



European Federation for
TRANSPORT and ENVIRONMENT

Response of the European Federation for Transport and Environment (T&E) to the consultation of the European Commission on the review of the biofuels directive

T&E, Brussels, 10 July 2006

T&E is the European umbrella organisation of 44 non-governmental organisations in 20 countries working on sustainable transport. T&E welcomes the opportunity to submit comments to this consultation.

In some cases we felt it was inappropriate for us to answer the questions, for example because commercial players are better placed to answer them. In such cases we wrote 'n.a.'

Question 1.1:

Is the objective of promoting biofuels still valid?

Answer:

This strongly depends on the policy contexts and targets and instruments adopted. In the current context our answer is no. The biofuels policy should be placed in the context of the following three objectives:

1. Reducing overall energy consumption by transport. The overall objective of energy and climate policy should be to reduce overall fuel consumption, including biofuels. More use of biofuels in itself is not a good thing. The Sustainable Development Strategy (adopted 16 June 2006) contained an operational objective to arrive at sustainable levels of energy use and to reduce greenhouse gas emissions from transport. The White Paper on the mid-term review of the Common Transport Policy (adopted 22 June 2006) does not contain this objective and also drops the objective to decouple transport growth from economic growth. Currently the EU is not ambitious in reduction of fuel use, and still strongly promotes more biofuels. In this policy context promotion of biofuels does in our view not make sense;
2. Lowering the average carbon intensity (grammes of well-to-wheel CO₂ emissions per MJ of fuel burnt) of the remaining fuels. Biofuels are one way of achieving such a lower carbon intensity. Limiting use of fuels with HIGHER well-to-wheel GHG emissions, such as petrol and diesel produced from unconventional oil, or synthetic petrol and diesel, is another part of the story. When dealing with biofuels, the well-to-wheel carbon content should be the basis for policies and targets, not the volume;
3. Ensuring that any increase of the use of biofuels is sustainable in not-climate terms, in terms of e.g. pesticides, biodiversity, and global justice. In this respect, neither current EU agriculture policy nor international trade rules reassure us.

Question 2.1:

With existing policies and measures, will biofuels achieve a market share of 5.75% in the European Union by the end of 2010? (Please give reasons for your answer)

Answer

n.a.

Question 2.2:

What are the main factors favouring the development of biofuel use in the EU? What are the main obstacles?

Answer

n.a.

Question 3.1

Looking towards 2010, is the present European system of indicative targets and support for biofuels appropriate or does it need to be changed?

Answer

As said under our answer to question 1.1, we believe that the system should be changed with mandatory EU-wide reductions of energy use and mandatory EU-wide reduction of carbon intensity of remaining fuels, for example through use of biomass, as well as with biodiversity guarantees.

We also firmly believe that no public money (subsidies) should be used to promote biofuels. The polluter should pay, not the taxpayer. Obligations to achieve a certain carbon reduction objectives through biofuels are a much better solution than tax breaks.

Question 3.2

What are your views on the advantages and disadvantages of the options described in section 3.2 of this paper?

Answer

All options depart from the assumption that 'all biofuels are good'. This approach could do more harm than good and should be abandoned. It should be replaced with objectives as described under the answers to question 1. We think EU wide targets for this are necessary, but do not necessarily think the targets should be equal for all member states.

Specific obligations to achieve carbon intensity reductions through biofuels for different countries could, for example, be agreed upon through a 'burden sharing agreement', between upper and lower boundaries to limit variations across the EU. In our view Member States should also, within limits, be free to meet targets through application of biomass in fixed sources. Member States that are very concerned about oil dependence can decide not to use this freedom. Member States that are less concerned over this should be given the opportunity to optimise the environmental and cost-effectiveness of biomass application (as use of biomass in fixed sources is generally much cheaper and more energy efficient than conversion into biofuel).

Such a system gives better environmental and energy security guarantees while at the same time being more flexible and more cost effective:

- it takes better into account the different possibilities Member States have;
- it gives more certainty for all stakeholders than the current indicative targets that each individual member state is supposed to achieve;
- it gives guarantees for achieving environmental objectives
- it offers more possibilities to optimise environmental and cost effectiveness through more flexibility and giving member states the opportunity to use more biomass in fixed sources

Question 3.3

How should the option(s) you favour be put into practice?

Answer

See answer to previous question.

Question 3.4

Should other options than those in section 3.2 be considered?

Answer

Yes: targets should not relate to the quantity of biofuel use but the quality: how much GHG they reduce and other sustainability requirements.

Question 4.1

Should there be a system – for example, a system of certificates - to ensure that biofuels have been made from raw materials whose cultivation meets minimum environmental standards?

If so,

- *What should be addressed in the standards?*
- *How should the system work? Are there good models to draw on?*
- *Should the biofuels directive be amended so that only biofuels which comply with environmental sustainability standards count towards its targets?*

Answer

Yes, this is one of our key wishes. There should not just be minimum requirements, but also a system in which a 'good' biofuel gets more points than a bad one. See next point.

Question 4.2

Should a wider system of certificates be introduced, indicating the greenhouse gas and/or security of supply impact of each type of biofuel?

If so,

- *How should this certification system work?*
- *How should the greenhouse gas and/or security of supply benefits of different biofuels be measured? 15*
- *Should biofuels with good greenhouse gas and/or security of supply performance be rewarded within biofuel support systems for biofuels? If yes, how?*

Answer

EU policy could use elements of the GHG reporting system that is now used by the LowCVP (UK's Low Carbon Vehicle Partnership) and build on that.

The system should be significantly strengthened by linking incentives (points to be gained under an obligation system) to the greenhouse gas performance of a fuel. As a default, a worst case scenario should be used that could award, for example, 1 point per litre of biofuel. Suppliers should be able to improve this score by showing that the environmental performance is better than the worst case default. Obviously, the default and the points to be gained should be set at a level that encourages reporting and the use of 'good' fuels so that the maximum number of points to be gained for a 'good' fuel is significantly, for example an order of magnitude, higher than for a 'bad' fuel.

Of course, the reporting should be streamlined and be done in a transparent and uniform format as possible, and reports should be independently verified and audited. This approach avoids a reporting *obligation* but gives a strong market-based incentive to do it and create transparency about the environmental performance of the biofuel in question.

Question 4.3

Should there be a scheme to reward second-generation biofuels (made with processes that can accept a wider range of biomass) within biofuel support systems?

Answer

In general we strongly prefer to incentivise 'good' biofuels over 'bad' ones, but the split 'first/second generation' is too general. Variations within first and second generation biofuels are very big too and any system should be designed to capture all differences, not just those between first and second generation.

Question 5.1

Should the EU continue acting in favour of biofuels after 2010?

Answer

Again, the EU should continue to favour 'good' biofuels and stop favouring 'bad' ones. Subsidies and tax breaks should be stopped and replaced by obligations.

Question 5.2

If the EU is to continue acting in favour of biofuels after 2010, should this action include or exclude the definition of a quantified target for biofuels?

Answer

Again: the target should not apply to biofuels but to environmental performance of biofuels in which 'good' biofuels count for more than 'bad' ones.

Question 5.3

Should EU action include the following measures (which could be pursued without defining a quantified target):

- a) support for research, development and dissemination of good practice?*
- b) continued Community financial support for the supply of biofuels and their feedstocks?*
- c) continued scope for Member States to support biofuels through tax reductions/exemptions?*
- d) the labelling of all fuel to show the proportion of biofuel it contains?*
- e) a campaign to inform consumers of the benefits of biofuels?*
- f) any other options?*

Answer

We favour abolition of all forms of financial support except R&D (so abolish b and c) and replace it with a system of environmental performance-based obligations so that there is a guaranteed decarbonisation of transport fuels. If the system is set up right, market forces will subsequently ensure the best allocation of capital and taxpayers' money will not be needed.

Question 5.4

If the EU is to define a quantified target for biofuels after 2010, what should it be? What year(s) should it relate to - 2015? 2020? both?

Answer

Again, we do NOT favour a volume-based target for biofuels, but could envisage an objective of, for example, 10% decarbonisation of transport fuels through biofuels by 2020. Targets should not be set in the order of several dozens of per cents – this is both unrealistic and unsustainable in terms of global land requirements.

Question 5.5

If the EU is to define a quantified target for biofuels after 2010, should this be expressed in terms of

- market share (as in the present directive)?*
- greenhouse gas savings from biofuel use?*
- reduced oil consumption from biofuel use?*
- reduced fossil fuel consumption from biofuel use?*

Answer

Greenhouse gas savings. Climate change is the most pressing issue and besides, a policy based on GHG savings will also lead to good scores in terms of oil savings and fossil fuel savings because it will stimulate better biofuels. Conversely, choosing oil savings or fossil fuel savings will have perverse effect because it also rewards biofuels with a very bad GHG balance. Market share is the most option of all as it does not offer any guarantees for climate change or energy security.

In addition, biodiversity concerns should be included in target setting.

Question 5.6

If the EU is to define a quantified target for biofuels after 2010, should this remain a purely political step (accompanied by monitoring) or should it be given concrete form?

If the latter, should this be in the form of:

- a) adding reference values for later years to the biofuels directive as presently drafted?*
- b) one or more of the options in section 3.2?*
- c) some other form?*

Answer

In general we favour concrete, legally binding values as they provide more environmental guarantees and more clarity to the market. But if the system is as blunt as the current Directive, i.e. it does not at all differentiate between good and bad, we certainly favour non-binding values.

Question 6.1

Do you have any comments on the following issues, listed in the biofuels directive for inclusion in the Commission's progress report:

- a) the cost-effectiveness of the measures taken by Member States in order to promote the use of biofuels and other renewable fuels?*
- b) the economic aspects and the environmental impact of further increasing the share of biofuels and other renewable fuels?*
- c) the life-cycle perspective of biofuels and other renewable fuels [and] possible measures for the further promotion of those fuels that are climate and environmentally friendly, and that have the potential of becoming competitive and cost-efficient?*
- d) the sustainability of crops used for the production of biofuels, particularly land use, degree of intensity of cultivation, crop rotation and use of pesticides?*
- e) the assessment of the use of biofuels and other renewable fuels with respect to their differentiating effects on climate change and their impact on CO₂ emissions reduction?*
- f) further more long-term options concerning energy efficiency measures in transport?*

Answer

The six issues are all critical but also complex.

Concerning the issue of sustainability certification, there is a need to distinguish between greenhouse gas well-to-wheel emissions and agriculture / biodiversity issues.

Concerning cost effectiveness (a), we feel member states should, within limits, have freedom to choose whether they choose to use biomass in fixed sources or biofuels in mobile sources.

Concerning *GHG emissions*, an approach as described above could be helpful: linking obligations to the GHG performance, taking a 'worst case' scenario as a default, and giving suppliers the opportunity to improve their score in the obligation if they convincingly report that their biofuels is better than the worst case. Also, policies should be developed to discourage the use of fuels with a higher than normal greenhouse gas emission such as petrol or diesel from unconventional oil.

We feel that *biodiversity* is even more of a challenge for biofuels policy. The problem is that even if biofuel production itself is properly certified, the knock-on effects could be devastating. For example: sugar cane for biofuels is sustainably produced but replaces soy, soy in turn replaces cattle, and rainforest is burnt down for the cattle. It

is morally unacceptable that valuable ecosystems are destroyed to run our cars and every effort should be taken to prevent that from happening. Per year a car uses ten times more energy than a man; such a figure indicates that the land use and hence repercussions of a serious biofuel policy are beyond imagination. It is certainly justifiable to have higher standards for production of fuel than for production of food. The emergence of this new industry is a unique opportunity to set new standards that could eventually trickle down to the entire agriculture business. We are not experts on agriculture issues so have not commented in detail on these aspects of the policy.

Concerning *energy efficiency*, we insist that the revised biofuels directive should NOT make any link to the 120 g/km CO₂ target for new vehicles that the EU has to meet by 2010. The current directive does not make such a link and it is clear that the 120 g/km target has to be met through car-related measures, not through fuel measures. So, the current policy is 120 g/km on the vehicles side PLUS 5.75% biofuels on the fuels side.

Any link in a future reviewed biofuels directive that would suggest GHG savings from biofuels could count towards the 120 g/km target is double counting of efforts and a weakening of policies that is unacceptable in a time when climate change and oil dependence concerns are more paramount than ever. A concrete example: the US policy of awarding car manufacturers fuel efficiency credits for offering 'flexfuel' vehicles should NOT be adopted by the EU.

Question 6.2

What are the prospects for second-generation biofuels that can be made from a wider range of biomass? Can they be expected to be cost-competitive with first-generation biofuels and if so by when?

Answer

n.a.

Question 6.3

It is sometimes suggested that vehicles can travel more kilometres on a given amount of biofuel than on an equal amount (measured by energy content) of conventional fuel. Are any data or explanations available on this point?

Answer

According to our information this suggestion is untrue if 'amount' is expressed in terms of energy content. The energy efficiency of vehicles does not change significantly when biofuels are used instead of conventional ones, except in cases where vehicles are specifically optimised to deal with higher octane numbers. But in turn, such vehicles could not run on normal petrol.

Question 6.4

Problems have been reported in interpreting the directive's requirements on the calculation of the contribution of certain types of biofuel (notably ethers such as ETBE). Could the drafting of this directive be improved on this point? If so, how?

Answer

n.a.

For further information:

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