



# **Position paper on the proposal for a revision of the Renewable Energy Directive - biofuels are a must to enable a fossil free transport sector**

## **Summary**

- Combustion engines will remain for at least the next 15 years due to existing rolling stock in road transport and because some sectors are difficult to electrify
- Biofuels and biogas will be key in the transition to a fossil free transport.
- The main task of the Renewable Energy Directive with respect to biofuels and biogas is to help ensuring adequate supply of high-quality sustainable products and sustainable production.
- Restrictions that go beyond those aims must be avoided.
- Safeguarding as appropriate of carbon sinks and relevant forest management issues should be dealt with in the LULUCF Regulation to ensure a coherent and proportionate regulation.
- The so-called cascading principle regarding handling of waste is not well explained and the delegated regulation foreseen regarding its application means an excessive regulation on the use of waste that brings no added value beyond the provisions on waste hierarchy in Directive 2008/98/EC on waste.
- The proposal for a revision of the Renewable Energy Directive should be amended accordingly. Provisions relating to carbon sinks should be removed. They may possibly be replaced by a general reference to the LULUCF Regulation. The excessive restrictions indicated below, respectively capping the contribution of certain biofuels or providing for a GHG calculation of the production process for biofuels produced from certain raw materials only are without foundation and/or excessively prescriptive and should be removed.

## **I. Biofuels are key for a long-term transition to sustainable transport**

To reach our European and national climate goals we urgently need to phase out fossil-based fuels in the transport sector.

Electrification is a viable and very energy – efficient alternative, especially in urban areas.

But in reality, most heavy vehicles, both buses and trucks, are equipped with diesel engines and will remain operable for a long time to come.

- 96,5 % of all trucks sold in Europe 2020 were diesel powered (ACEA). The expected lifespan of a truck is 10 to 15 years.
- 72,9 % of all buses sold in Europe 2020 were diesel powered (ACEA). The expected lifespan of a bus is 12 to 15 years.
- Electrification is currently problematic regarding long distance goods transport by road, maritime transport and aviation.

Renewable liquid fuels including biofuels are a viable alternative and necessary to decarbonise road transport, but also for shipping and aviation where combustion engines will remain in use for a long time and fewer commercial alternatives exist.

All biofuels must fulfil the greenhouse gas emissions saving criteria set out in the relevant EU-legislation as it now stands (Renewable Energy Directive).

European legislation should therefore encourage production of sustainable renewable liquid fuels.

The impact assessment accompanying the recent amendment proposal to the Renewable Energy Directive<sup>1</sup>, part of the Fit for 55 package, confirms the growing need for biofuels in transport until 2050. It foresees a future share of sustainable biofuels and biogas of 17 % in renewables and of 7 % in the total alternative fuels supply.<sup>2</sup>

This means a need for raw materials, including various waste including from feedstocks and forestry.

A list of currently available biofuels and their characteristics is at Annex 1.



It is therefore surprising and inconsistent that the proposal to amend the Renewables directive takes a restrictive view on available raw materials. The reason given for this approach is essentially linked to the need to provide carbon sinks in forests and to supplement the provisions in this regard set out in the LULUCF Regulation<sup>3</sup> and in the revision of that regulation, also submitted as part of the Fit for 55 package.<sup>4</sup>

The review of the Renewable Energy Directive should focus on decarbonisation through renewables and regulate the characteristics of those. It should focus on the need to ensure availability of renewable energy options including biofuels and biogas in sufficient quantity.

Regulation of sustainable forestry and measures to ensure the availability of carbon sinks is a separate matter and should not be addressed in the Renewable Energy Directive. Sustainable forest management and measures to preserve carbon sinks should be dealt with in the LULUCF Regulation with a view to promoting a coherent and clear sustainable forest management policy. Including provisions of this kind in the Directive on renewable energies makes regulation of carbon sinks and forest management fragmentary and unclear.

For these reasons, the following remarks can be made regarding the Commission proposal for a review of the Renewable Fuels Directive.

**While recognising the increasing need for biofuels the Commission thus proposes an excessively restrictive attitude.**



## **2. The Commission has a counterproductive approach on raw materials – regulating what should come under the LULUCF Regulation**

- The fairly detailed regulation in the proposal as to the raw materials admissible for production of biomass partly go into great detail, such as the prohibition in Article 3 paragraph 3 (a) (i) of support by Member States for the use of saw logs, veneer logs, stumps and roots to produce energy or according to (iii) practices which are not in line with a delegated act to be adopted by the Commission on how to apply to cascading principle for biomass in particular to minimise the use of roundwood in energy production.
- Likewise, the delegated act on the application of the cascading principle foreseen in Article 3 paragraph 3, third subparagraph. would mean a too detailed steering of the use of forestry products and the assessment of how to deal with waste in sustainable forestry, which is a general forestry issue that falls outside of the Renewables Directive. In our opinion there is no need to go beyond the reference to the waste hierarchy set out in Article 4 of Directive 2008/98/EC,<sup>5</sup> to be implemented by Member States according to its own specificities.
- The proposals regarding the origin of raw material that may be used in biofuels, bioliquids and biomass, provisions regarding harvesting in Article 29 paragraphs 5 and paragraph 6 first subpara (a) (iv) and (b) (iv) contains provisions that regulate sustainable forestry and management of former peat lands which have no place in a legislation regulating renewable energy, but rather in the LULUCF Regulation or other provisions dealing with forestry and land use.

**In our view the above provisions should be eliminated. If deemed necessary they could be replaced by a reference to the provisions of the LULUCF Regulation and Directive 2008/98/EC.**

1. Proposal for a Directive amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Directive (EU) 2015/652 (COM (2021) 557).

2. See impact assessment SWD (2021) 622 pages 100 – 102, figures 21 and 22.

3. Regulation (EU) 2018/841 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework.

4. Proposal for a revision of the LULUCF Regulation (COM (2021) 554).

5. Directive 2008/98/EC on waste which aims to protect environment and human health by preventing or reducing the generation of waste by reducing the overall impact of resource use and imposing the efficiency of such use.





### **3. The Commission proposal imposes unnecessary restrictions on the use of non – annex IX residues**

- In Annex V part C, point 18 the introduction of an extra indirect greenhouse gas burden is proposed regarding residues not included in Annex IX. The reason for this additional and selective burden is not clearly explained. For raw materials other than food and feed crops, this provision is also inconsistent with the provisions in Annex VIII B stating that raw materials other than food and feed crops are considered to have a zero GHG effect.

This extra burden on residues without any clear explanation create a risk of an undue reduction of available raw material. This is unfortunate given the increased demand for biofuels for transport foreseen in the impact analysis. The result could be reduced availability and/or increased prices.

- It is also inconsistent to cap to 1,7 % the share of biofuels and biogas produced from the feedstock listed in part B of Annex IX in the energy content of fuel and electricity supplied to the transport sector as now proposed in Article 27 (1) (c) (iv). There seems to be no real reason to limit the freedom of appreciation left to the Member States in the current version of the text nor to deprive this energy source from the multiplier currently provided in Annex IX part B.

**Both the above proposals should be taken out, in our opinion.**

### **4. Getting the priorities right**

It appears obvious that a number of the proposed provisions for amendments of the Renewable Energy Directive take up a disproportionately restrictive attitude toward bioenergy, in particular with respect to the availability of raw materials but also regarding production processes and by capping the share of biofuels produced from raw materials set out in Annex IX part B.

This seems to run contrary to the recognised need for biofuels as a means to enable a smooth transition to a fossil free society.

It also on some point introduces regulation of matter which should come under the LULUCF Regulation, which also means a risk of double or contradictory regulation.

By way of information, it may also be mentioned that during the last decades, EU has had surplus food production and applied policies to reduce this surplus. Several million hectares in EU are lying uncultivated (fallow) or being cultivated with low productivity. Farmland has also been abandoned, not least in central and eastern Europe. It could be as much as 30 – 50 million hectares. Rising yields and low population growth reduce EU farmland acreage with about 3 percent every year. These resources in agriculture could be used to produce energy crops for biofuels and provide vital income and employment to rural areas.

## **Annex I - Listing of available biofuels**

### **Biodiesel from rapeseed (RME)**

Rapeseed can be grown in most parts of central, eastern and northern Europe. Rapeseed oil is used both for food and for technical purposes such as oleochemical industry and for biodiesel production. Biodiesel can also be made from many other oil crops grown in Europe, like sunflower. In the production process, biobased methanol can be used for the methanization.

When biodiesel is produced from rapeseed, about 40 percent of the seed is extracted as oil and the rest becomes a protein-rich feed for animals. This protein feed is used instead of soy protein, a product mainly imported from Latin America. To reduce this import reduces the risk of deforestation and increases European self-reliance on feed.



### **Bioethanol from crops**

Over 99 percent of the ethanol currently used in transport comes from crops such as corn, wheat, sugar beet and sugar cane. In the coming years, ethanol may also be made from cellulosic feedstock like woody residues and straw.

When ethanol is produced from grain, about half of the grains end up as ethanol and almost as much as protein-rich feed for animals. The protein feed is used instead of soy protein, a product mainly imported from Latin America. To reduce this import reduces the risk of deforestation and increases European self-reliance on feed.

Furthermore, biogenic carbon dioxide can be recovered from the fermentation process. It can be used in industry, e.g., in soft drinks, and substitute carbon dioxide made from fossil gas. It can also be captured for bio-CCS and long-term stored. The cost is much lower than for bio-CCS from flue gases.



### **HVO diesel**

HVO diesel can be produced from many different feedstocks, mainly waste oils and fats; but vegetable oils from crops can also be used. HVO is produced by hydrotreatment, where the product is very similar to conventional fossil diesel, and can be used either as pure HVO100, or for blending up to higher blends than with RME. The name HVO (hydrogenated vegetable oil) is somewhat misleading, as also animal fats can be used. The greenhouse gas reduction with HVO is very high, around or above 90 percent compared to fossil fuels. Production of HVO can promote the recovery of waste oils globally, like cooking oils from restaurants and households. Amended regulation in EU and Sweden has reduced the use of palm oil.

### **Greenhouse gas reduction**

All biofuels must fulfil the GHG savings criteria in RED (the renewable energy directive). The producers are constantly working to improve their climate performance. The average GHG reduction from European ethanol compared to fossil fuels increased from 52.2 percent in 2009 to 72.2 percent in 2019. The emissions from ethanol in 2019 was 23.1 gCO<sub>2</sub>/MJ. The fossil fuel emissions comparator was increased from 83.8 gCO<sub>2</sub>/MJ in 2020 to 94.0 gCO<sub>2</sub>/MJ to better reflect the life cycle emissions from fossil fuels like diesel and petrol.

The best ethanol factories in Europe have even higher reduction rates, using renewable energy for their processes and sourcing from cultivation with low carbon footprint.

For production of biodiesel, the GHG balance is also constantly improving, e.g., by using renewable methanol at the methanization to RME and using feedstock from farming with low carbon footprint.

#### **About us:**

**The Swedish Confederation of Transport Enterprises** (in Swedish *Transportföretagen*) is an umbrella organisation for associations and companies in the transportation sector. We represent 9 200 companies with around 205 000 employees. We work locally as well as internationally to support our members and to meet their varying requirements especially in the field of collective agreements and labour law. The Swedish Confederation of Transport Enterprises is a part of the Confederation of Swedish Enterprises.

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