Questions on Biofuel Issues in the New Legislation on the Promotion of Renewable Energy

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

- Before EU commits to a further increase in the use of biofuels, the way forward now would be to ensure member countries comply with current Biofuel Directive. Considerable variations in requirements and compliance to date among EU member states- this ought to be streamlined. Likewise, developing and least developed countries have to strike a balance between sustainable development goals and socio-economic progress.

- As such it is important that any biofuel policy should not be discriminatory. In this context the definition of 'biodiversity' and 'biofuel feedstock' are made generally. Land conversion must occur but must be uniform (non-discriminatory) globally to meet increasing food, wood products and other uses of land conversion of the world population which is the main market for food and biocrops today.

- In the case of issues related to land use and the question of high biodiversity value, the foremost challenge is its feasibility. Based on the progress so far achieved in the case of other Sustainable Development Initiatives i.e. Tropical Timber Certification Scheme, The Carbon Credits Scheme the "possible Way Forward" BSS option is quite feasible.

- EC will have to be more sensitive to the contextual realities of Third World countries and private sector companies operating there. Particularly important will be the need to ensure these countries are not lumped together because of their geographical contiguity or cultural symmetry like Indonesia and Malaysia for example. Deforestation for oil palm cultivation may be a characteristic of the agriculture of one country and not the other. And this must be factored in any generic evaluation of biofuel production in these countries.

- The possible way is feasible provided:

(a) Objective definition of high biodiversity value (e.g. RSPO's P&C) is available including alternative equivalents with the same connotation
(b) Use of such words like 'environmentally-harmful' systems should be avoided as much as words like 'environmentally-friendly' are generally not accepted in international standards.
(c) Minimum level of greenhouse gas emission savings (criterion 1) - measurement should follow established standards such as ISO and the boundaries for measuring the savings should be comparable i.e. diesel starts with oil wells; biofuels to start with planting materials? Common modeling of carbon sinks and/or sequestration should be developed.
(d) Criterion 2 - should not have a blanket requirement for wetlands but provide an avenue to prove good practices right from the start of wetlands clearing, setting limits if necessary.
(e) Criterion 3 - 'exceptional biodiversity' should not be narrowly defined to imply any geographical location and should be quantitative rather than descriptive.

Q 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)

- The burden now is to ensure compliance both in importing EU member states and/or exporting developing countries

- Calculating land use change directly associated to biofuel is not feasible considering the reasons to open up new land for poverty reduction/eradication, food requirements, wood production and urbanization. Therefore the suggested sustainability criteria need to be harmonised.

- The burden of compliance will incur additional costs.

- Also the administrative burden will certainly be formidable in terms of the length of the 'reporting, verification and monitoring' process and its effects on the biofuels production and delivery system from "well-to-wheel". Whatever the approach or practice adopted the Biofuels Sustainability System (BSS) could find itself caught in the morass of bureaucratic red-tape and protracted negotiation if left to the public sector per se. The private sector biofuels producers and suppliers and their representative organizations e.g. Round Table for Sustainable Palm Oil (RSPO) should be brought onto the forefront of the BSS design process.

- Further, the administrative burden is likely to involve the entire supply chain. The cost of collecting data will be high considering verification and certification is required, as should be the case.

- Such an administrative burden will be huge yet capital, capacity building and human resource inputs need to be put up by the developing countries along with EU member states. A sharing system will have to be developed as evidenced in RSPO system.

Q 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?

- In a nutshell, compliance to RSPO and other feedstock-based sustainability initiatives would result in a more orderly development of biofuels.

- Biofuels producers and suppliers want the governments and private sector to lead all negotiations with EU Member States and EC on sustainability criteria design and implementation.

- As land use conversion in developing countries is not solely and directly associated to biofuels per se, it would be impossible to identify and enforce the concept of "sustainability" in the implementation.

- It does not ensure a level-playing field.

- It is most important that BSS via “Possible Way Forward” is designed as a facilitating instrument for increased biofuels use. However, it should not be allowed to be manipulated by interest groups and populist politics.

- Primary business objectives of biofuels producers/suppliers in Third World Countries are eager to implement transparent measures that would prevent biodiversity loss and become victims of climatic surges like Tsunami, floods, soil desertification, drought etc. They also want to see sustained sale of their products over the long-term via further development of improved international sustainability criteria.

- Government and private sectors should lead high level public awareness programmes on their efforts to protect biodiversity and increased biofuels use in their own respective national energy programs.

- The BSS following the RSPO model/system will eliminate any discrimination between the domestic production in EU member states and imports thereby removing possible non-tariff barriers (NTBs) to trade.

- Criteria like land use change, biodiversity and CO_2 neutrality being relevant must be seen through a regional perspective such as crops, socio-economic considerations and local community aspirations.

- A strong regional focus, through the understanding of local dynamics and the criteria is needed. RSPO is championing the sustainability cause, therefore it should be allowed to work actively in the interest of all stakeholders.

- Easier implementation of BSS will be facilitated by adopting the RSPO criteria, indicators and guidelines.

If you think the problem should be tackled in a different way, please say how, giving details of the procedures that would be used.

- The biofuels euphoria has passed. Lets bring some realism and sanity into the biofuels market. EU should establish and stabilise the demand quantum for the producers to meet. Let us not cloud this with sustainability, CER and other distractions. Treat this as a renewable fuel that complements fossil-based fuels before we put biofuels on the pedestal.

- Needs to involve RSPO and other like initiatives more actively and allow them to take a proactive role in designing and implementing this on a regional basis.

- It should not be discriminatory on a product or on regional basis. Any kind of selective approach would lead to a failure of the initiative.

Questions relating to individual criteria in box 1

Q 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?

- We should avoid or manage a transition of carbon critical land like peatland by making these landbanks as carbon reserves. Transition of existing peat plantations should be made over a period of time.

- The method to determine land use is not solely to produce biofuels feedstocks. It should look at land utilization practices over a given period of time with respect to the particular region or country where the land in question is sited.

- Any land use method should make provision for the feature of arid land. In the case of Malaysia idle land or "tanah terbiar" is a reality ascribable as much to natural vegetation systems as to rural land inheritance law systems.

Q 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?

- It is first important to formulate a consensual definition for "exceptional biodiversity." For it to be scientifically based, transparent and non-discriminatory, it would be necessary to rope in services of a cross-cultural team of biodiversity experts with assistance from International forestry and biodiversity organizations.

- This could be best done if a consensual and standardised methodology is developed within the framework of an International Organisation like United Nations or its agencies. One cannot talk about biodiversity in isolation without taking into account total landmass of the particular state. Each country or state must be allowed to develop its land so long as a certain percentage is set aside for conservation purposes.

- More over, while applying biodiversity, one has to consider extinction rate where endangered species are protected. This should be an important focus of biodiversity criteria.

Q 1.6: How could the term "exceptional biodiversity" (in criterion 3) be defined in a way that is scientifically based, transparent and non-discriminatory?

- There is in fact no necessity to define 'exceptional biodiversity'. RSPO and other adopted equivalents should suffice.

Q 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.

- It is incumbent upon the EC to achieve its BSS objective via the involvement of Third Countries that are in position to contribute to EU biofuels utilisation targets.

- This could be best done by an auditing and verification process of their land use changes and biofuels production capacity pari passu with their compliance to agreed sustainability criteria.

Q 2.2: Do you think it is possible to link indirect land use effects to individual consignments of biofuel? Is so, please say how.

- This may be desirable but presents a host of implementation challenges and problems.

- This should be avoided due to the ambiguities it entails e.g "slash and burn" is a way of life in certain parts of Third Countries. When one lands and leave the Pontianak Airport in Kalimantan, one will see fires on both sides of the road leading into the city. This is the way of life of the local farming community.

Q. 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)?

- Second generation biofuels must be created from feedstocks or materials (biomass based products) which do not require additional land use conversion.
- Also encompass synthetic fuels – (gas -to -liquid and carbon - to- liquid).

Q 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.

- Second-generation must be supported but not at the disadvantage of the 1st generation.
- Any technology which employs and generates fuel of respectable quality and application, other than what was described above should be encouraged under this scheme.
- Third World Countries should be encouraged such that when the time comes, those involved in the production of second-generation biofuels (e.g from palm biomass) are in a position to benefit from these subsidies.

Q 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?

- Yes! But without requiring additional land conversion solely for the planting of the relevant base materials.
- Second generation biofuels share of national biofuels obligations and their entitlement to subsidies should be put on hold until they achieve a defined level of greenhouse savings.

Q 4.1 Should the legislation include the measures to ensure that diesel containing 10% biodiesel (by volume) can be placed on the market, and is in fact placed on the market?

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

Q4.3 Should the legislation include measures to encourage the use of biomethane?methanol and DME in transport? If so, what?

Q 4.4: 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?

- Targets must be consistent with availability of feedstock the world can produce within a tolerable rate of land conversion globally. It cannot be arbitrarily determined, in other words it should be done in consultation with all stakeholders.

- The 2020 10% biofuel share by energy content can be met by:
  - Direct blending of Ethanol and Biodiesel
  - Encouraging Ethanol and Biodiesel in higher blend ratios
  - Using other biofuels e.g jathropha
  - New types of biofuels like BTL and Fischer Tropsch Diesel

- Promotion of biofuels should be based on the energy efficiency conversion factor and not arbitrarily. If we have to achieve certain green house gas reduction, what is the best option? For example, Biodiesel is more energy efficient compared to bioethanol. Is it not more logical to maximize the Biodiesel incorporation percentage before we move on to bioethanol? This ought to be carefully studied before projecting the targets.

- To review and monitor the conformance to target on an annual basis. The Commission may revise targets based on the yearly performance.

- The Commission should invite representatives of relevant stakeholders to a global intellectual forum and debate on ways and means on how to achieve the set targets rather than giving up.

Q 4.5: 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)?

- Taxation should be used as an incentive (**not** subsidy) in promoting the use of biofuels.

- A less "tiered" taxation would normally lead to a more effective implementation regime

- The second-generation biofuels ventures are financially more risky and need enhanced incentives and tax breaks. Otherwise this initiative would not take off. To incentivise the industry.