



**COUNCIL OF
THE EUROPEAN UNION**

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ADD 1**

**ENER 37
ENV 105
ENT 49
TRANS 55
AGRI 72
POLGEN 16
CODEC 278**

NOTE

from : General Secretariat of the Council
to : Council

No. Cion prop. : 15189/12 ENV 789 ENER 417 ENT 257 TRANS 346 AGRI 686 POLGEN 170
CODEC 2432 + ADD 1-2

Subject : Proposal for a Directive of the European Parliament and of the Council
amending Directive 98/70/EC relating to the quality of petrol and diesel fuels and
amending Directive 2009/28/EC on the promotion of the use of energy from
renewable sources **(first reading)**
– Orientation debate
= Contribution from the United Kingdom delegation

Delegations will find in Annex a contribution from the United Kingdom delegation to the
orientation debate on the above-mentioned proposed Directive (ILUC).

This debate will be held during the TTE Council of 22 February 2013.

"Indirect Land Use Change (ILUC) impacts of biofuels": UK response to Council questions

*Proposal for a Directive of the European Parliament and of the Council
amending Directive 98/70/EC relating to the quality of petrol and diesel fuels and
amending Directive 2009/28/EC on the promotion of the use of energy from renewable sources
(first reading)*

The General Secretariat of the Council asked Member States for written responses to the two questions below ahead of Council.

1. Does the proposed Directive, amending the Fuel Quality and Renewable Energy Directives, adequately meet the objectives of addressing indirect land-use change emissions and of encouraging the transition to advanced biofuels?

As currently drafted the proposed Directive neither adequately addresses Indirect Land Use Change (ILUC) emissions nor adequately encourages the transition to advanced biofuels.

The proposed Directive would cap the contribution that biofuels and bioliquids made from certain ‘food crop’ feedstocks can make to targets. It lists ‘cereal and other starch rich crops, sugars and oil crops’ as those ‘food crops’ feedstocks to which the cap would apply.

However, the cap does not take account of the fact that the ILUC impacts of these ‘food crop’ feedstocks vary significantly. The body of scientific evidence suggests that biofuels made from oil crops carry significantly higher ILUC impacts than those made from cereal, starch and sugar crops. The IFPRI report¹ supports this view and concludes that biofuels made from oil crops can have higher greenhouse gas (GHG) emissions than fossil fuel when ILUC is taken into account.

¹ Laborde, D. 2011. IFPRI. Assessing the Land Use Change consequences of European biofuel policies and its uncertainties. Commissioned by DG Trade (201).

As a result of this the UK believes that the most appropriate solution to ILUC is through the introduction of ‘ILUC factors’ into both the Renewable Energy Directive (RED) and Fuel Quality Directive (FQD). ‘ILUC factors’ are additional terms added into the life cycle GHG calculation of a biofuel’s emissions to represent the GHG emissions that would be expected from ILUC and their inclusion would allow a complete assessment of a given biofuel’s impact.

While the UK supports the concept of encouraging increased supply of ‘advanced biofuels’ the proposed Directive will not enable this outcome. The proposed Directive sets out that biofuels produced from certain feedstocks will count multiple times towards the transport sub-target of the RED. It sets out two lists of feedstocks one of which will count twice towards targets and the other four times towards the targets.

However, while these biofuels will count multiple times towards the transport sub-target, they still only count once towards the overall RED target. Therefore, the multiple counting acts as no practical incentive at all. If Member States choose to pass on the multiple incentives domestically this will create a ‘gap’ in achievement between the transport sub-target and overall RED target which will have to be met in other ways at **significant additional cost**. The European Commission have made no assessment of the additional costs either for the Union as a whole or individual Member States. Similarly, the multiple counting does not extend to the FQD targets where, again, additional effort will have to be made.

In addition insufficient assessment has been made of the feedstocks that the proposed Directive seeks to multiple count to ensure that their use for biofuels is appropriate. The impact of their use needs to be assessed including lifecycle GHG impacts, impacts on sectors currently using the feedstocks and costs. Without such an assessment, multiple counting these feedstocks risks indirect impacts and perverse incentives.

2. Does the proposed Directive support the achievement across the Union of the existing EU energy and climate change objectives?

From the UK's perspective there is a lot of cross-over between this question and the first question. In order to ensure that the proposed Directive is consistent with delivery of existing EU energy and climate change objectives it is essential that the issue of ILUC is addressed and the UK considers that the most appropriate way to do this is through the introduction of ILUC factors in both the RED and FQD. In this way we can ensure that biofuels that do not save GHG emissions relative to fossil fuels are not supported. It is also important that the multiple counting proposed by the Directive is applied to overall RED targets and to FQD targets.
