



Energy and Transport Directorate-General
European Commission
TREN-BIOFUELS-CONSULTATION@ec.europa.eu

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1. How should a biofuel sustainability system be designed?

As the European Commission desires a simple incentive/support system to further increase the greenhouse gas benefits of EU biofuels then any scheme design should hold to these principles.

EIC would like to draw to the attention of the EU that there are a number of voluntary/company schemes already in existence. The idea of compulsory reporting is a sound one, which, if accompanied by sufficient protection for early movers, will draw on the best of current practice to build a robust accreditation scheme.

There is a risk that if the emerging accreditation schemes appear too complex, or that if protection is not given to early movers, then both investors and developers will not commit until all rules are clear.

There is a strong opportunity for the EU to support and build from the UK RTFO sustainability developments which currently have input from other EU member states such as the Netherlands.

Some of the proposed greenhouse gas saving criteria (JRC/EUCAR/Concawe report) do not fully split out or report accurately certain biofuel “routes to market” emissions performance due to generalisation. There is still insufficient data on the base carbon footprint of various crude sources.

Land use change should form a key part of the criteria where crops are grown on land - but it should be noted that there are other alternatives to “grown” biofuels that can provide strong beneficial feedstocks for biofuel production. It should also be noted that land use change has been occurring for decades as a result of increased food demands and consideration should be undertaken to ensuring the food industry properly reports and reduces its carbon footprint. It is disappointing to see biofuels bearing the full force of land use change publicity and concern rather than the food/cosmetics industry.

Public support for biofuels must be technology neutral and based on outputs. Support should be tied to greenhouse gas savings. This will ensure the products that deliver on carbon saving come to market, whether they are first or second generation biofuels. It would be a major error for Governments to predict which technologies will deliver.

In terms of the responsibility on Member States to ensure criteria are respected then there is still some doubt as to how a fair and uniform approach to this will occur throughout Europe given the differing levels of experience in this field throughout the EU. How will internal transfer of biofuels occur within Europe if one Member State is more lenient with reporting and approvals?

Question 1.1: Do you think the "possible way forward" described above is feasible?

See comment above.

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.)

We would point the EU towards the details in the UK RTFO for specifics. In addition the burden will be different on individual Member States as it is dependent on their current monitoring capabilities.

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.

Please see response above.

Questions relating to individual criteria in box 1

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?

No.

The carbon calculations should relate to normal land use, with exceptional carbon or biodiversity areas protected by criteria 2 and 3.

Question 1.5: 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?

No.

Land is either designated or not. Supply companies have no control over adjacent land use. How is land next to an oil refinery currently defined and controlled from a biodiversity point? Consistency across all traditional and new fuels supplied is the fairest way forward, therefore any criteria needs to apply to both existing fuels supply chains as well as new ones.

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?

The criteria must be simple, and applicable across a range of locations, where possible utilising existing recognised criteria. It needs to be internationally compatible and agreed which may take some time and cause delays in developing the biofuels industry if it is not carefully managed.

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

There is the potential to use large acreages of "waste" lands in Africa and Asia where crops such as *Jatropha* or *Pongamia* could be grown on land that could provide employment and social benefits to the local inhabitants. This is often overshadowed by the high profile publicity that deforestation and food crop substitution receive and that biofuels are highlighted as to blame for.

Just as there has been little actual base carbon foot printing of crude oil sources the same can be said of land use for food/cosmetic oil usage. There is continued growth in the use of crop based vegetable oils in food and cosmetics and these industries should also be held accountable for their carbon effects.

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.

As stated above there are always "knock on" effects with changing markets, some are positive and some negative. On the positive side impoverished farmers may get higher income from their crops, which allows for improved farming methods and social conditions.

On the negative side food crop substitution or deforestation could take place. If universal carbon foot printing were developed including crops for food/cosmetic use then the effects of land use change would be clearly seen by the consumer of the various products. There is an underlying assumption that current vegetable oil crops do not have any carbon effect, this is clearly wrong.

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.

See answer in 2.1 – the carbon effect should be assigned to the appropriate finished product. This will raise consumer awareness and choice.

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

There are lots of promising technologies to for developing biofuels in the future which should receive R&D support.

- Increase the yield of energy and food crops to reduce the demand on land.
- Increase the conversion efficiency of biomass crops, this includes optimisation of feedstock chemical composition, and pre-treatment and processing technologies, so that more energy/transport fuels are obtained per unit of biomass
- Explore the utilisation of grassland (eg ryegrasses, clover and other native species) for energy
- Use high yielding lignocellulosic biomass crops (eg Miscanthus, short rotation coppice) and
- Explore the option of using marine biomass again to reduce the demand on land

However, mitigating in biofuels policy in favour of production techniques that are estimated by the EU to be "advanced" is a fundamentally flawed approach.

Biofuels support policy should be technology neutral. Different fuels should only be rewarded proportionate to the value that they deliver, whether that is energy, carbon, sustainability, or in most cases a combination of the three.

Governments' can then guide the market to develop the best solutions that deliver on their policy objectives.

The promise of second-generation approaches is often an excuse not to engage with existing best practice production, and therefore serves only to delay further improving existing technologies.

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)?

EIC believe that the Commission should be looking at the best methods to get carbon reduction and therefore looking at the cost per tonne of carbon as the measure not an arbitrary 1st or 2nd generation concept.

It is clear that support will be needed in the early stages for certain technologies but if those supports are linked to the carbon savings then the most economic methods will come to the fore. The EU should steer clear of trying to pick "winners".

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.

Fuels should be equally rewarded based on their carbon savings achieved therefore if a so called 2nd generation method achieved twice the carbon saving of a 1st generation method then it rightly would get twice the reward.

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?

See answer to 3.2

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

The EU intends this to develop the market for 10% by energy Biofuels in transport by 2020 and therefore the development of a standard 10% (by volume) inclusion in existing fuels will go some way to helping achieve this but only in parallel to clearly defined incentives to allow higher blends to become economic as well as sustainable.

High blend biofuels offer a differentiated consumer proposition, allowing an individual motorist, or fleet, the ability to significantly reduce the carbon impact of their transport, over and above the prevailing "standard" fuels available.

They should be rewarded on the basis of proportional carbon or sustainability benefits, and great care taken to remove some of the accidental obstacles such as "tail pipe" carbon measurement and the associated tax regimes built on them.

It is clear that a "10%" standard fuel will not deliver the overall target on two counts, firstly it is by volume and not energy and secondly not all current vehicles on the market could use it. As a result the target will not be achieved and missed by some margin. In addition there is growing reluctance amongst fuel retailers to have four "standard" grades on a forecourt at both 5% and 10% levels.

Therefore more must be done to bring about high blend biofuels such as E85, B30, B100 and Pure Plant Oils.

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?

This is a way forward but only to a limited market as many existing vehicles will not be able to run on it. Instead the EU should make B30 a new “standard” diesel grade across the member states as there is existing technology that can use this and as a result deliver much higher carbon dioxide savings *today*.

Question 4.2: Should the legislation include measures to encourage the use of ethanol and biodiesel in high blends? If so, what?

Yes, there should be approved support mechanisms that ensure the economic introduction of products such as B30, E85, B100 and higher EBTE levels with associated specifications which are clear and fair to all parties, and don't get swayed to favour certain country's production or legislation as a protectionist ploy.

Question 4.3: Should the legislation include measures to encourage the use of biomethane, methanol and DME in transport? If so, what?

In addition to 4.2 there should be strong support, and legislation if necessary, for other fuels such as:-

BioMethane - a requirement should be set for all sewage farm upgrades or new builds to be required to capture the Biomethane for re-use. In addition Food and other organic waste should be used to produce BioMethane for use in HGV delivery vehicles. There is a virtuous circle from food producer/processor to the supermarkets which require HGVs for deliveries. Directives to ensure capture of waste streams and conversion to Biomethane should be considered by the EU.

Methanol - there is concern over the toxicity of Methanol and its use by the general public along with transport concerns (spillages into water courses).

Much is spoken of the BTL and GTL options but the true carbon savings are not yet clear and in some cases they are worse than other options for the initial raw material.

I trust you will find these comments useful.

Yours sincerely,



Merlin Hyman
EIC Director