILUC science should be promoted in the EU ⁽¹³⁾.

Nevertheless, to address any eventual concerns with ILUC related to food-based biofuels, **the 7% cap agreed on the 2014 ILUC Directive should remain in place for the 2021-2030 period**, to provide a stable legislative framework for the sector. This would also constitute a logical confirmation of the fact that quantities of biofuels production limited inside the 7% cap and fully certified under strict sustainability rules since many years are to be considered as **"ILUC free"**.

Any potential ILUC issue would be tackled more consistently with other kind of measures, like requiring certification from all sectors and for all uses and not only the biofuels sector, or requiring a stricter traceability and land use control from the countries of origin of the raw materials.

¹⁰ The Low Carbon Fuels Standard (LCFS), adopted in September 2015 by the CARB, concluded that biodiesel is the most sustainable liquid fuel, reducing carbon emissions on average by 50% to 81% in comparison with fossil fuels. The LCFS, which aims to reduce GHG emissions from transport, is based on an economic model approved by thorough independent academic counter-expertise. These findings come as the result of 7 years of research on the carbon efficiency over the whole life cycle of the different fuels. This new study gives rapeseed biodiesel an ILUC value of 14.5gCO₂eq/MJ. These results are substantially different from those of the ILUC Directive (gives an ILUC value of 55g for rapeseed) and the GLOBIOM study (which established an ILUC value of 65g).

¹¹ [GLOBIOM](#), Global Biosphere Management Model: used to analyse the competition for land use between agriculture, forestry, and bioenergy, which are the main land-based production sectors.

¹² Published on July 4th, 2016, by the Organization for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization of the United Nations (FAO).

¹³ In a [letter](#) from September 2015, written by the Cabinet of First Vice-President Frans Timmermans, the European Commission acknowledged that a *"scientific peer review of the study would be desirable"* and conceded that *"if the model structure cannot fully be disclosed, such a review cannot meet the quality standards set by academic rules"*.