



● Biofuels in the Renewable Energy Directive

AGRINERGY Conference,
Brussels, 19th May 2008





- Summary of the Commission's proposal
- Biofuel sustainability requirements
- Review

● Package of energy and climate measures

- Reform of EU emissions trading scheme (ETS)
- National targets for greenhouse gas emissions in non-ETS sectors (buildings, transport, agriculture)
- Directive on Carbon Capture and Storage (CCS)
- Renewable Energy Directive
- Reform of environmental state aid guidelines

Renewable Energy Directive

- Sets **targets** for 2020:
 - » National targets for the overall share of renewable energy (adding up to 20%)
 - » Targets for renewable energy in transport (10%)
- **Flexibility** in meeting targets:
 - » Electricity and large-scale heat consumed in one Member State can count towards the target of another
- Removing **obstacles** to the use of renewable energy:
 - » Improving administrative procedures, information provision and grid access
 - » Higher blends of biofuel in diesel
- Improving the **performance** of renewable energy
 - » Efficient forms of renewable energy in buildings
 - » Biofuel sustainability and national reporting
 - » Incentive for second-generation biofuels

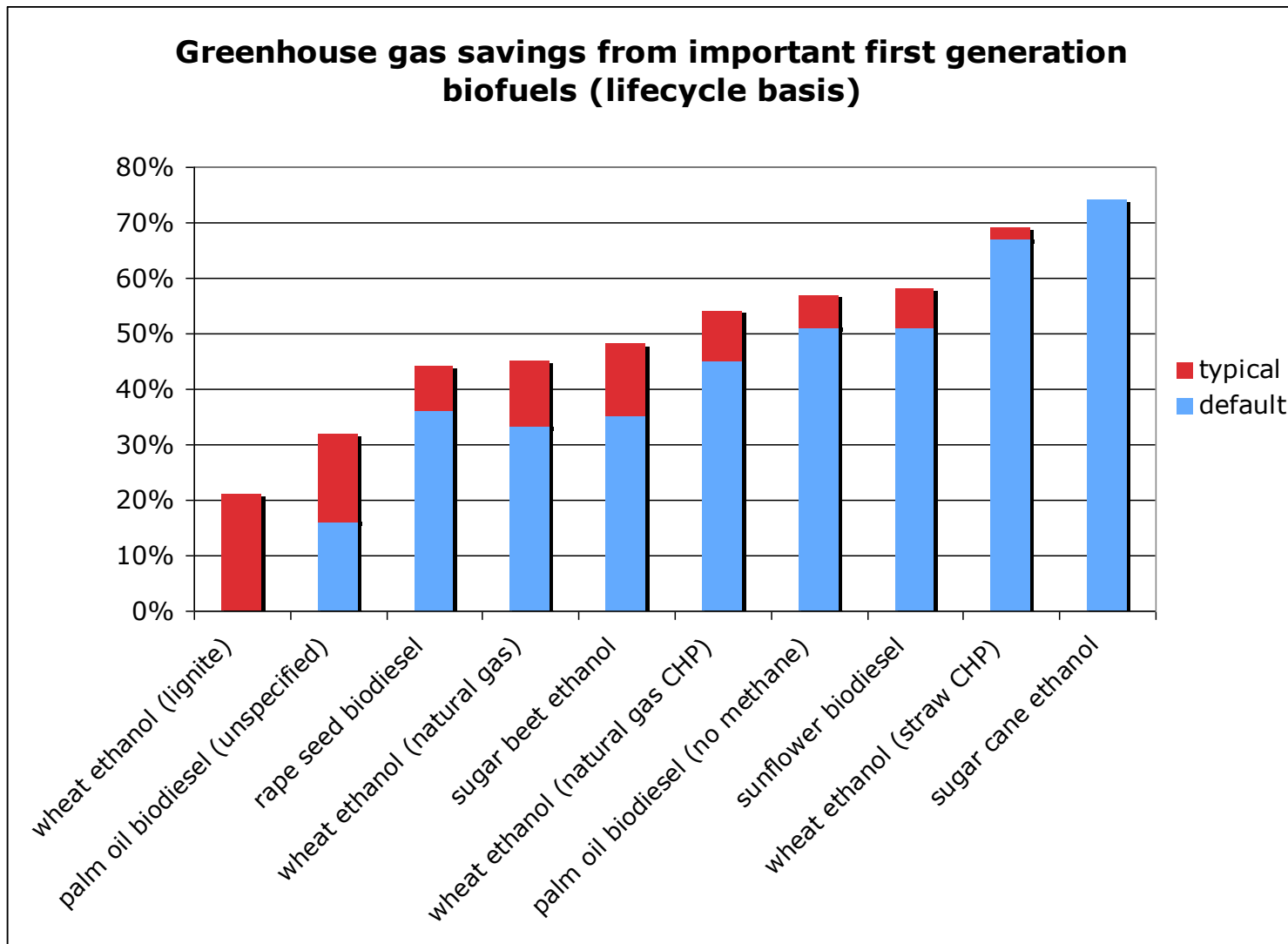
- Biofuel sustainability issues
 - Greenhouse gas impact
 - Land use
 - Impacts on people in poverty

● Greenhouse gas impact

● Sustainability criterion:

- » Minimum requirement for GHG saving, relative to fossil fuel, of at least 35%

● To bear in mind: most biofuels already save more than 35%



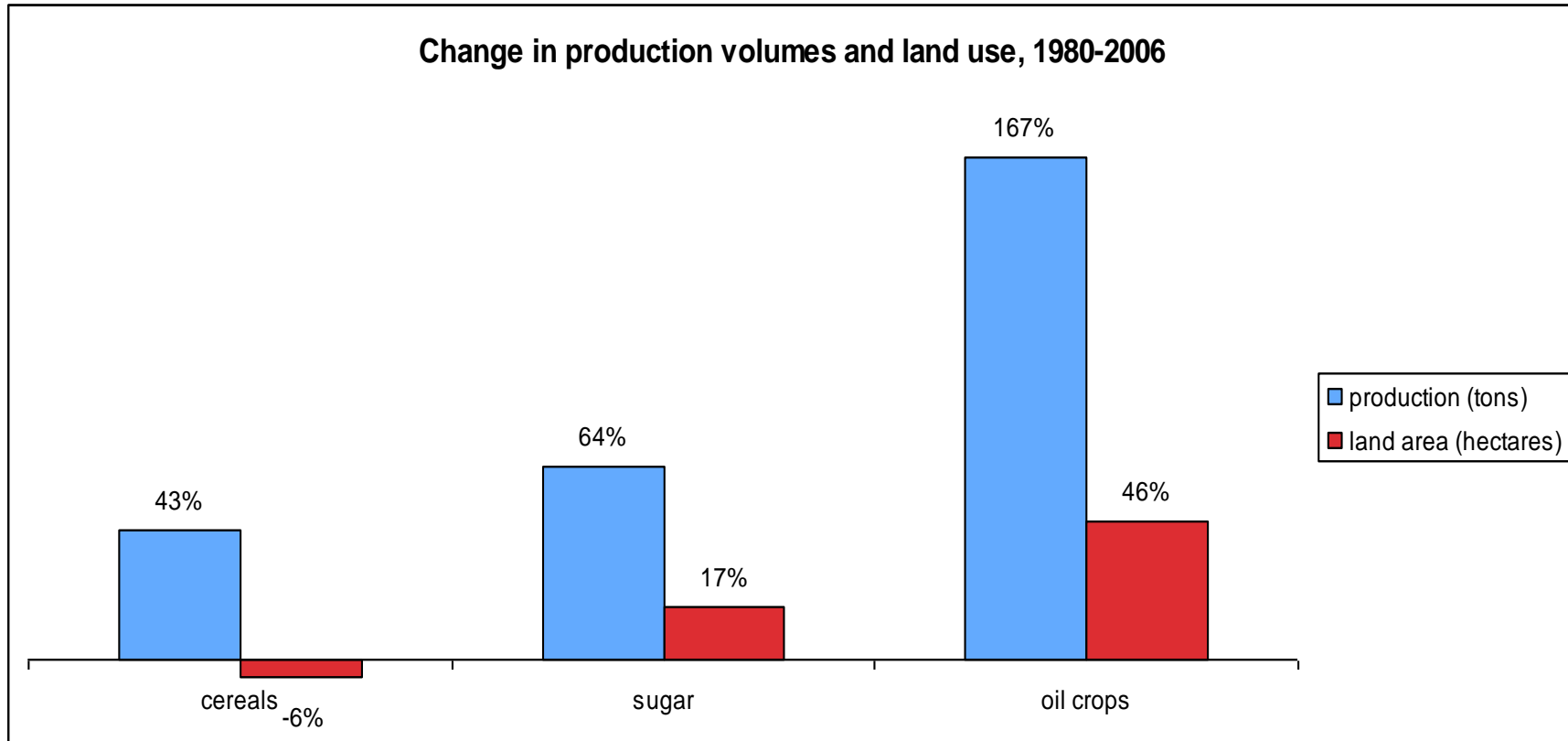
Source: proposed renewable energy directive (data from JEC consortium)

Land use impact

Sustainability criteria:

- » Land use change is counted in the greenhouse gas calculation
- » No conversion of wetland or ‘continuously forested area’
- » No raw material from forest undisturbed by significant human activity or from highly biodiverse grassland
- » No raw material from nature protection areas unless compatible with nature protection
- » Specific disincentive for raw material from EU land liable to high N₂O emissions from cultivation (Article 17(2) and 17(3))
- » Specific incentive for crops from idle lands and desert (annex VII.C.8)

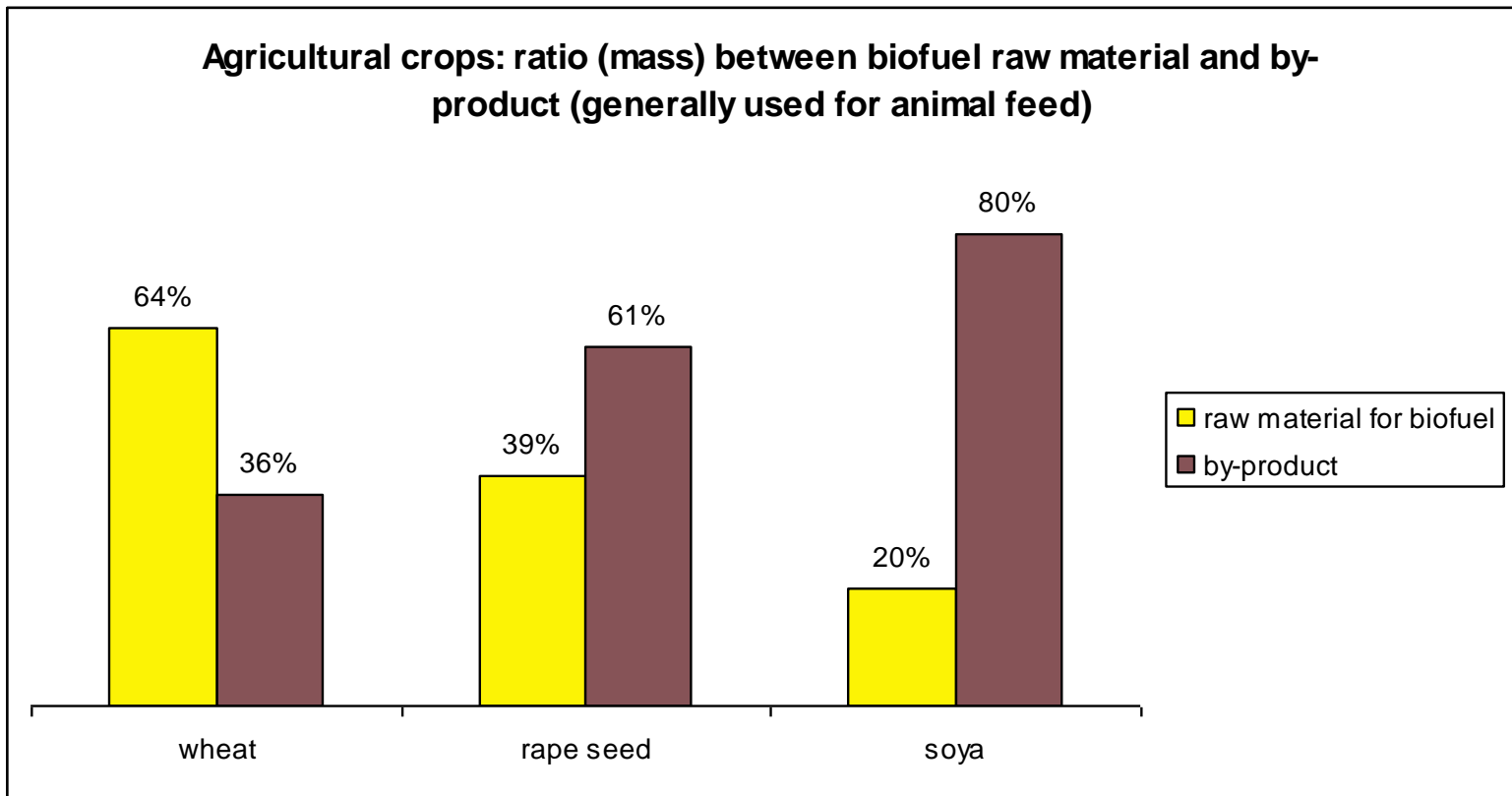
- **To bear in mind:** increased demand for agricultural commodities *in general* is met mainly through productivity increases, not land use change



Source: FAOSTAT



To bear in mind: for biofuels *in particular*, some of the extra demand for land is offset by reduced demand for other agricultural products (replaced by biofuel by-products)



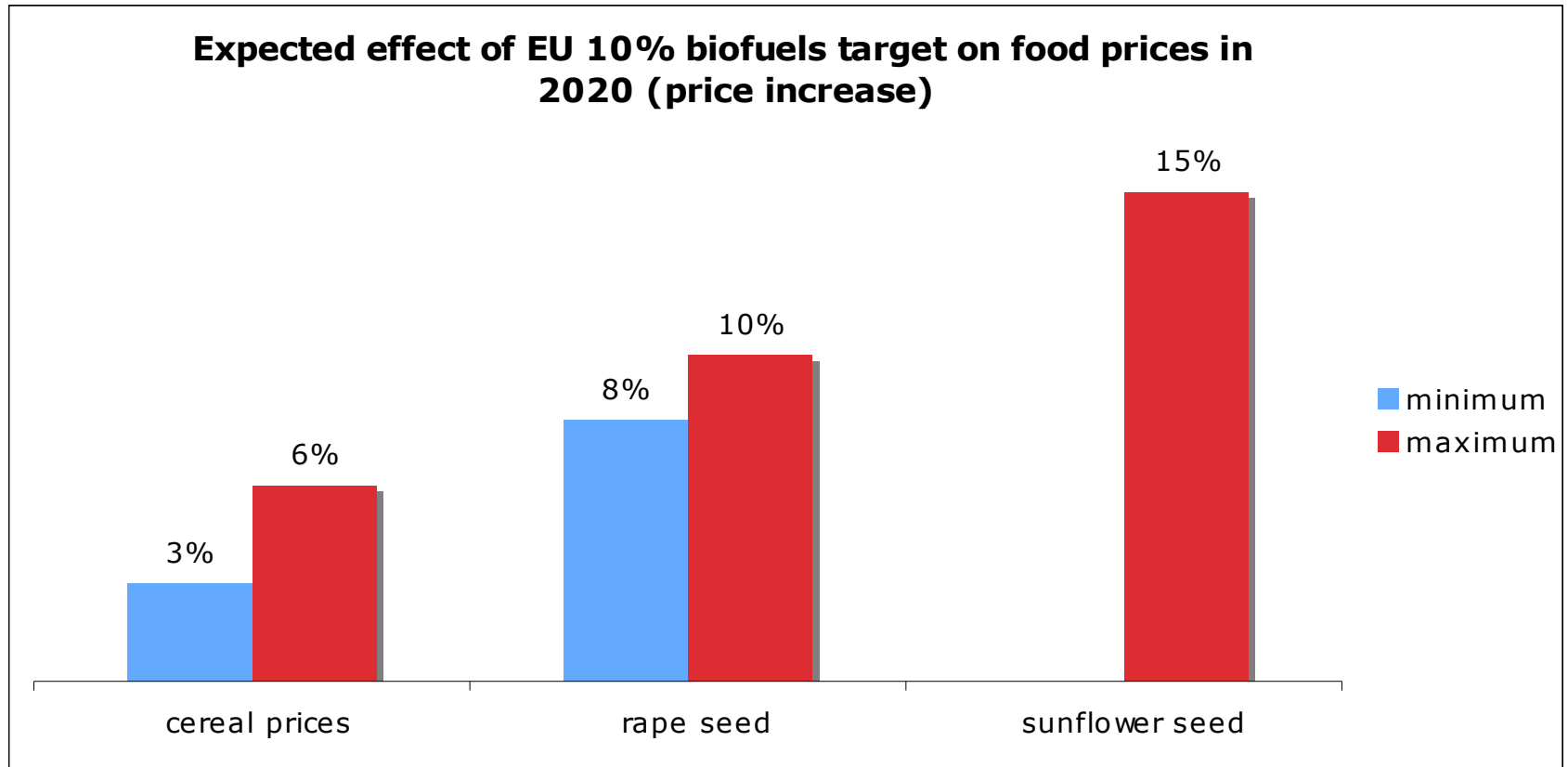
Source: Sheffield Hallam University (2004); Technical assistance for various aspects related to the promotion of the use of biofuels in the EU - Eltrop et al. (2007)

- Impacts on people in poverty
 - Difficult to link to individual consignments of biofuel

and

 - Raises issue under international law
- therefore
- Addressed through monitoring and reporting, including food security effects

● **To bear in mind:** effect of the 10% target on food prices is expected to be relatively small



Source: Commission services paper 'The impact of a minimum 10% obligation for biofuel use in the EU-27 in 2020 on agricultural markets The impact of a minimum 10% obligation for biofuel use in the EU-27 in 2020 on agricultural markets'



To bear in mind: the link between food price increases and food security is not necessarily negative

“The impact on food security needs to be analysed in the context not only of higher food prices and lower availability but also in terms of rising incomes for farmers and rural areas ... As 70 percent of the poor live in rural areas, the overall net effect on food security could be positive”

- J. Schmidhuber, Senior Economist, FAO (2006)

- Penalties for not fulfilling the EU criteria
 - Biofuels do not count towards EU targets
 - Biofuels may not benefit from tax exemptions etc.
 - Biofuels do not count towards national biofuel obligations

(Art. 15.1)

- Review: Member States report every two years on:
 - Developments in the availability and use of biomass resources for energy purposes
 - Price and land use effects of biomass use
 - Impacts of biofuel production on biodiversity, water resources, water quality and soil quality

(Art. 19.1)

● Commission report every two years on:

- Environmental costs and benefits of different biofuels
- Impact of increased demand for biofuels on sustainability
- Impact for EU biofuel policy on the availability of foodstuffs in developing countries and the ability of people in developing countries to afford them
- Impact of increased demand for biomass on biomass-using sectors

(Art. 20.5)

● STATE OF PLAY:

- Sustainability criteria will also apply to Fuel Quality Directive
- Ad hoc working group of the Council is working on the criteria – work continues
- In the Parliament, sustainability criteria will probably be voted in the ENVI committee - before the summer