

A push for higher EU climate ambitions can be an opportunity for the European biodiesel industry, if done right in 2021

Zero-sum game

The launching of the European Green Deal (EGD) in December 2019, led by Frans Timmermans, the first vice-president of the European Commission (EC), kicked-off a renewed sense of urgency and ambition to put the EU on track to reach net-zero emissions by 2050.

With this revamp, the EU is aiming to retain its leading global role in the fight against climate change, and reap the benefit of being a 'first mover' on the deployment of renewables on a large scale.

First mover

While the position of first mover can undoubtedly bring advantages to the EU and the European industry, this transition should take into consideration existing industries like the European biodiesel industry, and ensure that these are defended and fostered while their sustainability is strengthened in the process.

Conventional biodiesel, as well as waste-based and advanced biodiesel (including renewable diesel), are the most widely used biofuels in Europe today, with more than 14 million tonnes consumed every year.

These sustainable, renewable fuels should remain a crucial part of Europe's decarbonisation path towards carbon neutrality. European biodiesel helps reduce the imports of fossil diesel and contributes significantly to the production of animal feed. This helps the EU to reduce its dependency on protein imports, and provides an additional tool to strengthen the rural economy. Our



EU flags near the EU Commission in Brussels

industry expects to be part of this increased ambition, and will work towards feasible and workable solutions within the EGD process.

Policy initiatives

The EGD is the overarching framework that should trigger the necessary industrial and societal changes to achieve the goals of the 2015 Paris Climate Accords, but to have a real impact it must be translated into concrete ambitious policy initiatives.

Namely, these include the first European Climate Law (enshrining the 2050 climate neutrality objective into law), the launching of the European Climate Pact, and the development of a thorough Impact Assessment to understand which other legislative changes at EU level are necessary to increase the EU's greenhouse gas



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(GHG) emission reduction targets for 2030.

Within the EU legislative files on the line to be adapted to reflect the increase in the EU's overall ambition is the EU Renewable Energy Directive (RED II).

Together with the EU Fuel Quality Directive (FQD),

and its article 7a obligation to decrease the carbon intensity of transport fuels by 6%, the RED II is the main incentive at EU level to incorporate biodiesel into the transport sector.

The long debate that culminated with the RED II agreement was concluded in 2018. This agreement took more than two years to attain and it allows our industry to continue delivering meaningful decarbonisation efforts by using all available decarbonisation tools, and, in particular, by making use of all sustainable feedstocks, including crop-based, but also waste-based and advanced biodiesel.

Although not perfect, the RED II agreement provided a stable framework for the industry to work on. It featured: i) a binding EU renewables target of 32% in 2030;

- ii) an obligation for fuel suppliers to incorporate at least 14% renewables in transport by 2030;
- iii) a sub-target for advanced biofuels of 0.2% in 2022, 1% in 2025 and 3.6% in 2030.

It also capped the contribution of crop-based biofuels to no more than 1% higher than their contribution in 2020 in each EU member state (with a maximum of 7% of road and rail consumption), and prescribed the phase-out to 0% by 2030 for biofuels with high indirect land-use change (ILUC) risk.

These are biofuels produced from crops for which a significant expansion of the production area into land with high carbon stock is observed (as of today only palm oil is considered as being of high ILUC-risk).

While not ideal (in particular due to the excessive multipliers reducing its ambition), RED II provided a solid framework for the industry to work with.

RED II

RED II was meant to regulate the period 2021-2030, and provide a basis for the renewables industry to invest in new and innovative solutions, innovative advanced biofuels, and improve its traceability and sustainability credentials. It was designed to foster the uptake of sustainable renewables in the transport sector in the next decade, build on the 2020 10% target for renewables in transport, and provide immediate decarbonisation benefits across the EU.

EU member states are currently in the process of transposing the RED II into their legal systems (a process that should be concluded by July 2021).

Therefore, the industry is looking cautiously at a potential early revision of the RED II starting already in mid-2021. If such revision

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reopens topics like the sustainability criteria, the existing benchmarks for GHG emissions savings, or rules on ILUC and ILUC-risk, it will risk producing another EU policy U-turn, delay any potential investments and lead to a lost decade in the decarbonisation of the transport sector.

On the other hand, a narrow revision, focused on increasing the existing targets, will be welcomed, especially if such higher targets mean and effective higher incorporation of renewables in the transport sector.

In September 2020, the EC published the 2030 Climate Target Plan, another stepping stone of the EGD. This plan sets actions required across all sectors of the economy and launches revisions of key legislative instruments to achieve this increased ambition, providing the direction in which the EU is planning to go.

Namely, it proposes a more ambitious 55% GHG emissions savings target by 2030 (up from the existing 40% target), including emissions and removals. It also proposes to increase the share of renewable energy to 38-40% by 2030 (up from the 32% currently included in the RED II).

Transport sector

The 2030 Climate Target Plan recognises that the European transport sector has the lowest share of renewable energy in 2015, with only 7%, and consequently requires additional decarbonisation efforts.

Moreover, it states that today's European transport sector represents as much as a 25% of the EU's total GHG emissions. Therefore, by 2030, renewables in transport will have increase to around 24% through further

development and deployment of electric vehicles, advanced biofuels, and other renewable and low carbon fuels as part of a holistic and integrated approach. The industry fully supports this significant increase from today's 14% target.

To match this ambition, the Fuel Quality Directive obligation to decrease the carbon intensity of transport fuels should be maintained and progressively increased to a much higher number to match the increased efforts of the other economic sectors.

While electrification is expected to play an increasingly important role in the road transport sector – particularly regarding passenger cars – it is necessary to look at existing tools so that we can start the decarbonisation of the existing fleet (which will remain on the roads for a considerable period).

There are transport modes (like heavy and light duty vehicles, maritime and aviation), that will require specific targeted measures to ensure that they do not fall behind. Therefore, and looking at the necessary steep increase of renewables in the transport sector in



The EU is forging a path towards carbon neutrality

the coming years, it is clear that biodiesel has a role to play to ensure that the sector starts to contribute to the EU's climate goals.

Mobility strategy

This view is confirmed by the EC in its recently published Sustainable Mobility Strategy (December 2020), when it mentioned that *"all policy levers must be pulled if sustainable mobility is achieved"*, including by boosting the use of renewable and low-carbon fuels. In the upcoming legislative discussions in Brussels, the industry expects stakeholders and policymakers to look at all the existing tools to reduce the use of fossil fuels in the transport sector.

Commercially available biofuels are the most efficient and viable means to achieve green and low emissions in transport.

To ensure higher use of renewable fuels in transport, it is crucial to continue the work on new fuel standards and eliminate regulatory hurdles. The European Biodiesel Board (EBB) has been working hard to explain to stakeholders and policymakers the advantages of increasing the incorporation of FAME (fatty acid methyl ester) into diesel.

The industry sees significant advantages in the EU moving towards replacing the current

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B7 (maximum of 7% FAME into diesel) by a B10 blend across the EU, coupled with higher blends for dedicated fleets. This measure is the proverbial low hanging fruit, and it could provide a necessary boost for the decarbonisation of road diesel fuel at an affordable cost.

To make the shift to higher blends more attractive, the EU should also look at using an LCA approach (well-to wheel) instead of the current 'tail-pipe' methodology to assess the GHG emission footprint. This will incentivise vehicle manufacturers to market cars that accept higher blends of biofuels. The upcoming revision of the EU FQD,

expected by the end of 2021/ early 2022, will be a good opportunity to push for the implementation of B10 across the EU as a diesel standard.

New directives

Other EU directives likely to be revised this year – and with potential impact on the demand of biofuels for transport – are the EU Emissions Trading System Directive (EU ETS), and the possible extension of the EU ETS to new sectors like the maritime and the road sectors, and the EU Energy Taxation Directive (EU ETD), which is to be aligned with the EU's climate ambitions and transition to a taxation

system based on GHG emissions savings. Moreover, an upcoming revision of the European CO₂ standards for vehicles is another opportunity to improve the EU legislation in this sector, and the industry will be working hard to transmit its concerns on each one of them.

This year is a critical one in the drive towards a low-carbon future, and for the success of the EGD and linked EU legislation.

The EBB believes that the increased EU ambition on climate change, if translated into using all the tools in the EU toolkit, can be translated into an opportunity to be fully embraced. The EBB are convinced that the European biodiesel industry, born years ago from a European political ambition to act resolutely to decarbonise the European transport sector, is ready to serve this goal by delivering an EU-made green fuel that improves energy security, promotes a low carbon circular economy, strengthens the independence and revenue of European farmers, and contributes to the EU climate change goals. ●

*For more information:

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