



BIOFUEL ISSUES IN THE NEW LEGISLATION ON THE PROMOTION OF RENEWABLE ENERGY

Public Consultation exercise

Submission by Iogen

Section 1. How should a biofuel sustainability system be designed?

Question 1.1

Do you think the “possible way forward” described above is feasible?

Iogen supports the adoption of an EU-wide Biofuels certification mechanism based on a full Life Cycle Analysis. The work developed by the Joint Eucar/Concawe/JRC project should be incorporated into the Commission’s sustainability system.

Question 1.2

What do you think the administrative burden of an approach like the “possible way forward” would be? (If possible, please quantify your answer.)

To be effective, the mechanism must be simple, and “light” from an administrative point of view. Biofuels technologies could be rated on the basis of their respective CO₂ savings. Such a scheme could be modeled on the approach adopted in the development of the European Emissions Trading Scheme (measurement protocols, evaluation of the impact of gases through the adoption of Global Warming Potentials, etc)

The scheme should be developed through consultation with industry.

Question 1.3

Please give your general comments on the “possible way forward”, and on how it could be implemented. Does it give an adequate level of assurance that biofuels will be sustainably produced? If you think the problem should be tackled in a different way, please say how, giving details of the procedures that would be used.

Based on the information provided in the “possible way forward”, it is not possible to assess the sustainability of the production of the biofuels.



Member States can be responsible for ensuring that the sustainability criteria are respected, **but these criteria must be adopted at the EU level.** A system where different member states apply differing criteria would potentially delay project implementation.

Question 1.4

Carbon stock differences between land uses would be taken into account under criterion 2. Should they also be taken into account under criterion 1? If so, what method should be used to determine how the land in question would have been used if it had not been used to produce raw material for biofuels?

Given the fact that second generation biofuels - such as cellulose ethanol - would be largely using agricultural residue as feedstock; these biofuels need not change current land use patterns.

The new directive should be developed in a manner that:

- 1: creates a domestic market for Biofuels in Europe;
- 2: clearly promotes the development of second generation Biofuels.

The new Biofuels law which entered into force in Germany on 1st January 2007 incorporates mechanisms such as a combination of mandates and tax incentives that could be replicated at the European level.

Questions 1.5 and 1.6

As described in the "possible way forward", criterion 3 focuses on land uses associated with exceptional biodiversity.

Should the criterion be extended to apply to land that is adjacent to land uses associated with exceptional biodiversity? If so, why? How could this land be defined?

How could the term "exceptional biodiversity" (in criterion 3) be defined in a way that is scientifically based, transparent and non-discriminatory?

The European Commission needs to consider, and consult on, whether a buffer zone should be created around the land associated with exceptional biodiversity.

Section 2. How should overall effects on land use be monitored?

Question 2.1

Please give your comments on the "possible way forward" described above. If you think the problem should be tackled in a different way, please say how.

See our response to question 1.4: Land usage need not be modified in the case of second generation biofuels which primarily use agricultural residue (cereal straws) as feedstock.



Question 2.2

Do you think it is possible to link indirect land use effects to individual consignments of biofuel? If so, please say how.

We believe that it could be possible to trace a consignment of biofuel back through the chain from consumer to the land area where it was produced.

Section 3. How should the use of second-generation biofuels be encouraged?

Question 3.1

- **How should second-generation biofuels be defined? Should the definition be based on:**
- **the type of raw materials from which biofuels are made (for example, "biofuel from cellulosic material")?**
- **the type of technology used to produce the biofuel (for example, "biofuels produced using a production technique that is capable of handling cellulosic material")?**
- **other criteria (please give details)?**

The initial criteria for second generation biofuels are (a) biofuels produced from feedstock derived from agricultural residue and other cellulose material, and (b) biofuels that have a greenhouse gas reduction impact of at least 50% compared to gasoline.

No additional criteria will be required or definitions needed if a high-standard and pan-European certification mechanism for biofuels is adopted that rewards biofuels based on their GHG savings.

The Commission should investigate means of differentiating the origin of biofuels.

Question 3.2

Please give your comments on the "possible way forward" described above. If you think the problem should be tackled in a different way, please say how.

A mix of the two options would be acceptable. A percentage bias in favour of biofuels in meeting a target has been adopted in the US and in the Canadian Province of Ontario, where every litre of cellulose ethanol blended is credited as 2.5 litres of first generation biofuel.

In Germany, current legislation provides full petrol tax exemption to second generation Biofuels such as cellulose ethanol (65 cts/L).

Other ways to promote second generation biofuels would be (a) to express new EC Biofuels targets not in terms of volume but in terms of CO₂ savings. This implies the adoption of a "watertight" biofuels certification system – and (b) the adoption of a European minimum production/consumption target for second generation biofuels.



Question 3.3

Should second-generation biofuels only be able to benefit from these advantages if they also achieve a defined level of greenhouse gas savings?

The three key benefits of second generation biofuels are (a) a significant reduction of the overall greenhouse gas emissions; (b) it improves energy security through the use of renewable and sustainable domestic energy sources; (c) diversification and enhancement of farm income, expansion of the rural economy and job creation. Policy makers need to determine the relative importance of these three Benefits and convey the policy advantages accordingly.

Section 4. What further action is needed to make it possible to achieve a 10% biofuel share?

Question 4.1

Should the legislation include measures to ensure that diesel containing 10% biodiesel (by volume) can be placed on the market, and is in fact placed on the market?

Iogen believes that the European Commission should ensure that the biofuels content in gasoline be increased to 10%.

We defer to others to comment on the diesel market.

Question 4.2

Should the legislation include measures to encourage the use of ethanol and biodiesel in high blends? If so, what?

Clear and long term signals are needed from policy makers to create investor confidence. In a first step, a market needs to be developed in Europe for fuels with an ethanol content of up to 10%. These fuels can be used in today's cars.

Once that market is saturated, EU standards could be developed that encourage higher level blends.

Question 4.3

Should the legislation include measures to encourage the use of biomethane, methanol and DME in transport? If so, what?

No comment.

There is no question 4.4



Question 4.5

Should the legislation ask the Commission to review, by a given date, whether it is possible to be confident that the 10% target can be achieved through:

- **rules that allow 10% blending by volume of ethanol in ordinary petrol, plus**
- **rules that allow 10% blending by volume of biodiesel in ordinary diesel, plus**
- **the four options listed under 'other options for solving the problem';**

If so, what should the date be?

If the review were to conclude that the target is unlikely to be met, what action should the Commission take?

The Commission should - as a matter of urgency – adopt legislation that allows a 10% blending by volume of ethanol in ordinary petrol. This is a policy driven decision which has no technical limitation. Vehicle manufacturers warrant a 10% ethanol blend to be used in vehicles sold in North America, while in Europe, the same vehicles/engines are only warranted for up to 5% ethanol content (where fuel standards only allow a 5% blend).

Question 4.6

More generally, what role should taxation play in the promotion of biofuels (considering different situations such as low blends, high blends and second-generation biofuels)?

Tax policy is one of the strongest instruments governments can use for the promotion of biofuels. Typically, tax exemptions are used in combination with targets and/or mandates as the most effective instrument for delivering on said targets/mandates. To the extent tax policy is employed to promote biofuels, it must be understood that such policy needs to be in place for a sufficient period of time for it to be used effectively by industry (seven – ten years).