

Biofuels in the Renewable Energy Directive

EEAC Energy Workshop:

"10% Agrofuels – a prudent target?"

Brussels, 29th January 2008

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- I Summary of the Commission's proposal
- II Biofuel sustainability requirements
- III International aspects

- I Summary of the Commission's proposal

Package of energy and climate measures:

- Reform of EU emissions trading scheme (ETS)
- National targets for greenhouse gas emissions in non-ETS sectors (buildings, transport, agriculture)
- Directive on Carbon Capture and Storage (CCS)
- Renewable energy directive
- Reform of environmental state aid guidelines

Renewable energy directive

Sets **targets** for 2020:

- National targets for the overall share of renewable energy (adding up to 20%)
- Targets for renewable energy in transport (10%)

Flexibility in meeting targets:

- Electricity and large-scale heat consumed in one Member State can count towards the target of another

Removing **obstacles** to the use of renewable energy:

- Improving administrative procedures, information provision and grid access
- Higher blends of biofuel in diesel

Improving the **performance** of renewable energy:

- Efficient forms of renewable energy in buildings
- Biofuel sustainability and national reporting
- Incentive for second-generation biofuels

II Biofuel sustainability issues

- Greenhouse gas impact
- Land use
- Impacts on people in poverty

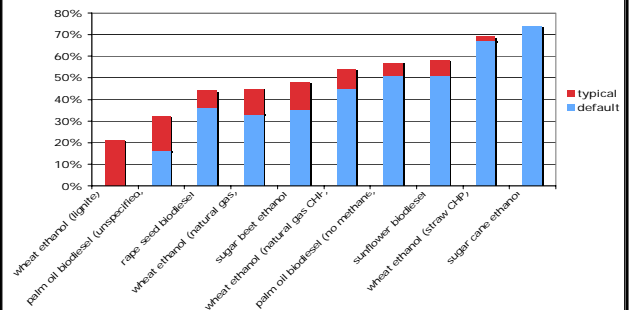
Greenhouse gas impact

Sustainability criterion:

minimum requirement for GHG saving, relative to fossil fuel, of at least 35%

To bear in mind: Most first-generation biofuels already save more than 35%.

Greenhouse gas savings from important first generation biofuels (lifecycle basis)



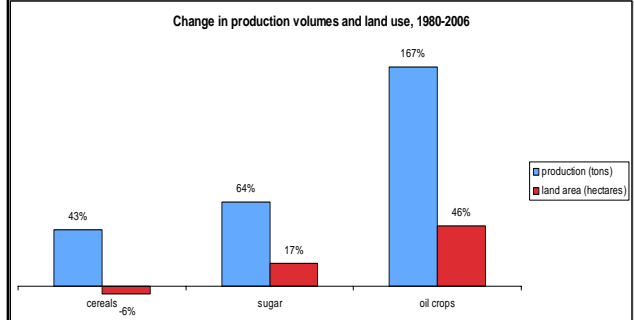
Source: proposed renewable energy directive (data from JEC Consortium)

Land use change impact

Sustainability criteria:

- land use change is counted in greenhouse gas calculation
- no conversion of wetland or "continuously forested area"
- no raw material from forest undisturbed by significant human activity or from highly biodiverse grassland
- no raw material from nature protection areas unless compatible with nature protection
- specific disincentive for raw material from EU land liable to high N₂O emissions from cultivation (Article 17(2) and (3))
- specific incentive for crops from "idle lands" and desert (Annex VII.C.8)

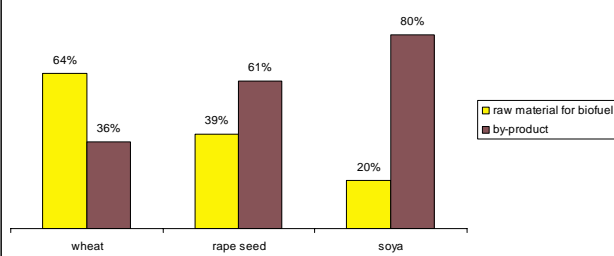
To bear in mind: increased demand for agricultural commodities in general is met mainly through productivity increases, not land use change



Source: FAOSTAT

To bear in mind: for biofuels in particular, some of the extra demand for land is offset by reduced demand for other agricultural products (replaced by biofuel by-products)

Agricultural crops: ratio (mass) between biofuel raw material and by-product (generally used for animal feed)



Source: Sheffield Hallam University (2004); Technical assistance for various aspects related to the promotion of the use of biofuels in the EU - Eltrop et al. (2007)

Impacts on people in poverty

Difficult to link to individual consignments of biofuel

and

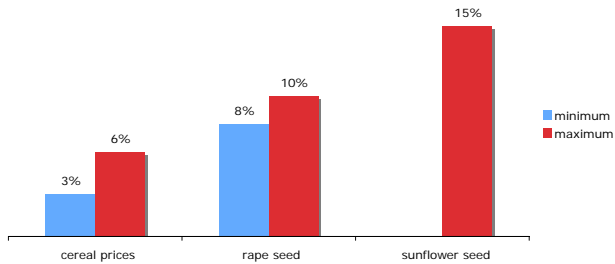
raises issues under international law

therefore

addressed through monitoring and reporting, including food security effects

To bear in mind: effect of the 10% target on food prices is expected to be relatively small

Expected effect of EU 10% biofuels target on food price 2020 (price increase)



To bear in mind: the link between food price increases and food security is not necessarily negative

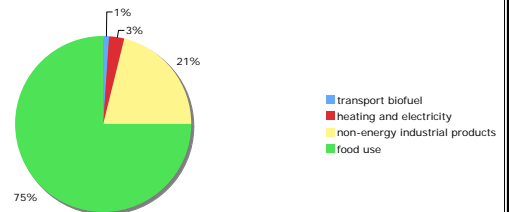
“The impact on food security needs to be analysed in the context not only of higher food prices and lower availability but also in terms of rising incomes for farmers and rural areas ... As 70 percent of the poor live in rural areas, the overall net effect on food security could be positive”

- J. Schmidhuber, Senior Economist, FAO (2006)

III International aspects

Production for biofuels is not the key sustainability issue

Global consumption of palm oil, 2006



Source: Commission analysis

The key is to extend the sustainability criteria to other countries and to other products

International relationships and contacts are therefore essential

Question: will we be more powerful in these discussions if we give up the 10% target and send the message that we are not interested, as a customer, in other countries' production?

Thank you

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