Abstract Raps 4/2018

# Trilogue decision puts the brakes on biofuels and climate protection in the transport sector

**In October 2018, the European Parliament will formally vote to approve the recast of the Renewable Energy Directive (RED II). Professional associations in the biofuel supply chain have expressed disappointment with the outcome. UFOP takes the view that climate protection and EU agriculture lose out in this legislation. Immediately effective climate protection in transport falls by the wayside; time is running out for climate protection.**

Dieter Bockey, Union zur Förderung von Oel- und Proteinpflanzen (UFOP), Berlin

This statement applies to Germany in particular in two respects. In November 2016, in the run-up to the World Climate Conference in Marrakesh (COP22), Germany was the first EU member state to present a national climate protection programme, the Federal Government's "2050 Climate Protection Plan". Germany's pioneering role was once again manifested when it announced a 55 % national climate protection target instead of the stipulated 38 % reduction in greenhouse gas emissions compared with 1990 levels. This voluntary commitment stands in stark contradiction to the admission by the new Federal Environment Minister, Svenja Schulze, that Germany would not fulfil the national greenhouse gas reduction obligation of 40 % by 2020, but would achieve only 32 %. The decision achieved in the trilogue by the negotiating parties (EU Commission, EU Council and European Parliament Rapporteur) to increase the share of renewable energies to 32 % in 2030 instead of 27 % as initially proposed by the Commission should be underlined in this context. At the end of August, Climate Commissioner Miguel Canete therefore proposed increasing the EU's greenhouse gas reduction commitment from 40 % to 45 % and presenting this commitment at the next World Climate Conference in November 2018 in Katowice, Poland. That will constitute a greater commitment by the EU vis-à-vis the global community. If this goal is not


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achieved in 2030, globally binding climate protection targets will face a crisis and possibly the collapse of this policy. At 45 %, the "fallback position" for Germany will also be set a higher level if the country's policies fail once again. This scepticism is justified in view of current "progress" nationally in climate protection. We should recall that one of the core problems is transport, with a significant increase in greenhouse gas emissions of 10 million tonnes compared with 2016, leading to total $CO_2$ emissions of 170 million tonnes in 2017.

The climate protection obligation and the more detailed "commitments" and "measures" associated with it are not an adequate response to the Paris Climate Protection Agreement's 1.5-degree target. The degree to which an existential threat is already visible today can be seen in the civil law suit brought by an international consortium against the EU Council of Ministers, and thus also against the national governments, and against the European Parliament, which the European Court of Justice admitted in August. The impact on agriculture of this year's summer provides striking confirmation that climate change is beginning to take a toll. Agriculture is at a disadvantage, for it cannot simply "run away" from this problem.

## Results of the Trilogue

The core of the decision is a mandatory target for the EU to increase the share of renewable energies in total energy consumption to 32 % and specifically for the transport sector to 14 % in 2030. The Commission will review these targets in 2023. The EU Commission is empowered to propose measures to a Member State to increase pressure to meet these targets if it is clear that the Member State is not sufficiently ambitious in its commitments. The national energy and climate plans that the Member States must submit to the Commission at the latest by the end of 2019 will make clear how serious national commitments are and reveal any need for improvement.

There is only scope in this article to summarise the most significant provisions. The RED II, which comprises more than 250 pages, also contains new and more rigorous provisions on proof and documentation obligations. This means that adjustments must also be made to the certification systems approved by the Commission. With a view to enhancing comparisons between Member States and preventing fraud, a central database is to be established to record the quantities of biofuels and feedstocks used (biomass origins), analogous to the "Nabisy" database run by the BLE (Federal Office for Agriculture and Food). This will simultaneously enhance the quality of official EU statistics.

The numerous delegated powers contained in the compromise are more problematic and will lead to an even greater patchwork of national regulations. Capping the volume of biofuel from cultivated biomass, measured in terms of 2020

### RED II's most important provisions at a glance

**Transport sector:**
- Share of RE in transport: 14 % (EU COMM evaluates target in 2023);
- Maintenance of 7 % (energy) ceiling for biofuels from cultivated biomass (1G) measured in terms of energy consumption in road **and** rail transport;
- Restriction for 1G measured in terms of consumption in 2020 **plus** 1 % point if 7 % is **not** exceeded;
- If consumption of 1G in a Member State is still below 1 %, the share may be increased to a maximum of 2 %.

**Palm oil:**
- Limited share from 2021, basis: consumption in 2019, target: gradual reduction of palm oil share from 2023 to 0 % by 31.12.2030 at the latest; regulated by: delegated act
- Submission of Commission reports to Council and EP by 01.02.2019:
  1. Based on current expansion of production (plantations/rainforest clearance) worldwide for the relevant food and feed plants, EU COMM defines the criteria for certification for differentiation of biomass feedstocks (for biofuels for heating and transport and solid biomass) with high and low "iLUC risk"; regulated by: delegated act
  2. By 01.09.2023, the EU Commission reviews the criteria on the basis of the best available scientific data, makes any necessary adjustments and develops provisions for gradual reduction of biofuels for heating and transport from palm oil; regulated by: delegated act

**Ceiling for biofuels from cultivated biomass:**
Powers delegated to the Member States:
1. Reduction of the 14 % target for transport in proportion to reduction of 1G share in %; reduction to a share of 0 % 1G is possible, and Member States may differentiate between types of feedstocks for the reduction (low and high iLUC risk);
2. Implementation of the targets (quota systems) on the basis of energy content, volume or GHG reductions (GHG quota as in GER)

**Credit/targets for advanced biofuels (2G):**
- Sub-targets for 2G from residual materials such as straw, slurry and bagasse (from sugar cane) according to the positive list in Annex IX, Part A: starting with 0.2 % in 2022, 1.0 % in 2025 and 3.5 % in 2030;
- Limitation for 2G from waste materials (used vegetable oils/fats, animal fats (cat. 1 and 2)) to 1.7 %; Member States may set a higher ceiling upon proof of availability and approval by the EU Commission.

**Determination of the multipliers to be taken into account for the transport objective:**
- Biofuels based on feedstocks from Annex IX (Parts A and B): 2-fold
- Electric mobility in road transport: 4-fold
- Renewable electricity in rail transport: 1.5-fold
- Renewable fuels in aviation and shipping: 1.2-fold


From 2023 to 2030 at the latest, palm oil consumption in the EU should fall to 0%

## Crediting to transport target 14% – Impact Multipliers biofuel demand (1G and 2G) – EU –

| Fuel consumption 280 mill. t | | | | |
|---|---|---|---|---|
| | **Physical** | **Multiplier** | **Calcu-lated** | **Mill. t** |
| Annex IV Part A | 1.75 % | 2 | 3.5 % | 4.90 |
| Annex IX Part B | 1.70 % | 2 | 3.4 % | 4.76 (2017: 4.0) |
| E-mobility road | 0.90 % | 4 | 3.6 | Number of wind farms? |
| E-mobility rail | 1.00 % | 1.5 | 1.5 % | ??? |
| Shortfall con-vent. biofuels | 2.00 % | 1 | 2.0 % | 5.60 |
| **Total** | **7.35 %** | **14.0%** | | |

Source: REDII/VDB/UFOP
EU consumption 2017 – Ethanol: 5.4 mill. t/- Biodiesel/HVO: 15.4 mill. t (Source: FAS/GAIN-report)

consumption, will lead to a fixed maximum quantity for the period up to 2030.

The extended provisions on upper limits in national implementation may further reduce actual consumption of these biofuels. The table gives an indication of the potential scope of this development in practice. The figures are based on the assumption that the political aspiration of a market upsurge in e-mobility actually occurs, with current EU fuel demand (280 million tonnes) simultaneously remaining unchanged. In addition, sufficient biofuels from residual materials would need to be available. For e-mobility, the requisite additional (!) volume of renewable energy would have to be produced EU-wide by means of corresponding capacity expansion for wind power and photovoltaics as well as further development of the associated infrastructure (charging stations).

Introducing or applying the multipliers indicated nationally would, in the worst-case scenario, mean that only a 2 % share would remain for commercial biofuels. This overall scenario is unlikely to take effect because developments will not follow this course. On the contrary: the requisite preconditions and developments have not emerged in terms of the number of electric vehicles and above all investment levels for production of advanced biofuels from residues (e.g. straw).

Nevertheless, the table depicts a fundamental but necessary development, namely the bridging function played by biofuels from cultivated biomass. This arises due to the enormous pressure to increase e-mobility in the passenger car sector and for light commercial vehicles, while at the same time there are a growing number of initiatives aimed at producing fuels from renewable electricity as an energy source, known as "e-fuels". The 2-degree and in particular the 1.5-degree target mean that transport must be 100 % greenhouse-gas-neutral by 2050 at the latest. In a nutshell, it is also difficult at present to issue consumption forecasts for the 2021 to 2030 period because as it is not clear whether and how the Member States will adapt their national biofuel policies or mandates from 2021 as a result of RED II.

From the point of view of rapeseed producers, there are hopes that consumption of biofuels from palm oil will already decline sharply in 2019 and that effective provisions for phasing-out this feedstock will subsequently take effect from 2023. Rapeseed oil could make up for this "feedstock shortfall". Further information is available on the UFOP homepage (www.ufop.de) and especially in the UFOP 2017/2018 Annual Report.

**Dieter Bockey**
UFOP, Berlin
d.bockey@ufop.de

**Impressum**
Union zur Förderung von Oel- und Proteinpflanzen e. V.
Claire-Waldoff-Straße 7 · 10117 Berlin · info@ufop.de · www.ufop.de