



Response from O2Diesel to the Public Consultation

"Biofuel Issues in the New Legislation on the Promoting of Renewable Energy"

June 2007

1 Question 1.1

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

Yes, we think that the described way is feasible. A further more consultation after the detailed definition of the "possible way forward" would be recommendable.

2 Note to Criterion 1 (Box 1) and first type of evidence (Box 2)

O2Diesel Corp. recognizes that there are already activities in the EU Member States (e.g. The Netherlands) to develop national schemes to measure greenhouse gas impacts. The accreditation of these national schemes through a comitology process would strengthen the establishment of different schemes. In our point of view such a system of isolated applications of each Member State would not lead to more transparency in the measurement of greenhouse gas emissions. Instead of single activities from every member state and with an output of several varying as well as not comparable GHG measuring schemes we would appreciate that there is one pan-european standard scheme that will be used by every member state. Such a standardized WTT-calculation tool for biofuel producers with predefined calculation modules would be nice to close the lack of credibility against potential customers.

Till such a system has been established the 'default values' from the JRC/EUCAR/Concawe WTW-study should be used as universally valid values where no WTW respectively WTT-studies from biofuel producers/suppliers are available.

3 Question 3.1

How should second-generation biofuels be defined?

The mentioned definitions for second-generation biofuels are too narrow. In our point of view second-generation biofuels should not be defined only above the raw materials, the technology or the amount of reduced GHG but also above the demonstrable reduction of harmful exhaust emissions like PM, NOx...



For example with Ethanol-Diesel potential customers has the chance to reduce these harmful emissions like Smoke, NO_x, CO and all ranges of Particulate Matters from PM₁₀ to PM_{0.1}.¹ These results could be met directly without modifying the engine or investing in additional exhausts gas treatment systems. Especially the usage of Ethanol-Diesel in older vehicles leads to significant emission reductions.

Ethanol-Diesel does not appear on the agenda of the European Union and the Member States. In the USA, Canada, Brazil and India Ethanol-Diesel is recognized as an alternative, innovative and clean burning diesel-substitute. In Brazil O2Diesel fuel is accepted by the ANP as a diesel fuel.

Against this background we assume that the Commission will accept that also the demonstrable reduction of harmful exhaust emissions in the definition for second-generation biofuels.

4 Questions 3.2 and 4.6

Please give your comments on the "possible way forward".

More generally, what role should taxation play in the promotion of biofuels?

A good financial support system (subsidies and tax incentives) for both first- and second-generation biofuels seems to be one of the most important aspects in rising up the biofuel shares in the EU. The positive effect that the implementation of a tax incentive system could have on the development of the biofuel share has been shown for example in Germany and Austria. Especially in Germany the revision of the existing support system and the reduction of the tax incentives have also shown that the usage of biofuels is directly linked to cost advantages of biofuels.

For potential Ethanol-Diesel fuel user the cost advantage compared to fossil diesel is also one of the main aspects. Therefore O2Diesel expect from the new legislation that also low blends will get a tax incentive regardless if it is a first- or a second-generation biofuel.

Besides a good subsidy support system will help to bring more biofuels to the market.

5 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?

¹ Of course we have take note of the demands of commission directive 1999/30/EG relating to limit values of nitrogen oxides and particulate matter in ambient air. But we assume that the reduction of Particulate Matters is also a contribution for reaching sustainability goals by using biofuels.



O2Diesel advocates a 10% Biodiesel content in diesel fuel but please consider the following: At that moment the blending of bio-ethanol into diesel is not consistent with the European Diesel Standard. Also the current measures to ensure that diesel may contain 10% biodiesel by volume won't allow the blending of ethanol with diesel. In fact the O2Diesel fuel fulfills all the requirements of the EN590 except the flash point. We know that the flash point might be a safety issue but in fact, by installing a dry lock and safety valves or a flame arrester, all these doubts could be wiped away. O2Diesel provide all customers a closed vapour recovery system to avoid that harmful evaporative emissions could come in ambient air.

In several test programmes in the USA, Brazil, Canada and India millions of running hours and kilometers had not caused any demonstrable damage by the use of O2Diesel fuel. Several independent tests for example at Ricardo, IDIADA and the University of Magdeburg as shown that Ethanol-Diesel is an alternative diesel fuel that reduces smoke by 70%, particulate matters by 46%, carbon monoxide by 23% and nitrogen oxides by 8,5% without any problems for the engine, the fuel injection system and other relevant parts of the vehicle.

Currently a consortium called E4D (Ethanol for Diesel) headed by IFP has started an ambitious research and development programme on ethanol-diesel. The consortium is participated by, Delphi, Volvo Powertrain, Petrobras, Renault, ADEME and O2Diesel. O2Diesel suggests an exchange between E4D and CEN to discuss also the acceptance of ethanol blending into diesel.

6 Question 4.3

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

The legislation should also include measures to encourage the use of Ethanol-Diesel as an alternative clean burning diesel fuel. Therefore the legislation should include measures like GHG emissions, fuel consumption, engine performance, other harmful emissions like PM, NOx, HC ... to encourage any kind of alternative fuel. The measurements should be done temporarily to show the specific benefits and perhaps to do a benchmark.

7 Question 4.5

The legislation should ask the Commission to review once a year a report by the Member States (like it is currently done). Against the background of the progress in the use of biofuels mentioned in the last "Biofuels Progress Report" (COM(2006) 845 final) it is absolutely necessary that the Member States or the Legislation should impose a fine, if the given biofuel share won't be fulfilled. On the other hand, the legislation should think about something like a pan-European biofuel trading system, that allows the companies that overfulfill the national or European indicative targets for the share of biofuels to sell their additional shares to companies that won't achieve the given targets.