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The bioenergy voice in Europe

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EDITORIAL

Dear readers,

The content of carbon dioxide in the atmosphere exceeded 400 ppm for the first time last year. Although this trend was predicted, reaching such a record remains disappointing. In the last two weeks, I have heard about both Zambia and Indonesia reducing their subsidies to fossil fuels such as gasoline and diesel - in Indonesia however, subventions still remain. The ethanol industry in Brazil is currently under pressure since the government keeps the gasoline price at a level of USD70 per barrel, which is 30 per cent less than world market price. The Brazilian subsidy is expected to be withdrawn when inflation is under control. The current global subsidies to fossil fuels are almost USD 600 billion!

A couple of weeks ago I met a man responsible for retirement fund investments. I asked him if his company took in to consideration - when investing - that we will probably have a carbon dioxide tax instead of subsidised fossil fuels in 15 years to reduce global emissions. The point I wanted to make was that if they invested in fossils they should doubt meeting their demand of 7 per cent revenue on invested capital.

Actually he answered that the oil companies are not that interesting. They tend to reinvest all their profit and give little revenue to investors like him. He was more into looking at wind power for which he hoped a long term stable pay back. I believe investments in coal, oil and gas today can be wasted money. Coal and oil prices will go down as carbon taxes go up when we agree on reducing carbon dioxide emissions. Bankers are people that see risks and try to avoid jeopardizing their money. Our mission is to make them realize that investments in fossils are not as secure anymore. In the bioenergy business, replacing oil and gas for heating is one of the best options. We need to take the next step and combine the production of heat and power to increase competitiveness and make investments bankable without governmental support. Then our branch will attract the large amount of long term money available in retirement funds. Bioenergy is renewable and long term and fossils are not; don’t forget to tell every banker you meet that fossil investments may actually be wasted!

Gustav Melin, president of AEBIOM

AEBIOM NEWS

œ Successful 4th AEBIOM European Bioenergy Conference

The 240 representatives of the global bioenergy sector gathered in Brussels to discuss the sustainable future of bioenergy at the 4th AEBIOM Bioenergy Conference. The conference was a success managing to address the main opportunities and challenges of biomass developments in Europe.
Michael Goodwin, Energy Attaché at the Permanent Representation of Ireland to the EU confirmed that there is a strong EU political will to renewable energy developments towards 2020 and beyond. On ILUC, a possible first reading may take place under the Lithuanian Presidency and options are still discussed, in particular on the 5% cap of crop-based biofuels. Joachim Balke, Member of Cabinet of Commissioner Günther Oettinger, underlined that biomass is critical for the decarbonisation of the energy sector: according to the EU 2050 energy roadmap, biomass production would have to triple to reach a CO₂ emissions reduction of 80 - 95% in 2050. On possible EU sustainability criteria, he indicated that there is no decision taken yet at the Commission’s level and that this question is controversial.

Bioenergy developments are not limited to the EU Energy Policy. M. Wall, Principal Administrator of DG Enterprise raised the questions on whether there should be different sustainability criteria for different end uses and whether the cascading principle should be part of the analysis. M. Holzer, Head of Unit in DG Agriculture recalled that climate change and renewables are one of the strategic priorities of rural development under the future CAP. The message was wrapped up by Gustav Melin, President of AEBIOM, who added that EU biomass developments are crucial to meet EU security of supply and decarbonisation.

An extensive conference programme was held on Tuesday 18th of June where crucial topics like sustainability, carbon accounting and advanced biofuels were discussed. Based on last year’s success, matchmaking events were organized again in order to allow industry players to set up business meetings.

The positive responses to the opening session and the first day of round table debates have already convinced the participants that it’s a must to attend annually the AEBIOM Bioenergy Conference which is already a well-established brand in the area of high-level bioenergy events. Discussing the future of bioenergy is essential since more than 50% of the EU 2020 renewable energy 20% target is expected to be met by various forms of bioenergy. According to Member State projections, biomass use in heating and cooling is expected to increase by 47% and biomass use for electricity generation is projected to more than double between 2010 and 2020.

On Wednesday 19 June, AEBIOM organised a visit to the Port of Ghent and its various bioenergy installations. After an introduction in the passive office building of the Port of Ghent, the group departed to visit a GDF–SUEZ biomass plant of a 180 MW capacity using 800 million tons of pellets annually. Participants subsequently visited the Biobase Europe Pilot Plant in which several biorefinery concepts are tested. After this, the group embarked on the yacht “Jacob Van Artevelde” for a lunch on board before being dropped off for a final visit at STORA ENSO, the world’s largest paper recycling mill. The mill comprises two biomass boilers supplying the full heat demand of the process.
AEBIOM attends the European Sustainable Energy Week

AEBIOM attended several events organised in the frame of the European Sustainable Energy Week on 24 - 28 June 2013. In the event “Ensuring Access to Sustainable Bioenergy Globally” organised by PANGEA and GBEP on 24 June 2013, MEP Maria Da Graça Carvalho (EPP/Portugal) confirmed that an increased share of funds will dedicated to the energy challenge under Horizon 2020 compared to FP7. Topics such as energy storage, smart grids and biofuels will be included under Horizon 2020. The new framework programme will also join forces with other programmes, for example through new risk sharing financial facilities (RSFF) in collaboration with the European Investment Bank. Moreover, during an event organised by the IEE project Biomass Promotion, AEBIOM highlighted the need for a clear message and decisions on sustainability issues to the Commission. The publication of a legislative proposal has been postponed several times, and if the proposal is not published by October the whole process will be put on hold again due to elections at the European Parliament and the setting up of a new Commission. Such uncertainty on the sustainability rules for bioenergy generates investment insecurity and leaves the door open for further lobbying by bioenergy opponents which is very detrimental to the image of our sector.

EUROPEAN PELLET COUNCIL

ENplus certification expands worldwide!

Thanks to the IEE PellCert project, 3.2 million tons of wood pellets were ENplus certified in 2012, which represents around 50% of the EU domestic market. At present, 10 national associations are implementing the certification in their countries and producers/traders from 20 countries are certified. The ENplus certification is still growing and expanding worldwide: one US producer is currently certified and two additional applications are being progressed. The situation in Canada is quite similar. Producers in South America and Russia have also shown interest in this successful certification. The ENplus certification is well on the way to a worldwide recognition!

Change in EPC management

After serving EPC as General Manager since its creation in July 2010, Peter Rechberger has left the EPC and AEBIOM at the end of April 2013. Gilles Gauthier has taken over Peter’s position in May. Gilles is Belgian and has worked for an agro-pellets producer for two years. Following this, he worked for two years as the coordinator of the Belgian biomass association (ValBiom).

EUROPEAN INDUSTRIAL PELLET SUPPLIERS

New EIPS member

The EIPS group is very happy to welcome German Pellets as new full member. German Pellets GmbH is one of the largest European manufacturers and traders of wood pellets worldwide. The company was founded in 2005 in the Mecklenburg city of Wismar on the Baltic coast. Today, German Pellets operates 14 plants in Europe. We trust that this new member will strengthen the EIPS group.
which will continue to extend while welcoming new producers as well as new supporting members interested in producers’ activities (eg: logistics companies; manufacturers; bioenergy consultants etc).

**EIPS session during the 4th AEBIOM European Bioenergy Conference**

EIPS organised a session during the 4th AEBIOM European Bioenergy Conference on 18 June 2013, during which pellet trade and market and commodity status, pellet safety and conversion of coal to biomass were discussed.

**INTERNATIONAL BIOMASS TORREFACTION COUNCIL**

**IBTC meets in Brussels**

Fifteen companies have already joined IBTC since its creation in December 2012: 11 full members and 4 supporting members. The group held a meeting on 17 June 2013 in Brussels in parallel with the 4th European Bioenergy Conference. Most of the members attended the meeting, as well as other companies potentially interested in joining this initiative. Several issues were discussed as data collection, quality assurance, standardisation and the involvement of IBTC in the European Technology Platform on Renewable Heating and Cooling - an initiative managed by AEBIOM.

**Torrefaction session during the 4th AEBIOM European Bioenergy Conference**

IBTC organized a dedicated torrefaction session during the 4th AEBIOM European Bioenergy Conference on 18 June 2013. The session was chaired by Michael Wild - IBTC President - who introduced the IBTC initiative and its members. Presentations covered not only the added-value of torrefaction and the current status of the sector, but also the challenges faced by torrefaction technologies, the market barriers and the future ISO standards for torrefied pellets, which IBTC is working on.

**ADVANCED BIOFUELS WORKING GROUP**

**Advanced biofuels session in the 4th AEBIOM European Bioenergy Conference**

The AEBIOM working group on advanced biofuels – chaired by Jan Lindstedt from SEKAB - organised a dedicated session during the 4th AEBIOM European Bioenergy Conference 2013 to discuss the market penetration of non-conventional biofuels. Jan Lindstedt introduced the discussion by presenting the outcomes of an AEBIOM analysis of the planned installed production capacity for advanced biofuels in 2020. The results of this analysis show that in a business as usual scenario, the advanced biofuels availability in 2020 (3.9 Mtoe or 1.6 Mtoe without multiple counting) would not match the quantities needed to reach the Renewable Energy Directive targets for the transport sector while taking into account the currently-proposed 5% cap on crop-based biofuels (12.5 Mtoe). Antonio Tricas Aizpún from DG Move of the European Commission, estimated a need for advanced biofuels of about 6 Mtoe in 2020, a target that could be met by 15 plants (100 ktoe capacity) producing quadruple-counted advanced biofuels. Marc Gillmann presented TOTAL’s views on the role of advanced biofuels in the European energy mix and estimated advanced biofuels - composed of almost exclusively hydrotreated vegetable oils (HVO) - would only account for

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1 Production capacity of biofuels multiple-counted under (COM(2012)595) except algae and used cooking oil
approximately 5 Mtoe/year in 2020. The discussion highlighted the importance of large-scale investments in view of reaching the 2020 targets, such as the Stracel BTL plant which was presented by Mr. Janhunen from UPM. Imke Lübekke from WWF highlighted the importance of efficiency and electrification for road transport and limited the role of biofuels to specific end uses where no other renewable alternatives are available: heavy duty transport, aviation, shipping, and high temperature industry processes.

EU ENERGY POLICY FOR RENEWABLES

Sustainability and carbon accounting: the debate continues

During the opening of the 4th AEBIOM European Bioenergy Conference, Mr. Balke - member of Cabinet of Commissioner Oettinger - indicated that there still has been no Commission decision on possible EU sustainability criteria for solid and gaseous biomass for heat and electricity production. Mr. Balke emphasized the complexity and sensitivity of this file. Based on this statement, it is very difficult to say today whether there will be a legislative proposal on the table before the end of the mandate of the current Commission. During the opening session, Mr. Wall (DG Enterprise) raised the questions on whether the cascading principle should be part of the sustainability criteria analysis. During the discussion, it was acknowledged that in practice it would not be feasible and would not make sense for this principle to become mandatory by law. Sustainable forest management and carbon accounting were subject to fruitful and animated debates during specific sessions of the conference.

Cascading uses of biomass

The discussion on the cascading use of the biomass resource pursues at EU policy levels. On May 29th, the ENVI committee of the European Parliament adopted its report on the Bioeconomy (based on the 2012 Commission Communication "Innovating for sustainable growth: a Bioeconomy for Europe"). A compromise amendment on article 10c) was voted and states the following: “The European Parliament emphasises that bioeconomy policies must be better designed to ensure a cascading use of biomass; in this respect, calls for the development of a legal instrument that will drive a more efficient and sustainable use of this precious resource; such an instrument shall establish a cascading use principle in the 'pyramid of biomass', taking into account its different segments and strengthening it at its highest levels”. This amendment is not in line with the draft report discussed by the same committee on the 7th action programme for the environment, which states that: "The cascading principle cannot be disconnected from the economic context of the different uses to which the biomass resource may be put". This shows that an internal debate is also on-going within the European Parliament. AEBIOM supports the position that the cascading principle cannot be disconnected from economic considerations, and believes that imposing the cascading principle through a legal instrument would be in contradiction with the market economy. Bioenergy is definitively a “value adding application” in particular for EU society and considering today’s context of increasing fossil fuel energy prices.
AEBIOM POSITION ON EU POLICY

AEBIOM position on the Green Paper on Energy and Climate 2030

AEBIOM has provided its contribution to the questions raised by the Green Paper “A 2030 framework for climate and energy”. The AEBIOM contribution is largely in line with the input prepared by the European Renewable Energy Council in consultation with its members (including AEBIOM). The Renewable Energy sector hereby calls on the European Commission to continue with the legally binding targets for renewables beyond 2020, as this approach has proved to be very efficient today in ensuring renewable energy developments. Renewable energy targets should continue to work together with EU energy efficiency and CO₂ reduction targets as it is the case today. A CO₂ reduction target only would not be sufficient and efficient in pursuing the renewable energy progress. The European Heat coalition (of which AEBIOM is member) has also published a statement on the Green paper and is also calling for an EU renewable energy target beyond 2020. The Commission is expected to present the results of this consultation in autumn and announce the next steps.

PROJECTS

The RHC-Platform will be industry-led or will not be

The Biomass Panel of RHC-Platform is currently working on a Biomass Technology Roadmap, which describes the research and development projects which should be funded in the short-term (type of R&D activities, R&D budget, technological challenges, and key performance indicators etc.). The European Commission has clearly expressed that industry commitment to the implementation actions described in the Biomass Technology Roadmap is mandatory in view of obtaining EC funding for research and demonstration projects. If the industry fails to showcase its commitment, is very unlikely that European funds will be unlocked for this purpose. Companies developing technologies for biomass-based heating and cooling are invited to review and validate the Biomass Technology Roadmap and to showcase the industry’s readiness to engage in R&D activities in the field of advanced biomass fuels, small and micro-scale CHP, high-efficient large-scale CHP and tri-generation in the coming years. For more information, please contact Lara Mertens mertens@aebiom.org.

BioGrace GHG calculation tool for biofuels and bioliquids recognised as a voluntary scheme

The BioGrace GHG calculation tool for biofuels and bioliquids has been recently recognised as a voluntary scheme by the European Commission. The BioGrace tool is meant to be used in combination with other schemes, either national or voluntary, which should apply this tool appropriately and meet adequate standards of reliability, transparency and independent auditing. When a supplier uses an approved voluntary scheme to demonstrate the sustainability of biofuels, a Member State should not require the supplier to provide any further evidence of compliance with the sustainability criteria. The BioGrace voluntary scheme is currently managed by the BioGrace-II project consortium, in which AEBIOM is partner. This project is also developing a tool that aims to harmonise calculations of greenhouse gas (GHG) emissions for electricity, heating and cooling with biomass throughout the European Union. A feedback session was organized by AEBIOM the 17 June 2013 in parallel with the 4th European Bioenergy Conference. The first draft of the tool was presented during this session and participants could give their feedback and comments, which will enable the project consortium to improve the tool. Another event is foreseen in October this year.
### EVENTS

#### Other events

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<td>3-4 September, 2013</td>
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<td>Bioenergia/Bioenergy, Finland</td>
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<td>International Training Seminar Biomass Heating</td>
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<td>Future of Biofuels: Policy, Environment and Technology</td>
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