



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2011)

Opinion

Title **Impact Assessment for indirect land-use change related to biofuels**

(resubmitted draft version of 27 July 2011)

(A) Context

The Renewable Energy Directive and the Fuel Quality Directive do not address the greenhouse gas emissions associated with any indirect land-use change triggered by increased biofuel production but request the Commission to review the issue by 31 December 2010 and subsequently make any proposal that may be deemed appropriate. The Commission published a report on indirect land-use change on the 22 December 2010. That report set out preliminary conclusions and committed the Commission to prepare an Impact Assessment on the four options identified in the report as a basis for a legislative proposal to amend the Directives, if appropriate.

(B) Overall assessment

While the earlier Impact Assessment Board recommendations have been followed to some extent, the IA report should be improved on several remaining points. Firstly, further effort is needed in order to present the impacts of the analysed measures more clearly. Secondly, the options need to be compared to the baseline scenario, with uncertainties clearly flagged up. Thirdly, the report should be clearer with regard to the contribution of different options to lower the risk of emissions resulting from indirect land use change. Finally, the intervention logic should be strengthened by focusing on the identified problems.

(C) Main recommendations for improvements

(1) Further improve assessment of impacts. While the report contains a considerable amount of information, some issues require further clarification. The report should make clearer what the potential impact may be on the biofuel producers and automotive industry of a potential shift from biodiesel production to bioethanol (which would be likely to occur under option D). The scale of the effort required of biofuel producers should be made clear; the report should be clear if there would be any sunk costs and if so indicate their order of magnitude, or whether incremental adjustments to the existing installations could be made. Factors such as different efforts by Member States needed to

achieve 2020 targets, their taxation policies and the impact on fuel and food prices should be discussed in order to better capture potential consumer impacts. Administrative costs need to be assessed in much greater detail, in particular for options foreseeing emission credits for specific production techniques of individual biofuels. Given that the December 2010 report (COM(2010) 811) indicated that if action is required, indirect land use change should be addressed following a precautionary approach, and given the wide range of uncertainties, the IA report should present in a clear manner how, and at what cost, each option (and the respective combinations of options) would reduce the risk of undesirable emissions from indirect land use change.

(2) Strengthen comparison of options. The IA report should compare options and their combinations to the baseline scenario (currently marked as option A). The comparison of options, in particular in the table in section 6, should be done more consistently (all major elements should be represented in the table for each option and combination) and a further effort is needed to quantify the expected impacts. The IA report should also explain the reason for the very wide range of expected values for carbon emissions under option C1 (between a reduction of 740Mt and an increase of 3Mt of CO₂), and make a further effort to narrow this down, e.g. by discussing confidence levels. It should clarify why other possible options, for example analysing the impacts of limiting the overall share of first-generation biofuels, have not been considered. Finally, the report should more consistently discuss timing issues (dates of introducing specific measures) for all options and the associated packages.

(3) Present clearer intervention logic. Further efforts are needed in order to better link the objectives to the identified problems. Rather than repeating the general context and general policy targets (such as biofuel share in 2020), the report should strengthen links with 2020 targets and focus the objectives on the problems identified earlier on in the IA. The logical flow between the different sections can also be improved by ensuring that the description of the policy options does not already contain elements of their assessment. Finally, the report needs to be more transparent about how the analysed measures would work in practice.

(D) Procedure and presentation

The report should be shortened to better respect the page limit set in the IA Guidelines. While there is no requirement to indicate one preferred option, the report should be clearer which of the options and their combinations would perform best (taking into account all trade-offs and synergies), and how timing (entry into force) of the measures would differ under each of them. Consistent numbering of tables would increase readability. Annex XIV should include scenario D4. The Executive Summary should be clearer about the measures and impacts proposed.

(E) IAB scrutiny process

Reference number	2011/ENER+CLIMA/021
External expertise used	No
Date of IAB meeting	The present opinion concerns a resubmitted draft IA report. The first opinion was issued on 6 May 2011.