Current proposals from EU Commission on sustainability criteria, ILUC and LULUCF

Nordic Baltic Bioenergy 2013
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MISSION: Develop the market for sustainable bioenergy, and ensure favorable business conditions for its members.

- ~30 national associations
- ~80 companies
- Activities: lobbying, workshops, newsletters, European projects, working groups, conferences and networking, etc.
- Member of EREC (European Renewable Energy Council), WBA (World Bioenergy Association) and EUFORES (MEP association)
CONTENT

• EU bioenergy trends

• EU policy developments
  ✓ Sustainability
  ✓ LULUCF
  ✓ iLUC
For 2010, many MS in line with NREAP projections
- AT, ES and IE below 2010 projections
- EE, FI, SE, UK, NL and BE above projections
For 2010, almost all MS in line with NREAP projections

FI has reached the increase foreseen for 2020. UK, DE, RO and SE are close
WARNING FOR 2020

- Commission RES progress report (March 2013): EU and most MS are currently on the right track to achieve 2020 targets. However, current policies alone will be insufficient to trigger the required renewable energy deployment in a majority of MS. Hence, additional efforts will be needed.

- **This statement is valid for solid and gaseous biomass in H&C and electricity:** 104 Mtoe planned for 2020 in NREAPS compared to expected production of 86 Mtoe according to EC modelling.

![Graph showing planned versus estimated trend in EU biomass energy](image)

*Source: Commission Renewable Energy Progress Report, March 2013*
Sustainability - State of play

• RES Directive (2009/28/EC) : criteria mandatory for biofuels and bioliquids
  • GHG saving of at least 35% (50%-60% from 2017/18) compared to fossil fuel
  • No conversion of land with high carbon stock
    • forested areas, wetlands, peatlands
  • No raw material from land with high biodiversity value
    • Primary forest, nature protection areas, highly biodiverse grasslands
  • Good agricultural practices
• Communication on solid and gaseous biomass COM(2010)11

No binding criteria at the moment
Recommendations if Member States want to implement criteria:
• Same conditions on biodiversity and high carbon stock land as for biofuels;
• common GHG calculation no criteria for waste & residues;
• Criteria only applicable for installations > 1MW;
• differentiation of national support schemes in favour of installations that achieve high energy conversion efficiencies; and
• monitoring of the origin of biomass.
Sustainability - State of play

- EC report may be published by July – Sept 2013
- Consistency with the EU legal criteria established for biofuels (RES Directive)
  - Woody material can be used for producing biofuels, heat or power.
- Land with high biodiversity value: no go area
- No conversion of land with a high carbon stock

GHG saving criteria:
- Calculation methodology adapted (final use comparison)
- Biomass burning = 0
- GHG savings threshold probably a 50 or 60%
- Probably updated default values compared to 2010

- Sustainable Forest Management (SFM) → up to Member States
Sustainability

Current and future biomass flows around the globe

- Wood pellets
- Wood chips (fresh & recycled)
- Agri residues

Potential sourcing countries for Eastern Europe

Potential agri residues sourcing countries for S.E. Asia demand

Demand: currently Europe, UK to expand future incl. South Korea & Japan?

Source: GDF SUEZ
Sustainability

Pellet import from non-EU countries (tons/month)

Note: Figures are a four-month moving average of trade flows. Data represents the nine largest importers. Since January 2012 wood pellets are captured in a dedicated category (CN 4401-3100), before 2012 in code CN 4401-3020.

Source: Bloomberg New Energy Finance, Eurostat
AEBIOM is in favour of EU harmonised binding sustainability criteria for solid and gaseous biomass because:
- Strengthen public acceptance
- Provide a stable legal framework
- Secure investments

These criteria need to be flexible, cost-effective and proportional:
- Take the existing EU and national rules and legislations into account
- Exemption of small installations and small biomass producers

The sustainability debate is now related to the so-called “carbon debt“ debate → coming AEBIOM/USIPA/WPAC/others report and communication campaign
# Sustainability

Private initiatives are prepared

<table>
<thead>
<tr>
<th>Principle</th>
<th>Clarification</th>
<th>NTA 8080 (Cramer)</th>
<th>FSC</th>
<th>RED</th>
<th>UK</th>
<th>Belgium (LBE)</th>
<th>IWPB / SBSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 GHG BALANCE</td>
<td>Positive CO2 balance of total biomass supply chain (against conventional)</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>2 CARBON STOCKS</td>
<td>Production of biomass not impacting high carbon stocks in vegetation &amp; soil</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
</tr>
<tr>
<td>3 BIO-DIVERSITY</td>
<td>No production of biomass at protected or vulnerable biodiversity</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
</tr>
<tr>
<td>4 SOIL</td>
<td>Soil (quality) is maintained or improved</td>
<td>✔</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
</tr>
<tr>
<td>5 WATER</td>
<td>Water not exhausted and water quality maintained or improved</td>
<td>✔</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
</tr>
<tr>
<td>6 AIR</td>
<td>Air quality is maintained or improved</td>
<td>✔</td>
<td>X</td>
<td>X</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
</tr>
<tr>
<td>7 SOCIAL</td>
<td>Preserve food- and local biomass applications from unfair competition</td>
<td>✔</td>
<td>X</td>
<td>X</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>8 LOCAL WELFARE</td>
<td>Production of biomass contributes to local prosperity</td>
<td>✔</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
<td>X</td>
<td>✔</td>
</tr>
</tbody>
</table>

Source: IWPB
LULUCF: Decision on accounting rules and action plans on greenhouse gas emissions and removals resulting from activities related to LULUCF (13 March 2013)

Establishes a framework for:

- A mandatory accounting obligation on Member States as regards GHG
- General accounting rules that must be applied;
- Specific accounting rules for afforestation, reforestation, deforestation, forest management
- Adopting MS Action Plans to limit or reduce emissions and maintain or increase removals resulting from the activities
Indirect Land Use Change (iLUC)

European Commission proposal (amending RED and FQD)

- 5% cap on the share of energy from crop-based biofuels (cereal and other starch rich crops, sugars and oil crop)
- Double and quadruple counting measures to promote the use of feedstock considered to generate low iLUC
- Increase of the GHG emission reduction requirements to 60% for new plants (in operation after 1 July 2014)
- Inclusion of an iLUC factor (12-55 gr CO₂/MJ of biofuels) for Member State reporting on the net GHG emission savings from the use of biofuels
Suggestions of the European Parliament ENVI committee

- Replace the 5% cap on crop-based biofuels by mandatory iLUC factors in the calculation of GHG reduction.

- Consider forests as no-go areas unless proof is given that the forest is sustainably managed and that the additional extraction does not compromise its ecological state.

- Consider woody plantations as no-go areas until a specific iLUC factor and adapted sustainability criteria have been defined.

- No use of agricultural residues unless proof is given that the extraction has no impact on the ecosystem.

• Other committee’s reports as well
European Council: Irish Presidency proposes two options

- Option A: application the 5% threshold to oil crops only and extension of the multiple counting measure to the overall national renewable energy targets.

- Option B: increase the cap on crop-based biofuels (from cereals and other starch rich crops, sugars and oil crops) to 8.6%.
AEBIOM Position

• Uncertain modelling inadequate for policy making.
• Inconsistent EU policy damaging industry.
• Very bad signal for future investments.
• Multiplication factors create virtual energy.
• Obvious possible impact also for biogas and solid biomass.

Whole bioenergy sectors under threat with such legislation
Programme Overview

- European Legislation: ILUC, sustainability
- Pellets
- Sustainability and certification
- Company profiles
- Dinner at the EU Parliament
- B2B meetings
- Visits to 6 bioenergy plants