

## **Advanced biofuels industry calls the European Parliament to take firm action on ILUC directive proposal**

### **Chances and challenges for advanced biofuels**

After years of discussions and uncertainty for the industry, the ILUC dossier is going into second reading in the European Parliament this autumn. While we welcome the fact that a closure of the file lies within reach we would like to underline the necessity to create enough room for advanced biofuels to grow up to 2020 and beyond, eventually becoming an integral part of Europe's future energy mix.

Advanced biofuels can play a key role in achieving EU's climate policy goals. In order to unlock this potential and secure necessary investments, a stable and consistent framework for investments beyond 2020 in the advanced biofuels sector is necessary. In order to enable advanced biofuels to be commercialized successfully and in large scale in Europe, the following aspects need to be thoroughly considered by the European Parliament:

#### **1. Sub-target for advanced biofuels:**

The European Parliament voted in 1<sup>st</sup> reading in favor of a binding 2.5% target for advanced biofuels and a target for ethanol in petrol. Both measures address ILUC concerns and give a clear signal to the market. Since existing fuel specifications set limits to the use of biofuels, it is critically important to create and reserve a certain space for advanced biofuels in the fuel mix. Thus a dedicated and binding target for advanced biofuels has to be set. Therefore the Council's proposition of a 0.5% reference value for a non-binding target should be strengthened by the European Parliament.

#### **2. Possible deviation from the sub-target:**

The Council's common position would allow member states to deviate from the sub-target for advanced biofuels under certain conditions. This opt-out further dilutes the effectiveness of the target to promote advanced biofuels. Moreover, it prohibits a harmonized approach to advanced biofuels in the EU.

#### **3. Cascading use:**

The Council wishes to establish the cascading principle as guideline for the feedstock used to produce biofuels. We hold the view that use of biomass for biochemicals/biomaterials is not per se superior to biofuel production. Advanced biofuels that use wastes, residues and lignocellulosic raw materials add substantial value to the raw material, provide very high GHG savings, and provide further societal benefits in line with sustainable development. Investments into advanced biofuels furthermore are based on technological innovations made in Europe. Cellulosic ethanol for instance is a green chemical that can be used as transport fuel or as a chemical building block.

#### **4. Improvement needed to grandfathering clause:**

The Council has proposed in its position to implement a so-called Grandfathering clause in the Article 3 Paragraph 4 point iv subsection e) to ensure

*"...Biofuels made from feedstocks not listed in Annex IX that were determined to be wastes, residues, non-food cellulosic material or ligno-cellulosic material by the competent national authorities and are used in existing installations prior to the adoption of this Directive, can be counted towards the national target."*

This proposal does not secure the current status of the investments made in advanced biofuels. Maintaining the status as waste and residue would instead mean maintaining eligibility to double counting that has been essential in the making of investment decisions under the directive 2009/28/EC. Therefore, such feedstocks should be included with the same status as feedstocks in Annex IX Part B. The following formulation would fulfill the true idea of Grandfathering Clause and be in line with the rest of the Council ILUC proposal.

*“In addition, biofuels made from feedstocks not listed in Annex IX that were determined to be wastes, residues, non-food cellulosic material or ligno-cellulosic material by the competent national authorities and are used in existing installations prior to the adoption of this Directive, shall be considered to be twice their energy content towards the target referred to in the first subparagraph of Article 3(4).”*

#### **5. Looking beyond 2020:**

The positive impact of finalizing ILUC during early 2015 will be diluted if the industry cannot see continuity in the regulatory framework that goes beyond 2020. We therefore call for consistency and continuity and propose that the advanced biofuels supporting scheme will be conceived in a way to stay in force as part of the 2030 energy and climate policy at European level.

In summary, the Council’s common position hinders growth of advanced biofuels and seeks to keep the status quo. Advanced biofuels are the only option to significantly reduce emissions from the transport sector with the existing fleet. If all the wastes and residues that are sustainably available in the EU were converted to biofuels, this could supply 16 % of road transport fuel in 2030, generate an additional 15 billion EUR in revenues and create about 300.000 jobs.<sup>1</sup> This great socio-economic opportunity to create added value, green jobs and sustainable growth in Europe should not be missed.

Therefore, we call upon the European Parliament to promote the binding and dedicated target for truly advanced biofuels in Europe for 2020 and beyond to make investments in innovative technologies materialize thus enhancing energy security. The level of the target has to be ambitious but realistic and increasing over the years.

On behalf of Leaders of Sustainable Biofuels.

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<sup>1</sup>Wasted – Europe’s untapped resource, An Assessment of Advanced Biofuels from Wastes & Residues, 2014.



### **The Leaders of Sustainable Biofuels**

The LSB is a group composed by the Chief Executive Officers of Leading European biofuel producers and European airlines. The initiative aims at supporting the development of second generation biofuels in Europe. The leaders of UPM, British Airways, Biochemtex, BTG, Chemrec, Clariant, Dong Energy and St1 Biofuels Oy are joining forces to ensure the market uptake of advanced sustainable biofuels by all transport sectors.

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