

# EBB

## European Biodiesel Board

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### ADOPTION OF THE RENEWABLE ENERGY DIRECTIVE

#### EBB official position and voting recommendations on the amendments tabled in the ITRE Committee

The European Biodiesel Board (EBB) is the European Federation of biodiesel producers. At present, EBB gathers 66 member companies and associations accounting for around 80% of the biodiesel produced in the EU. Biodiesel currently represents  $\frac{3}{4}$  of the biofuels consumed in the EU.

Last January 2008, EBB welcomed the Commission proposals for the revision of Directive 2003/30 as a fully fledged Directive on Renewable Energies. EBB acknowledged that important signals had been given by the European Commission towards the creation of a new Common Energy policy based on the key principles of sustainability, security of supply and competitiveness of energy production. The Parliament and the Council are now discussing and amending the Commission proposal, with a view to ensure its adoption and rapid implementation. In the view of the biodiesel industry, this should however be done in a pragmatic way, taking the important benefits delivered by the EU biodiesel industry into full consideration.

Against this background, EBB would like to underline what the key directions of the forthcoming Renewable Energy Directive should be, in particular regarding the future sustainability scheme.

#### ➤ **The 10% binding target for biofuels use is a realistic objective - a robust EU legal framework is needed for its implementation**

As part of the energy package adopted by the European Council back in March 2007, the 10% biofuels target represents a **major pillar of the EU strategy to mitigate climate change**. From a technological point of view, it should be acknowledged that the further development of current biofuels technologies will be a prerequisite to reach this objective. This target is not only **desirable** as a strong signal towards market players, but also **achievable** considering the important investment already committed by the EU biodiesel industry over the past years, as well as the considerable potential that the EU holds in terms of agricultural raw material supply (in particular oilseeds).

Most importantly, this target can be achieved **sustainably**. This is all the more evident today, as **agricultural feedstock prices are experiencing a significant decrease**, despite the further development of biodiesel and biofuels production. This reflects the very weak correlation between agricultural raw material prices and biodiesel expansion.

To ease the progressive implementation of the 10% target, **EBB further considers that intermediate binding targets of 7% in 2012 and of 8,5% in 2015** (expressed in energy content as already in Directive 2003/30) **should be introduced**.

Furthermore **EBB strongly rejects the Rapporteur's proposal to downgrade the 10% biofuels target by creating a sub-target dedicated to future and as yet unproven technologies**. In particular, it should be acknowledged that **hydrogen and electricity are not renewable energy sources per se**, and their very hypothetical use in the transport sector would certainly entail major logistical and segregation costs

Please **support** amendments: 129, 324, 325, 326, 327, 399, 410

Please **reject** amendments: 2, 3, 4, 6, 22, 120, 127, 132, 133, 136, 328, 329, 396, 397, 401, 403, 404, 408, 1007, **Compromise Turmes**

➤ **The cut-off value for greenhouse-gas savings from biofuels should remain at 35% and the grandfathering clause for existing facilities should be secured**

There is at present no EU agreed scientific reference to assess the GHG balance of biofuels. The methodological approach adopted in the Commission proposal is already quite restrictive and **does not fully reflect the important GHG saving potential of biodiesel** and many biofuels pathways. In this context, the existing proposals to raise the cut-off above the 35% threshold **risk to arbitrarily exclude a number of important pathways that will be crucial to reach the 10% target.**

Furthermore, the **transition period** granted to existing plants is an important provision that needs to be secured in the final version of the Directive, and should even be extended beyond 2013 in order to give more flexibility to those biofuels facilities that have been constructed in reliance of the 10% target.

Please **support** amendments: 797, 798, **803**

Please **reject** amendments: 792, 793, 794, 795, 796, 799, 800, 801, 802

➤ **The contribution of biodiesel from waste, residues, algae and plant growing on arid land should be fully recognised**

In the absence of a trusted methodology and set of data to assess the life-cycle balance of biofuels, **existing proposals linking Member States' support to GHG performances of biofuels should be rejected.** This however does not prejudice from an **additional support to be granted to new biodiesel pathways** with extremely positive CO<sub>2</sub> balance **produced from waste, residues, algae and plants growing on arid land (jatropa, pongamia, etc.) used to fight desertification.** EBB welcomes the Commission proposal that biofuels from waste, residues and ligno-cellulosic material shall count double towards the target but believe that this provision should be extended to algae and plants growing on arid lands.

EBB also supports the creation of a **bonus for feedstock cultivated on restored degraded land**, unsuitable for agricultural production, also as a way to fight desertification. Equally, the **collection and recycling of used frying oils** (the EU-27 potential of collection is above 1 million tonnes) **and other waste** to be employed for biodiesel production should be specifically encouraged.

Please **support** amendments: **310, 311, 961, 962, 963, 977, 978, 985, 986**

Please **reject** amendments: 331, 326, 266, 955, 957, 958, 959, 960, 967, 969, 1015, 1118

➤ **The Directive should provide for future revisions of the methodology and input data used to assess the life-cycle GHG balance of biofuels.**

In the view of the European biodiesel industry, the possibility to use pre-calculated default values is very important and should be maintained and extended to **all operators within the Community**, including the default values applying to the cultivation stage. Furthermore, it will be critical to ensure that the underlining methodology and set of data used to determine those values will be **revised regularly after the adoption of the Directive.** This should be done not only for future biofuels but **also for existing pathways** (Parts A and D of Annex VII). Contrary to previous practice, **it will be essential that this process closely involves the biofuels industry.** The CEN does not represent the appropriate framework to define values that are strongly related to agricultural processes.

With regard to the **fossil fuel comparator** (the benchmark against which all biofuels pathways will be compared) EBB would like to underline that **it is based on biased data coming from the oil industry only and that the 83,8 gCO<sub>2eq</sub>/MJ does not mirror the reality of emissions related to unconventional oil extractions (tar sands, heavy oils) and should therefore be revised.**

Please **support** amendments: 316, 916, 917, 927, 929, 936, **937**, 1093, 1113, 1114

Please **reject** amendments: 922, 924, 925, 926, 928, 933, 934, 935, 938, 939, 940, 941, 942, 1081, 1082, 1106, 1115

➤ **Assessing land use change in a realistic way will be key to ensure the applicability of the sustainability scheme**

Although possible land use change effects related to biofuels is a legitimate concern from political decision makers, this should be assessed in a realistic way. In particular, the **inclusion of indirect land use change is very questionable as there is no methodology to assign those changes to individual consignments of biofuels**. Due to strict cross-compliance rules under the CAP, indirect land use change is mostly an issue for biomass production outside the territory of the EC, which could be monitored by the European Commission. In this context, it would also make sense to extend such monitoring to the impact of oil extraction.

Most importantly, **EBB opposes any proposal that would translate hypothetical land use change effects into a CO<sub>2</sub> penalty applied to the typical and default values**. This is all the more unacceptable as it would apply blindly to all biofuels pathways, without taking into account their respective GHG performances.

In line with the Commission proposal, EBB also believes that no change should be made for the reference date for land use change (2008).

Please **support** amendments: 316, 1093, 1011, 1016, 1020, 1091, 1093, 1095, 1096

Please **reject** amendments: 16, 805, 813, 823, 826, 835, 913, 918, 919, 920, 921, 923, 931, 932, 1084, 1085, 1086, 1088, 1089, 1092, 1094, 1097, 1098, 1099

➤ **The definition of “no-go areas” for biomass cultivation should remain pragmatic and consider sustainable management practices**

EBB believes that the definition of “no-go areas” should not exceed the provision contained in the Commission proposal. In particular, sustainable management practices should be an option. Most importantly for EU operators, legal certainty should be provided when defining the types of land falling under one of the no-go areas. Against this background, the European Commission should be in charge of further defining those categories, not CEN.

Please **support** amendments: 810, 811, 814, 818, 819, 825

Please **reject** amendments: 13, 15, 380, 808, 809, 812, 820, 821, 824, 832, 833, 836, 837

➤ **The addition of new sustainability criteria, in particular social criteria, should not compromise the practicability of the entire scheme**

Being relatively new industries, but already facing unfair international competition, the biodiesel and biofuels sectors **need a favourable legislative and regulatory environment at EU level, avoiding unnecessary burdens being imposed on individual operators**. The sustainability scheme should therefore remain simple and transparent. The environmental criteria contained in the Commission proposal for a Directive already represent a significant challenge for the industry, all the more since the rules for implementation have not been clearly defined yet. The same holds true for stakeholders acting in other industrial sectors relating to the biofuels industry.

Against this background, EBB believes that the set of criteria composing the sustainability scheme should not at this stage be expanded beyond those contained in the Commission proposal. It is important to underline that the **CAP rules already provide a good basis for sustainable biomass production in the EU**. Should the inclusion of further criteria, in particular social criteria, be considered, this would raise major legal issues and **might affect the overall WTO compatibility of the new Directive**.

A **monitoring** of additional criteria by the European Commission certainly represents the most pragmatic, efficient and cost-effective alternative.

Please **support** amendments: 844, 845, 846, 855, 856, 872, 1004, 1005

Please **reject** amendments: 838, 840, 842, 843, 848, 849, 850, 851, 852, 853, 871, 873, 874, 875, 876, 882, 884

➤ **The sustainability scheme should apply to all energy applications of biomass, with view to its later extension to further industrial sectors**

As the Directive is giving a roadmap for renewable energy development over the next fifteen years, it is **important that the proposed sustainability scheme covers all energy uses of biomass.**

Since the ultimate objectives are climate change mitigation together with biodiversity protection, the scheme should be **further extended to other sectors, in particular food, feed, textile, timber.** Only when the sustainability scheme applies horizontally to all biomass regardless of the final use, will the goal of protecting biodiversity be achievable. **This also holds true for oil extraction.**

Please **support** amendments: 330, **353, 354**, 781, 784, 785, 786, 789, 877, 879, 883, 886, 827, 863, 864, 865, 867, 868, 877, 879, 883, 888, 889, 897, 912, 914, 915, 930

Please **reject** amendment: 783

➤ **The verification mechanism should strike the balance between reliability and practicability, and not impose an unnecessary burden on individual operators**

While most of the efforts have so far concentrated on the overall architecture of the sustainability scheme, it is the view of the EBB that the **implementation and verification deserve considerable attention**, as it will directly impact individual operators. It is necessary to **reconcile the requirement for a fraud-resistant system and the need for flexibility.**

While the “book and claim” system (also known as “tradable certificates”) would certainly represent the most effective option, the mass-balance method proposed by the Commission can be envisaged in the short/medium term. **The “track and trace” system should however be avoided as it is clearly impracticable for bulk commodities and its practical result would be to suffocate the sector.**

Furthermore, it is essential that the verification system is **fully consistent with article 95 of the Treaty**, to avoid divergent interpretations at Member States level. The verification system should be harmonized as much as possible at EU level and the leading role in this regard left to the Commission. What is more, Member States should be required to assist economic operators when applying the requirements of this Directive.

**The possibility for the Commission to recognise existing bilateral or international sustainability agreements as equivalent to the EU scheme should also be maintained.**

Please **support** amendments: 378, 382, 383, 384, 385, 880, 881, 886, 887, 889, 890, 891, 910, 1003, 1012

Please **reject** amendments: 885, 892, 893, 894, 896, 899, 900, 898, 901, 902, 903, 904, 905, 906, 907, 908, 909, 911

➤ **The legal basis of the RE-D should ensure an harmonised application of sustainability criteria and tax support between the EU Member States**

EBB considers that the **legal basis of the new Directive should specifically refer to article 95 of the Treaty**, which relates to the harmonisation of the internal market. Indeed, setting up sustainability criteria for biomass should not lead to a fragmentation of the internal market, whereby EU Member States would apply diverging criteria or would fail to sufficiently coordinate their policies. On the contrary, **mutual recognition** should be the leading principle.

Please **support** amendment: 114

Please **reject** amendments: 1, 315, 390, 394, 414, 859, 860, 861, 969

➤ **The specifications for 7% and 10% biodiesel blends should be maintained in the Directive with some technical amendments, reflecting the growing need for biodiesel incorporation in mineral diesel**

Last but not least, **although it may appear as a technical point, Annexes V and VI** providing specifications for 7% and 10% biodiesel blends are crucial provisions of the Commission proposal that **need to be maintained in order to make it possible in practice to implement the Directive targets**. To fulfil targets above 5% incorporation the present authorised biodiesel level of incorporation in diesel is insufficient. In accordance with the EN 590 standard, the incorporation of biodiesel into conventional diesel is currently limited by a **5% ceiling**, representing a major obstacle to the further development of the biodiesel industry. Although mandated by the European Commission, the CEN is only moving very slowly towards the amendment of the diesel standard. Still, this will be **vital to reach the indicative 5,75% biofuels target for 2010 and a 10% biofuels target for 2020**.

Against this background, Annexes V and VI of the proposed Directive clearly represent the best alternative in order to increase biodiesel blending. **The existing proposals to delete those annexes stand in strong contradiction with the very aim of the Directive**.

Most importantly, increasing the share of biodiesel blended with conventional diesel should be done by modifying the EU diesel definition and not by creating a new separate product with specific labelling, which would imply huge logistics, infrastructure and segregation costs.

Please **support** amendments: 944, **1067, 1068, 1069, 1074, 1075, 1076, 1077, 1078, 1079, 1080**

Please **reject** amendments: 5, 943, 945, 946, 947, 948, 949, 950, 951, 952, 1063, 1064, 1065, 1066, 1070, 1071, 1072, 1073

*The European Biodiesel Board, also known as EBB, is a non-profit organisation established in January 1997. EBB aims to promote the use of biodiesel in the European Union. It gathers 66 member companies and associations. EBB member companies account for around 80% of biodiesel produced in the EU.*

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