

Response from the CPMR Baltic Sea Commission, Energy Working Group

**Biofuel issues in the new legislation on the promotion of renewable energy
Public consultation exercise, April – May 2007, Energy and Transport
Directorate-General, European Commission**

Question 1.1:

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

The Baltic Sea Commission and its Energy Working Group in general strongly support the propositions of "a possible way forward", and believes that the suggestions are very important for ensuring that the member states will complete the ambitions from the directives.

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.)

It is difficult for us to appreciate the administrative burden of such an approach in each member state. However, in the Swedish system it could mean approximately 1-2 administrative supervisors per region.

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.

As stated above in question 1.1, the Baltic Sea Commission welcomes the propositions of "a possible way forward". Important though is to quickly sort out the unfinished measure-issues. However, the main criterion (1) of energy efficiency should be expressed as a 10% decrease in Co2 emissions except for initial test plants (under a limited period of time). We would also like to take this opportunity and ask the Commission to reconsider the situation with peat. If the environmental biodiversity is protected and the regrowth is larger than the withdrawal - which is the case when talking about the top layer- a greater withdrawal should be facilitated.

It is also important to highlight the support to Research and Development. We would like to see a stronger emphasis on renewable and decentralized energy production. In our view, the research platform focuses mainly on large-scale and long-term projects that will not help us to move forward in the short and middle term. We would like to see more research in the fields of bio-refineries, not only for production of liquid biofuels but also for electricity, heat, solid fuels, chemicals and feed stuffs. However, European support to large-scale demonstration plants of new

2nd and 3rd generation fuels are vital as well. Without major support many test-plants will take to long time to complete.

It is likely that the growing demand for liquid biofuels have to be met with higher production of bioenergy crops in Europe, where set aside land will be used for production, as well as with higher imports of ethanol from tropical countries. It is however, important to look at the sustainability of this process as this sometimes has negative effects on their rainforests.

It is also important to take into consideration the total use of the raw material when producing biofuel. For example, if one can only use 25% of its total energy content for biofuel, one has to look at how the remaining 75% can be used. A good example of that is the combined production of electricity and district heating. In the electricity sector, Sweden has large potential to increase the production of bio-electricity, both in the forest industry and in CHP plants in district heating. Sweden can also produce large quantities of wind power. We see a very strong expansion of pellets technology, both for small scale, middle scale and large scale applications. Small-scale pellets heating is today a fully developed and commercially available technology on par with solar heating and geothermal heat pumps. The expansion of bio-electricity combined with district heating results in a decentralized, robust, secure and environmentally friendly power supply. This technology has great potential throughout Europe, not the least in Central and Eastern Europe where district heating systems already are in place. There is also the possibility to use the district heating systems for district cooling, something that should be of great interest especially for the countries in Southern Europe. We would like to see a greater recognition from the Commission of this great potential.

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?

Question 1.5

As described in the "possible way forward", criterion 3 focusses 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?

Question 1.6

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

Questions 1.4-1.6

A more intensive use of forestry land will normally have a negative effect on the biodiversity. However, there are measures to take to ensure the biodiversity, something that the universities in the Baltic Sea Region have extensive research and knowledge about for example regarding cultivation, plant science and its environmental effects. At the same time it is a good idea to not take any major risks

and therefore protect the land associated with exceptional biodiversity. Regarding the definition of the term “exceptional biodiversity”, this is something that should be discussed with experts (academics and practitioners) in the field.

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.

The Baltic Sea Commission would like to emphasize that in our region, much of the future increasing land use would come from the forest, and this must be remembered since one often only hear the agricultural sector being mentioned in the debate. In the forestry sector there are already tools, for example HUGIN, to forecast different scenarios on the development in the long-term, and new one called Heureka under development.

The Commission could report regularly on the land use, but it could easily use already existing national inventory programmes, such as the Swedish National Forest Inventory. By combining the field observations from these national inventory programmes with distant analysis data, it is possible to increase the reliability. By being responsible for these reports, the Commission would also have the opportunities to encourage national inventory programmes and the use of scenario tools in those countries with less experience of such.

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.

The issues of land use should be connected to strong ambitions of an increasing percentage of environmental farming (land use or sales value). More environmental farming would decrease the possible negative effects of an increase in crops plantation. Support should therefore be carried out to entrepreneurs within the agricultural and forestry sectors.

To improve the incentives for entrepreneurs, the restrictions in land use need to be clarified, as the current uncertainty impedes development and makes the landowners more hesitant to taking risks and making investments. Today, this is evident in cases of Natura 2000 areas and other nature reserves. The Baltic Sea Commission underlines that these protected environments are of the outmost importance, but urges the Commission to improve the communication with the landowners as they are often unaware of what they can and cannot do with their land.

The Baltic Sea Commission would also, without taking anyone's party, like to bring the potential conflict of interests in the land into focus. Just because someone owns the land it does not necessarily mean that he/she can decide how to develop his/her land, for example because of utilisation rights for the Sami population in northern Europe. This sometimes results in unresolved conflicts, and the restrictions therefore need to be clarified.

Question 3.1:

How should second-generation biofuels be defined? Should the definition be based on:

a) the type of raw materials from which biofuels are made (for example, "biofuel from cellulosic material")?

b) the type of technology used to produce the biofuel (for example, "biofuels produced using a production technique that is capable of handling cellulosic material")?

c) other criteria (please give details)?

The definition should be based on the energy efficiency.

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.

No answer.

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?

No answer.

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?

Yes.

Question 4.2:

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

Yes, to reach the biofuels target in the transport sector it is necessary to quickly implement the proposed higher 10 percent blending standard for ethanol, and proceed to higher blending also for diesel fuels.

Question 4.3:

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

No answer.

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:

- a) rules that allow 10% blending by volume of ethanol in ordinary petrol, plus**
- b) rules that allow 10% blending by volume of biodiesel in ordinary diesel, plus**
- c) 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?

Yes, and we urge the Commission to stand by its targets even if the review would show that they will be hard to reach, as we have seen that ambitious targets work as an incentive for further research and developments, innovations and motivating the industry as well as the member states to enhance their strategies towards reaching the targets.

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)?

The EU should encourage the members states to have a tax policy that rather than subsidizing biofuel, have a higher tax on fossil fuel. The system with trade with emission rights should also be developed and extended to other areas than those includes in the system today.