

# 2023 greenhouse gas quota year – waste oils displace palm oil and determine the composition of raw materials

**UFOP: incentive for fraud through double counting requires evaluation of funding conditions; avoid shifting and displacement effects**

**Berlin, 3 February 2025. The 2023 quota year once again confirms the excellence of biodiesel made from waste oils for counting towards the greenhouse gas reduction obligation (GHG quota), states the Union for the Promotion of Oil and Protein (Union zur Förderung von Oel- und Proteinpflanzen e.V., UFOP) with reference to the Evaluation and Experience Report 2023 published by the Federal Agency for Agriculture and Food (BLE) at the end of 2024.**

The drivers of this displacement and shifting effect are the GHG reduction efficiency and - in the case of certain waste oils - above all the economically interesting double counting towards the GHG reduction obligation. As a result of this regulation, the UFOP has observed relocation effects, incomprehensible waste definitions and a temporary drop in the price of GHG quotas to below 100 EUR per t CO<sub>2</sub>. The fundamentally high attractiveness of the funding opportunities in the German GHG quota market is having a noticeable effect on the raw material composition of biodiesel and HVO. In 2023, biofuels made from palm oil in this country could no longer be counted towards the greenhouse gas reduction requirement for the first time. As a result of better GHG efficiency and the feedstock-dependent option of double counting, 1.573 million tonnes of biodiesel and 0.383 million tonnes of HVO from waste oils replaced the biofuel volumes from palm oil and, to some extent, from rapeseed oil, according to the BLE report. For the 2024 quota year, UFOP expects this effect to intensify. Based on data from the Federal Office of Economics and Export Control (BAFA) for the quantities of biodiesel and HVO placed on the market in the months January to November 2024, UFOP estimates that the amount consumed will decrease again to 2.256 million tonnes for the 2024 quota year. It is noteworthy that demand in the diesel market is falling by 365,000 tonnes despite the increase in the GHG reduction requirement from 8.0% to 9.35% compared to 2023, UFOP emphasises.

The option of double counting, which has contributed to the incentive for fraud and the crowding-out effect, therefore remains to be critically evaluated. In the opinion of UFOP, this must in future be explicitly geared to the objective and condition enshrined in Article 28 (6) of the Renewable Energy Directive (RED II), that biofuels may only be double-counted if an innovative technology is used for their production from residual or waste materials. The double counting thus serves to promote technology development and investment, UFOP emphasises, with reference to the expected



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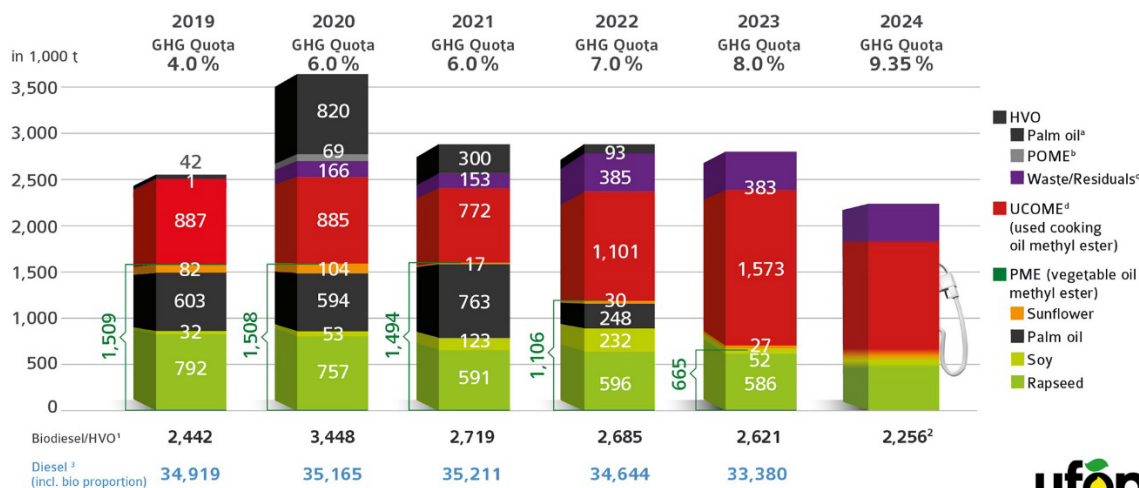
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presentation of a draft law to implement the amended Renewable Energy Directive (RED III) into national law after the formation of the new government.

### Sales performance and raw material composition of biodiesel/HVO (GER)

Domestic consumption 2019 – 2024 (estimation for 2024) | Quota assessment<sup>1</sup>



Sources: <sup>1</sup> BLE [Federal Office for Agriculture and Food]: Evaluation and Progress Report 2023 <sup>2</sup> Estimation by UFOP based on BAFA <sup>3</sup> BAFA: Mineral oil statistics  
<sup>a</sup> Incl. Palm-HVO from co-processing <sup>b</sup> HVO from wastewater sludge from the processing of palm oil (POME) <sup>c</sup> from waste and residual materials, sunflower incl. co-processed HVO <sup>d</sup> from waste oils



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Quick information on UFOP e. V.:

The Union for the Promotion of Oil and Protein Crops e. V. (UFOP) represents the political interests of companies, associations and institutions involved in the production, processing and marketing of domestic oil and protein crops in national and international bodies. UFOP supports research to optimise agricultural production and for the development of new utilisation possibilities in the food, non-food and feed sectors. UFOP public relations aim to promote the marketing of domestic oil and protein crop end products.