

Biofuels

Commission U-turns on sustainability rules

By Marie-Martine Buckens | Wednesday 17 October 2012

In the end the European Commission has decided not to make the introduction of the Indirect Land Use Change (ILUC) criteria compulsory to determine the 'sustainable' nature of biofuels. However, it proposes to cap at 5% the share of first-generation biofuels that can be used to meet the 10% renewable energy target of the Renewable Energy Directive. These are the main points of the proposal adopted by the Commission on 17 October and presented to the press by Günther Oettinger and Connie Hedegaard, respectively the commissioners for energy and climate. These changes will lead to a revision of the Directive 2009/30/EC on the quality of fuels and of Directive 2009/28/EC on renewable energy. Such a proposal as the Commission has made is one whose impact on the future of biofuels in Europe is difficult to predict, and which leaves everyone unsatisfied – both those in favour of making ILUC compulsory (including NGOs and most probably the oil industry) and the European producers of bioethanol and biodiesel unsatisfied.

REINFORCEMENT OF CRITERIA

The 2009 Renewable Energy Directive requires a 10% share of renewable energy in the transport sector by 2020; the Fuel Quality Directive sets a target of a 6% greenhouse gas (GhG) reduction for fuels used in the transport sector in 2020. To avoid possible negative side-effects, both directives impose sustainability criteria that biofuels and bioliquids need to meet in order to count towards the targets and receive support. The biofuels sustainability criteria, which are in force today, prevent the direct conversion of forests and wetlands and areas with a high biodiversity value for biofuel production and require that biofuels must emit a minimum of 35% less greenhouse gases than the fossil fuels they replace. The Commission is proposing to bolster this requirement to 50% in 2017. This reduction applies to existing installations. The minimum greenhouse gas saving threshold for new installations is increased to 60%, it should take effect when the text has been approved by the Council. The European executive has dropped its initial idea of imposing ILUC criteria on biofuels produced in the EU or imported. However, in the annexes of the draft revised directives, the Commission defines ILUC factors which protagonists (member states for the directive on renewable energy, fuel providers for the directive on the quality of fuels) will have to include in the reports they have to submit under the two directives. The annexes also include measures allowing to calculate the sustainability of 2nd and 3rd generation biofuels (algae, straw, wood waste) which the European executive would like to promote as long provided they don't compete with food, as is the case with first-generation biofuels.

In answer to repeated criticism from the European fuel industry, Commissioner for Climate Action Connie Hedegaard told the press: "[w]e are of course not closing down first generation biofuels" but we are sending a clear signal that future increases in biofuels must come from advanced biofuels. Everything else will be unsustainable". "We are staying in a bioeconomy," Hedegaard stressed. She added that the proposal adopted on 17 October was only the first step, and that the next step – which she gave no dates for – would be to propose far more precise ILUC factors. The next step,

Commissioner Oettinger said, could also include a new directive on engines. The two commissioners specified that only if they meet these criteria will biofuels be eligible for aid. The commissioner for climate also pointed out that no first-generation fuels will be eligible for aid after 2020.

Lastly, the Commission is proposing to cap the share of first generation biofuels in transports at 5%, within the 10% target laid down in the Directive on Renewable Energy. This measure should not freeze production of these biofuels at a level they are in fact already close to reaching (incorporation rate currently 4.5%). European producers are in no way prevented from producing these biofuels, even beyond the 5% threshold – as long as they meet the sustainability criteria. It is only that anything beyond 5% cannot be counted by member states to meet their targets in terms of renewable energy.

FIRST REACTIONS

The immediate reactions from NGOs and the biofuels industry were mixed. Commenting on behalf of Greenpeace, EU Transport Policy Director Franziska Achterberg criticised the Commission's proposal for its failure to "reverse the biomes". "If this proposal becomes law, biofuels more damaging to the climate than crude oil will still be used to meet green transport targets," said Achterberg. Greenpeace argues that the proposed 5% cap on the amount of biofuels made from food crops up to 2020 is too high. It criticises the Commission's efforts to encourage production of second generation biofuels from waste and residues without setting environmental safeguards. "Biofuels from waste can meet part of Europe's transport needs, but other options should take priority, including energy savings and more renewable power in road and rail transport," said Greenpeace.

Oxfam also criticised the Commission's proposal for not going far enough to address the flaws of the current biofuels policy. It slammed the EU executive for giving in to the biofuels industry by keeping public support for biofuels. In a statement issued the same day, Marc Olivier Herman, Oxfam's EU biofuels expert, underlined that the proposed 5% cap is higher than the current level of consumption of first generation biofuels in Europe. "With close to 900 million people suffering hunger in the world what is needed is a rapid phase out of these biofuels," he argued.

Transport & Environment said that the proposed obligation to monitor the impact of indirect land use change (ILUC) on greenhouse gas emissions from biofuels will not solve the key environmental issue of halting production of unsustainable biofuels as high-carbon biofuels would still be allowed to count for meeting the reduction targets for renewable energy in transport.