



**COUNCIL OF
THE EUROPEAN UNION**

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ADD 2**

**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
+ ADD 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 Danish delegation

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

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

**Denmark's written answers to the questions posed to Ministers by the Irish Presidency
in preparation for the policy debate on the ILUC-proposal
at the Council (energy) meeting on 22nd February 2013**

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

Ad 1) Denmark welcomes the proposal and its intentions to lower the GHG-emissions from biofuels and the attempt to obtain rightful GHG-savings from biofuels. However, Denmark has serious doubts as to whether the proposal will fulfil the aim.

The main reasons for Denmark's reluctant position are that:

- Denmark considers the introduction of **ILUC-factors** of outmost importance, so that the reflected GHG-value of the biofuels is accurate and reflects the total emissions from the biofuels. Denmark regrets that the Commission considers the scientific material for the introduction of crop specific ILUC-factors to be insufficient. Denmark finds that due to the seriousness of the ILUC issue, which means that some biofuels are not sustainable, and considering the considerable amount of already existing scientific material on ILUC, **the Commissions reporting obligation should be advanced to 2014 in order to introduce solid scientifically based ILUC-factors as soon as possible.**

- Until it is possible to introduce ILUC-factors a cap as the **5 % cap** suggested by the Commission seems like a viable short term option. However, Danish initial modelling show that the effect of the 5 % cap in the RED will be considerably reduced unless a similar cap is introduced in the fuel quality directive (due to the lack of possibilities for significant reductions in flaring and venting and high uncertain as to the estimated number of electric vehicles in EU in 2020). **Denmark would therefore suggest that the proposed cap is also introduced in the FQD.** The detail of the cap remains to be defined, but various possibilities exist. As previously mentioned Denmark finds that the cap is a less attractive alternative to the introduction of ILUC-factors. Initial modelling done by Denmark shows that with a 5 % cap in RED will only have very limited effect and hence there will still be an ILUC-issue as well as a risk for negative influence on the food prices. **Denmark would therefore - in addition to proposal to include the cap in the FQD - propose that the size of the cap is reduced to 4 % in order to secure a solid GHG-reduction and a minimal risk of biofuels influence on food prices.**
- The Commissions attempt to create a **market for advanced biofuels** and in particular a market for biofuels based on low ILUC risk feedstocks is valued, though Denmark believes that the incentives of the proposal are not powerful enough to create the market needed for driving the technological development.
Denmark would therefore propose to strengthen the Commission's proposal and create investor security by introducing a mandatory blending obligation for biofuels covered by annex IX part A at 2 %. In Denmark's view this will provide the instrument needed for at swift introduction of advance biofuel covered by part A. These biofuels will typically be bioethanol of which there exist no commercial volumes on the market today or in the near future without help from the EU.

Concerns have been expressed as to whether there will be **sufficient amounts of advance biofuel available in 2020**. This topic is of course also of concern to Denmark. Denmark has been supporting research and development of advance biofuel for some years. The essence of dialogues with major private industries and stakeholders that are operating in this field is that - provided the above mentioned investor security is in place - the 2 % goal is a very realistic aim. It is of course very difficult to predict the **price of a fuel in 2020** that is not commercially on the market today. Nevertheless, based on existing knowledge of the market for advanced bioethanol and on talks with the major players in this market we estimate, based on a number of assumptions, that a liter of E10, at the pump will have a price increase on less than one Eurocent.

Ad 2) Denmark has serious doubts as to whether the proposal will lower the GHG-emissions from biofuels and obtain rightful accounting of GHG-savings from biofuels. Hence it does not sufficiently support the achievement across the Union of the existing EU energy and climate change objectives.