

## **EU Sustainability criteria for biofuels and liquids:**

Short overview of of the 2009/28/EC and current situation of implementation

Berlin, Germany  
12th March 2010

Agency for Renewable Resources (FNR)



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- Who we are: Central coordinating agency in the area of  
"Renewable Resources" in Germany
- Founded: October 1993
- Main office: Gülzow, Mecklenburg-Western Pomerania
- Support: Federal Ministry of Food,  
Agriculture and Consumer  
Protection (BMELV)
- Members: 70
- Employees: 60
- Legal status: Registered Association



1990s:

- Cultivation of non food crops on set aside land tolerated
- Support to biofuels R&D&D
- Tax exemption for biofuels by MS only in the frame of pilot projects
- White Paper RES 1997: Biofuels target 2010 18 million tons

2000s:

- 29 Nov 00 Green paper „Towards a European strategy for the security of energy supply“ COM (2000) 769 final
- 7 Nov 2001 Proposal for a Directive of the European Parliament and of the Council on the promotion of the use of biofuels for transport COM (2001) 547
- 8 May 2003 Biofuels Directive 2003/30/EC:
  - Climate protection and GHG reduction
  - Targets of 2 % biofuels by the end of 2005 and 5.75 % by the end of 2010
  - Targets indicative but reporting obligation
  - Better framework for tax exemptions (2003/96/EC)

## 2000s continued:

- 7 Dec 2005 Biomass Action Plan COM (2005) 628:
  - Scenario +18 Mtoe biofuels by 2010
  - requiring that, through a system of certificates, only biofuels whose cultivation complies with minimum sustainability standards will count towards the targets.
- 8 Feb 2006 An EU Strategy for Biofuels COM(2006) 34 final
- 10 January 2007: An Energy Policy for Europe COM(2007) 1 final; Biofuels Progress Report COM(2006) 845
  - 10 % biofuels share in 2020
  - Reasoning GHG/security of supply

### Sets **mandatory targets** for 2020:

- ▶ National targets for the overall share of renewable energy (adding up to 20%)
- ▶ 10% target for renewable energy in transport
- ▶ Indicative trajectory towards 2020 targets per MS
- ▶ *6% reduction in unit greenhouse gas emissions from road transport fuels (**Fuel Quality Directive**)*

- ▶ Creates a sustainability regime for biofuels and bioliquids and sets incentives for 2nd generation biofuels
- ▶ Requires National Action Plans
- ▶ Introduces system of cooperation and flexibility mechanisms between MS or with 3rd countries and “statistical transfers” between MS to help reach targets cost-effectively
- ▶ Requires reduction of administrative and regulatory barriers, improved information and training and renewables’ access to the electricity grid

# Sustainability Scheme for energy uses of biomass, other than biofuels and bioliquids COM 2010(11)



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- ▶ Requirement of a Commission report on requirements for a sustainability scheme for use of solid biomass, other than biofuels and bioliquids by 31 December 2009
- ▶ Report adopted on 25th of February 2010
- ▶ The report is accompanied by an impact assessment which states that binding criteria would impose substantial costs on European economic actors, bearing in mind that at least 90 % of biomass consumed in the EU comes from European forest residues and by-products of other industries. Hence, the report concludes that at this stage, more detailed legislation is not necessary.

## Key condition for EU biofuels promotion

- No negative environmental and social impacts
  - No negative impacts on food availability
- ▶ Contained in both Renewable Energy Directive **and** Fuel Quality Directive
  - ▶ Binding scheme for the first time: Sustainability criteria must be met in order to count towards targets or obtain incentives
  - ▶ Single EU scheme (Art. 95 of Treaty)
  - ▶ To be applied to each consignment of biofuel

# The Renewable Energy Directive 2009/28/EC- the philosophy of the sustainability scheme



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- ▶ Legally meaningful, quantifiable, and verifiable – Important for legal clarity and certainty;
- ▶ Proportionate: Limite burden of verification
- ▶ Precise criteria based on international science and norms (UN IPCC, FAO etc.)
- ▶ Non-discriminatory – WTO compatible: Applies to both EU production and imports

- ▶ **Sustainability scheme consists of mandatory sustainability criteria for economic operators as well as monitoring and reporting requirements by the Commission**
- ▶ **Criteria defined in such a way as to make it possible for economic operators to ensure that they have complied with them and to make it possible for MS to check that they have indeed done so**
- ▶ **Nevertheless, sustainability standards in legislation is an area where there is not much practical experience!**

- ▶ National renewable energy action plans (NREAPs) by June 2010
- ▶ National legislation which is necessary to comply with the Directive shall come into force by 5 December 2010

# Sustainability Criteria:

## 1. Greenhouse gas savings



- ▶ Minimum rate of GHG savings
  - 35% immediately (1 Apr 13 for plants in operation on 23 Jan 08)
  - 50% in 2017
  - 60% in 2018 (new installations after Jan 17 only)
  
- ▶ Rules for the calculation of GHG savings
  - Default values provided (for EU: check on NUTS2 level!)
  - Calculation method included (producers can always calculate actual values for their production chain)
  - Impact of actual land use change in the production chain must be taken into account

# Sustainability Criteria:

## 2. Biodiversity



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- ▶ **No raw material from land with high biodiversity value:**
  - Forest undisturbed by significant human activity
  - Highly biodiverse grassland
  - Nature protection areas (unless compatible with nature protection)

# Sustainability Criteria:

## 3. High carbon stock



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- ▶ **No raw material from land with high carbon stocks:**
  - **Wetland**
  - **Continuously forested area**
  - **Undrained peatland**

# Sustainability Criteria:

## 4. Cross compliance



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- ▶ **Agricultural raw materials cultivated in the EU must also meet EU agricultural “cross compliance” rules applied under the EU Common Agricultural Policy**
- ▶ **Reporting requirement on water, soil air impact**

# Sustainability Criteria:

## 5. Social sustainability



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- ▶ Companies to report on certain social aspects like labour standards etc.
  - Commission to determine what reporting is appropriate
  - Commission to monitor the same issues
  
- ▶ Commission to monitor impacts on food security
  - Difficult to link to individual consignments of biofuel
  - Effects not necessarily negative
  - May raise issues under international (trade) law
  
- ▶ ▶ Therefore no criteria, but monitoring rules

# Sustainability Criteria: Reporting and monitoring



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- ▶ Monitoring and reporting requirements for the Commission and Member States in order to analyse the effect of the Directive and to be able to take corrective actions
  - Biannual monitoring and reporting (First report of MS 2011, COM 2012)
    - Shares of renewable energy sources
    - Support schemes
    - Estimated impacts of biofuel production (land use, soil, water and air, biodiversity, social sustainability, food security, wider development issues, commodity price changes, GHG emission savings, impact of increased demand on other biomass using sectors...)

- ▶ Economic operators have to show that the sustainability criteria has been fulfilled
- ▶ Operators must track consignments using the mass balance method
- ▶ An independent auditing shall verify and evaluate the submitted information
- ▶ Member States have primarily responsibility for verification
- ▶ The Commission can accredit voluntary schemes (or international agreements) as sufficient proof. Member States must accept this evidence these schemes provide

# Biofuels and bioliquids that do not meet the criteria...



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- ▶ Do not count towards EU targets for renewable energy
- ▶ Are not eligible for the main types of government support
- ▶ Are excluded from investment and operating aid under the environmental state aid guidelines
- ▶ Do not count towards EU targets for reduced unit emissions from road transport fuels

- ▶ **Guideline on calculating land carbon stocks**
- ▶ **Explanatory communications (i) for MS/economic operators; (ii) on voluntary schemes and default values**
- ▶ **Comitology decision:**
  - **reporting by economic operators**
  - **biodiverse grasslands (consultation closed 8 Feb 2010);**
  - **degraded/contaminated land**

- ▶ **Report: extending cultivation default value restrictions to 3rd countries (Art. 19(4))**
- ▶ **Report: ILUC**
- ▶ **Counting rules for electricity and hydrogen in transport (2011)**

- **Definitions eg biodiverse grassland, mass balance**
- **GHG calculation methods**
- **Authorization of certification systems by EU/MS**
- **Verification of certification systems**
- **More to be highlighted in next presentations!**

**Thank you for your attention!**



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