



SUMMARY REPORT

On **16 October 2013**, the chair of the *Transport & Tourism* Working Group of the European Parliament Intergroup on “*Climate Change, Biodiversity and Sustainable Development*”, **Dieter-Lebrecht Koch** hosted a workshop to discuss the issue of biofuels for the transport sector, in light of its recent developments at the European policy level. This occasion brought together key policy-makers and experts from DG Energy, the European Biofuels Technology Platform, the European Biomass Industry Association and the NGO Transport & Environment, nourishing the debate about the future of biofuels in Europe.

On behalf of the **European Commission, DG Energy, Mr Øyvind Vessia, Policy Officer, Renewable and CCS Policy**, explained the background of the proposal that came out one year ago to minimise ILUC (Indirect Land Use Change). The use of biofuels in Europe has its origin in agricultural production surplus during the ‘90s. The situation has now changed and taking into account ILUC impact, he stated that conventional biofuels saves less GHG emissions than previously estimated. In particular vegetable oils are potentially not contributing to save much greenhouse emissions nowadays. In 2010 the average share of biofuels in Europe was around 5%: he stated that incentives to member states for 1st generation biofuels should not exceed this limit. On the other hand he highlighted that this proposal is stepping up the incentives for 2nd generation biofuels, with funds provided by the FP7 and Horizon 2020 programs, in order to help create a market for this more expensive kind of biofuels, but that does not use land for its production. The target of reducing greenhouse gas emissions of 80% by 2050 will require a substantial contribution from the transport sector, implying an increase of biofuels to an 8-times bigger amount than today. He wished that the second reading of the proposal could be done in a relatively quick way, in order to finalize it before the end of this legislative term.

Kåre Riis Nielsen, Director of European Public Affairs, Novozymes and member of the European Biofuels Technology Platform (EBTP) stressed that biofuels have a major role to play in decarbonising transport in the short and medium term as well as to reduce Europe’s increasing dependency to oil. According to the International Energy Agency, biofuels could meet 27% of the transport fuel demand by 2050, with a key role played by advanced biofuels. He thus argued that advanced biofuels need to be rapidly deployed and scaled up. Stressing that the technology was ready, he added that the policy framework to ensure the technology is deployed widely in Europe by 2020 needs to be established as soon as possible. In his opinion, to remove the political barrier to the kick-start of advanced biofuels, it is necessary to work on three fronts: a) Ensure a stable supply of sustainable feedstocks (waste and residues), b) Support demand by establishing a specific mandate for advanced biofuels by 2020 and beyond, and c) Establish mechanisms to finance first of their kind advanced biorefineries. He welcomed the clear 2.5% target for advanced biofuels set by the vote in the parliament in September. On the other hand he criticized the delayed decision-making process, which is not providing certainty for investors on the long term. He finally





added that the ongoing debate on ILUC should be taken as an opportunity to incentivize best-performing biofuels.

Giuliano Grassi, Secretary General of the European Biomass Industry Association (EUBIA) presented some of the obstacles that hindered the full deployment of biofuels in recent years. Concerning the 2nd generation biofuels, he stated that it won't be easy to get to the 10% contribution in the short term: a period of 15-20 years is needed to achieve full competitiveness, and consistent financial support is needed now in order to foster supply. In his opinion the transfer from the technical demonstration to market distribution has been weak, since the technological risk has been overcome but the financial risk hasn't been addressed, making investors not sufficiently confident. Also, the present modest market value of CO₂-credit does not stimulate interest for green energy. He then presented a possible contribution (social credit) to enhance investments in the field: the accumulated man-power salary taxation over the life time of projects could represent a large share of total investment (up to 40%) needed, and it could be anticipated as a grant by the banks to investors. 'Social credits' can be justified for bioenergy because this activity replaces imported fossil-fuels with a valorisation of EU sources of biomass, utilizing and generating much larger number of substitution jobs (400 jobs for bioenergy replacing 1 job for equivalent amount of energy.). He finally stated that cooperation with oil companies utilities should be promoted, since they are moving more and more from oil to gas business, and their infrastructure, knowledge and financial power could be useful for the deployment of large-scale biomass activities (i.e. co-gasification/ Bio-synthetic gas/ Bio-hydrogen/ Biogas etc.). Bioelectricity could also have large impact on the deployment of clean energy vehicles.

Nusa Urbancic, Fuels Programme Manager from Transport and Environment (T&E) highlighted the importance of ILUC, which is causing pressure on agricultural commodities and land, and it's not included in European directives. In her view, the current reform of the policy in order to include ILUC impact is of critical importance to ensure that biofuels deliver on the objective of reducing carbon emissions. Addressing ILUC impact would enhance a much bigger CO₂ saving, and a lower abatement cost. Concerning previous investment, she said that they can be paid back before 2017. She then presented a study results that show that a majority of operating costs for the 1st generation biofuels industry goes for the purchasing of feedstock, which makes them unlikely to become independent of subsidies in the medium term. On the other hand, 2nd generation biofuels would use much cheaper feedstock but higher initial investments in technologic infrastructure, which is representing an obstacle. She welcomed that Commission's proposal on the 5% limit on biofuels from food crops, but ILUC has been introduced only for reporting and not for accounting, allowing public support for polluting biofuels. She finally added that that Parliament's and Council's positions are not that far from each other, but unfortunately the wished negotiation for the second reading could further water down the proposal of the parliament.

In the debate following presentations, **MEP Christa Klass** expressed doubt about relying on 2nd generation Biofuels on the short term, but wished that a proper second reading in the





parliament, either in this or next legislative term. **MEP Roger Helmer** pointed out that previous investments policy couldn't be satisfactory, and that a certain amount of agricultural waste has already existing use in production. He also called for the legislative procedure to be undertaken with the necessary time for informed and consistent decisions.

Closing the meeting, Chairman **MEP Dieter-Lebrecht Koch** recalled the complexity of this issue. At the same time, he stated that sustainable mobility needs to be promoted, taking into account climate, safety, health and quality of life. He added that previous decisions of the European Parliament included 1st generation biofuels, but today efforts should be made towards the application of 2nd and 3rd generation biofuels, given their availability.

Contact: Paolo Mattana (EBCD), Secretariat of the Intergroup, paolo.mattana@ebcd.org, +32 2 230 30 70

