



ILUC: Status of EU legislation

**IEA Workshop "Land use and Mitigating iLUC"
Brussels, 23 October 2014**

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Agenda

- **2020 targets and the role of biofuels**
- **ILUC and the Commission's proposal**
- **Evolving policy context, state of negotiations**



The Policy Framework 2020

Fuel Quality Directive (FQD)

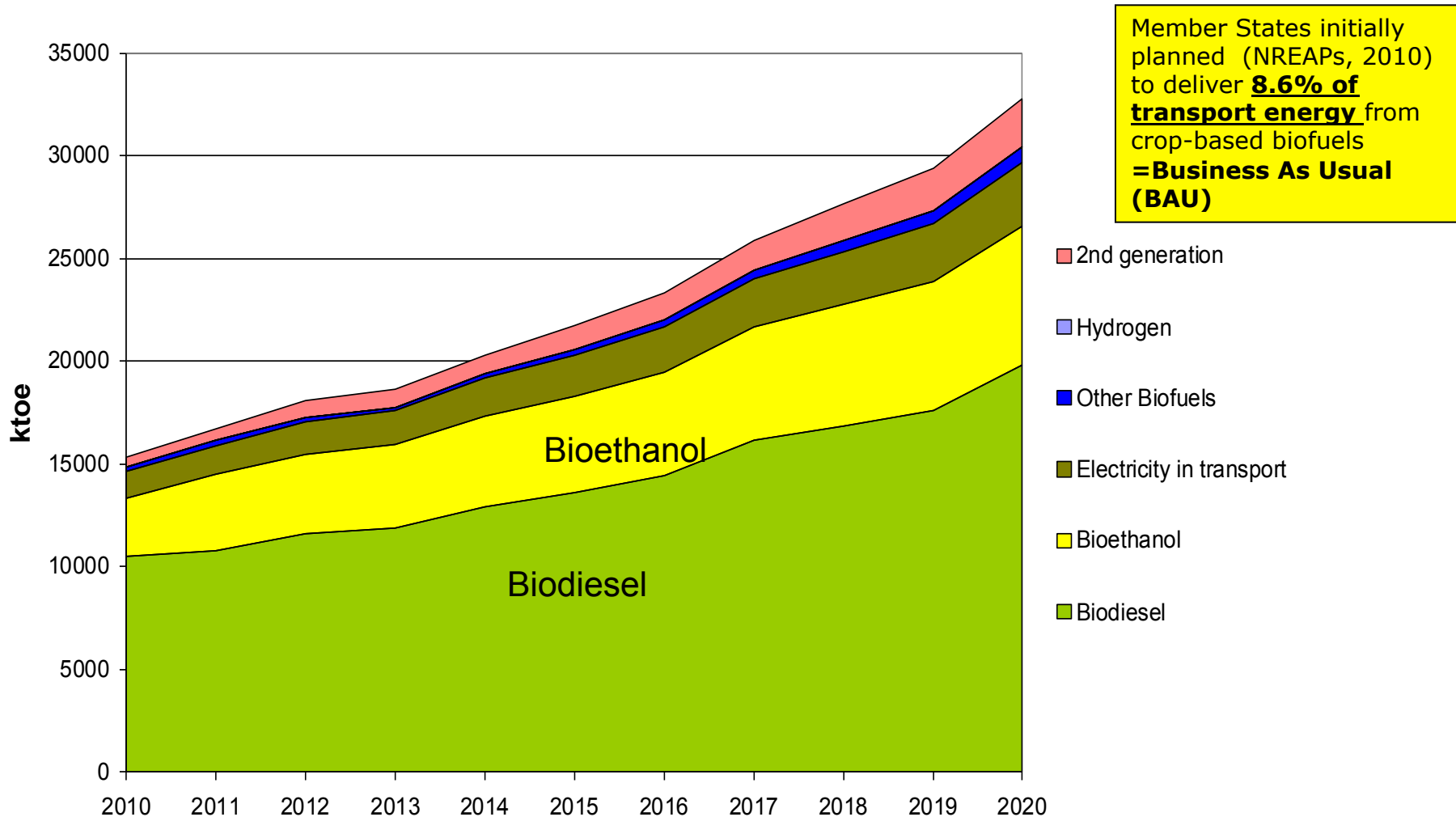
- 6% greenhouse gas reduction target in carbon intensity of road transport fuels in 2020

Renewable Energy Directive (RED)

- 20% share of renewable energy by 2020
- 10% renewable energy in transport by 2020

Significant contribution to both targets expected to come from biofuels (mainly 1G, food and feed crop-based)

NREAPs: RES transport sector to 2020



Sustainability criteria in RED and FQD

Biofuels cannot come from land:

- **With high carbon stock**
- **High biodiversity (primary forest etc.)**

Biofuels need to save at least 35% compared to fossil fuels, increasing to 50% in 2017

GHG



GHG



GHG



But, indirect impacts not taken into account: ILUC
mandate for the Commission (RED article 19(6))



Agenda

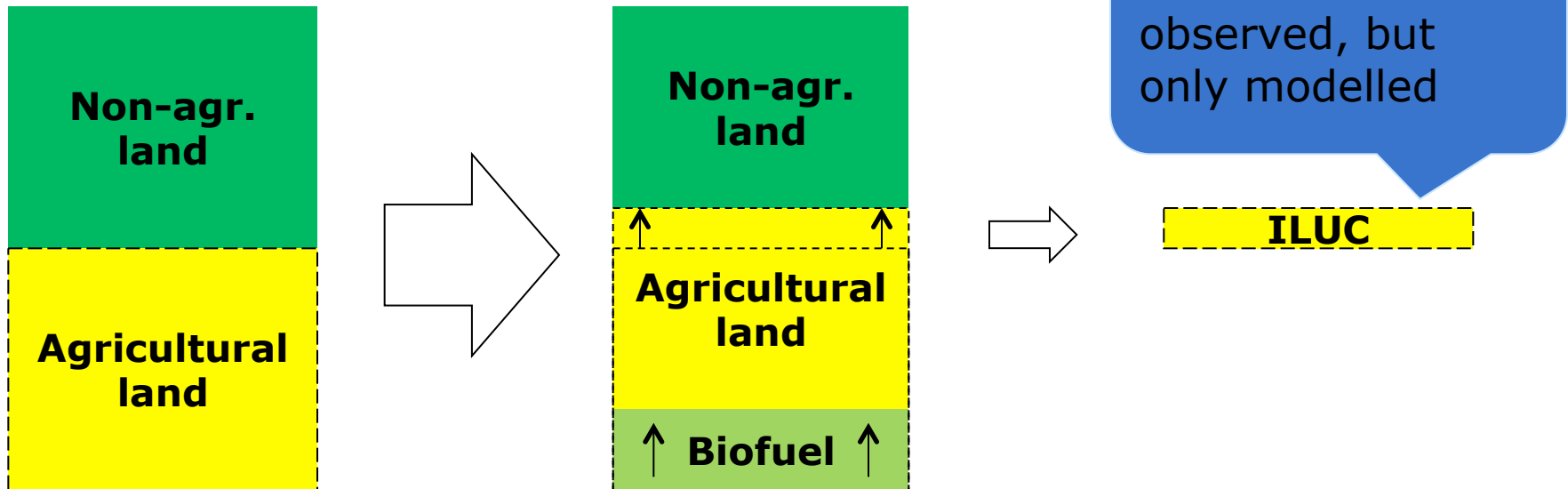
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What is ILUC?

- **EU targets create increased demand for biofuel feedstocks**
- **This increased demand can be met through:**
 - a) **increased yields on existing agricultural land or**
 - b) **expansion of agricultural land.**
- **If the latter takes place on high carbon stock land, it can lead to significant greenhouse gas emissions.**
- **ILUC occurring as a result of EU biofuel demand happens primarily outside the EU**

What is ILUC?





ILUC modelling

- **Since ILUC can neither be observed nor measured, it is necessary to use modelling which has inherent uncertainties.**
- **A scenario of a world without biofuels from EU mandates is compared to the scenario with mandates**

A key study was the IFPRI study which:

- **Was subject to a lengthy (3 year) dialogue and discussion between the Commission and IFPRI**
- **Was subject to stakeholder comments and questions (specific technical consultation held)**
- **Is considered to be best available science on the estimated ILUC impacts of EU use of biofuels**



IFPRI-study technical findings

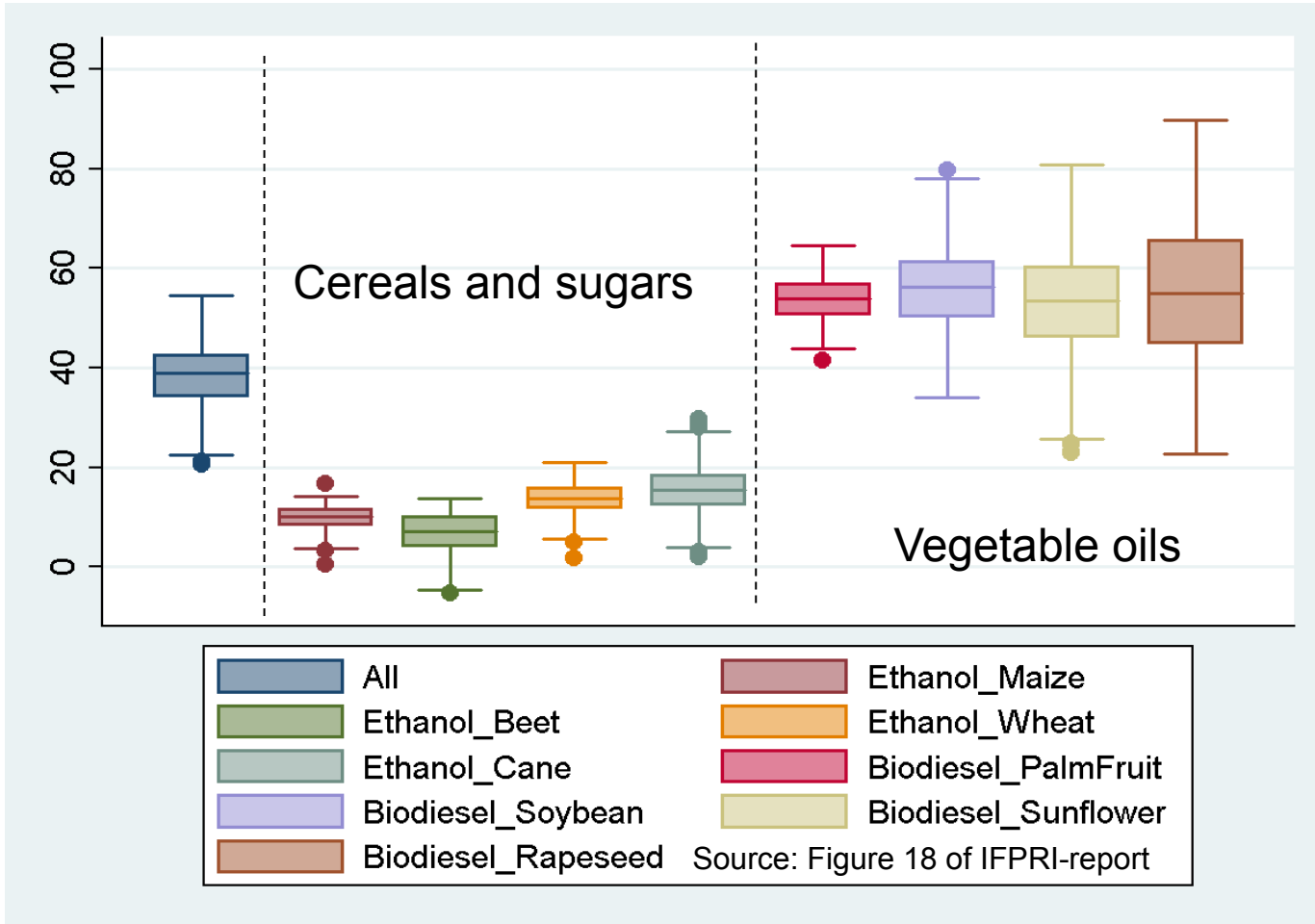
*The total land converted globally for the increased EU biofuels consumption in 2020 **is estimated at 1.7MHa, leading to the release of 500Mt CO₂.***

*On average, these emissions would negate around 70% the direct savings offered by biofuels, leaving the average biofuel mix at 22% savings (**biofuels on average still save emissions compared to fossil fuels**).*

Large differences in estimated ILUC impacts between crop groups, these being lower for sugars and cereals than for vegetable oils.

ILUC is a serious concern, but significant uncertainties remain

Feedstock specific results (gCO₂/MJ)





IFPRI-study policy findings

- **ILUC reduces significantly savings from first generation biofuels and so planned contribution from 1st generation biofuels to targets needs to be reviewed;**
- **While there are large differences in ILUC impact by crop group, defining ILUC factors by individual feedstock is challenging;**
- **GHG saving minimum requirements from biofuels should be increased.**



Options assessed for mitigating ILUC

A) Take no action while continue to monitor

B) Increase the minimum GHG threshold

C) Introduce additional sustainability criteria

D) Include ILUC factors in sustainability criteria

E) Limit contribution of conventional biofuels to RED target



The Commission Proposal (1/3)

*The proposal starts the transition to biofuels that deliver **solid GHG savings** also when estimated ILUC impacts are considered **while respecting existing investments**.*

Commission's view is to not support 1st generation biofuels post 2020.

Therefore we propose to limit the amount of 1st gen. biofuels that can count towards the Renewable Energy Directive targets to current consumption levels (5%).



The Commission Proposal (2/3)

*The **estimated ILUC emissions** are included in the MS reports in both Directives.*

The aim is to increase transparency of GHG savings of all biofuels, while recognising the limits of modelling in the policy design.

(This may result in a preference for low ILUC biofuels).



The Commission Proposal (3/3)

The remaining growth in the biofuels' market is expected to come from advanced non-land using biofuels, for which incentives are also increased (quadruple accounting).

In addition, we aim to increase the overall savings associated with all biofuels produced in new installations. Therefore, the greenhouse gas emissions saving requirements are increased to 60% for new installations from 1st July 2014.



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State Aid Guidelines 2014-2020

State Aid Guidelines for environmental protection and energy 2014-2020:

- *'In view of the overcapacity in the food-based biofuel market, the Commission will consider that **investment aid in new and existing capacity** for food-based biofuels is not justified'*
- *'However, **investment aid to convert** food-based biofuel plants into advanced biofuel plants is allowed...'*
- *'...**operating aid** to food-based biofuels can only be granted until 2020.'*



2030 context

Commission proposed a 2030 framework:

- **40% GHG reduction target**
- **27% share of Renewable Energy in the EU**
- **30% Energy Efficiency**

For biofuels specifically:

- *'The Commission does not think it appropriate to establish new targets for **renewable energy** or the **greenhouse gas intensity** of fuels used in the transport sector or any other sub-sector after 2020'*
- *'The Commission has already indicated, for example, that **food-based biofuels should not receive public support after 2020**'*
- *'The focus of policy development should be on... second and third generation biofuels and other alternative, sustainable fuels...'*



Negotiation timeline

Negotiations have been ongoing for two years:

- **Oct 2012** **Commission's proposal**
- **Sep 2013** **European Parliament's 1st reading**
- **Jun 2014** **Council's political agreement**

Transmission from the Council to the EP expected in [November] and EP 2nd reading will begin

[Finalisation of negotiations expected next year]



Main elements to mitigate ILUC

COM: 10% transport target + 5% cap for food crop based biofuels (applies to RED)

Council: 10% transport target + 7% cap for food crop based biofuels (applies to RED)

EP: 10% transport target + 6% cap for crop-based biofuels, incl. energy crops (applies to RED, FQD and public support) and ILUC accounting for FQD



***Thank you for your
attention!***

More information:

<http://ec.europa.eu/energy/renewables/>