



*EU Environmental Policy Briefing**

Commission Issues Consultation on the Future Use of Biofuels

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In January's Energy Package the European Commission proposed a new target for the market penetration of biofuels - 10 per cent of the diesel and petrol market by 2020. At the March European Council meeting, Europe's Heads of State and Government endorsed 10 per cent as a minimum, binding target subject to 'production being sustainable' and 'second-generation biofuels becoming commercially available'¹.

The European Commission is now under pressure to develop proposals to implement the target and meet the Council's demands by developing sustainability criteria and measures to promote second generation fuels. To this end on 20 April 2007, the Commission (DG Transport & Energy or DG TREN) launched a consultation posing the following fundamental questions:

1. How should a biofuel sustainability system be designed?
2. How should overall effects on land use be monitored?
3. How should the use of second-generation biofuels be encouraged?
4. What further action is needed to make it possible to achieve a 10 per cent biofuel share?

This is an important opportunity to influence the Commission's thinking in these key areas. Additionally, it offers valuable insights into their current views on the subject and specifically on how upcoming biofuels legislation might be framed.

The consultation suggests that the upcoming proposal on biofuels should contain a list of sustainability criteria; only biofuels meeting these standards would count towards meeting the 10 per cent target. The paper also suggests that the Commission is looking to put in place a Europe-wide system of obligations for the mixing of biofuels into petrol and diesel by fuel suppliers. This would be similar to the UK model under the Renewable Transport Fuel Obligation. Obligations are becoming increasingly popular across Europe as Member States reconsider the tax breaks often afforded to biofuels in the past. They also offer greater ability to specify the nature of the fuel and monitor its use.

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Crucially, for the first time the Consultation document lists three potential sustainability criteria:

1. Achieving a minimum level of greenhouse gas savings;
2. Avoiding major reduction in carbon stocks through land use change; and
3. Avoiding major biodiversity loss from land use change.

While all are vital and appear to represent an important step forward in DG TREN's attitude towards certification, the latter two appear to focus on concerns regarding the import of biofuels and associated land use change. However the criteria would not address other key issues associated with expanding biofuels use ie the potential for the further intensification of farming and mono-cropping, or impacts on water resources. Additionally, the third criterion would only apply to specific land uses associated with exceptional biodiversity value – but this latter term is not defined. The consultation's second question addresses the problematic issue as to how criteria two and three could be monitored. While approaches that could apply to monitoring biofuel's impact on land use in Europe are set out, it is unclear how this could be assessed beyond the EU's borders.

Importantly, it would be the responsibility of a Member State to ensure that sustainability criteria are met, although it is proposed that there would be monitoring, reporting and verification requirements set out in European law. The criteria to be accepted by Member States would also be defined at the EU level. The consultation document contains a list of possible types of evidence to be accepted by a Member State; however, the categories are somewhat broad and definitions vague. It is proposed that, through a comitology process, standards being developed by EU Member States and other countries would be assessed and accredited. Voluntary, international schemes would also be evaluated via this method, with the EU also able to negotiate bilateral or multilateral agreements on this subject. Additionally, Member States would have some autonomy to decide whether criteria are being fulfilled in the event that none of the approved forms of proof apply.

The main body of the consultation document is devoted to considering sustainability criteria and their monitoring. The final pages do, however, pose important questions on second generation fuels, asking how second generation could be defined. Two mechanisms for explicitly supporting second generation fuels are proposed. Firstly, that such fuel should receive greater credit under national biofuel obligations and secondly that legislation permit higher subsidies for second generation biofuels.

The full consultation document can be found at http://ec.europa.eu/energy/res/consultation/doc/2007_06_04_biofuels/2007_06_04_public_consultation_biofuels_en.pdf Consultation responses must be sent to TREN-BIOFUELS-CONSULTATION@ec.europa.eu by Monday 4 June.

References

1. Presidency Conclusions, Brussels European Council, 8/9 March 2007
http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/93135.pdf

Catherine Bowyer, Senior Policy Analyst
cbowyer@ieep.eu

