

EU policies for biofuels

An aerial photograph of a rural landscape. The central and largest portion of the image is a vast, rectangular field of bright yellow rapeseed. To the left, there is a strip of green field. To the right, a dense green forest borders the yellow field. In the lower right, there is a large, irregularly shaped pond or reservoir. The overall scene is a typical agricultural landscape in Europe.

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European Commission
DG Energy and Transport

“A sustainable path for biofuels in the EU”
Brussels, 7.6.6

I Why biofuels?

II EU legislation

III Next steps

I Why biofuels?

The EU is supporting transport biofuels for three main reasons:



1) Biofuels are not the cheapest way to reduce greenhouse gas emissions ...



but ...

greenhouse gas trends are worst in transport

biofuels are one of the few large-scale solutions

**CO2 emissions by sector, EU25, 1990-2030
(MT, projected)**



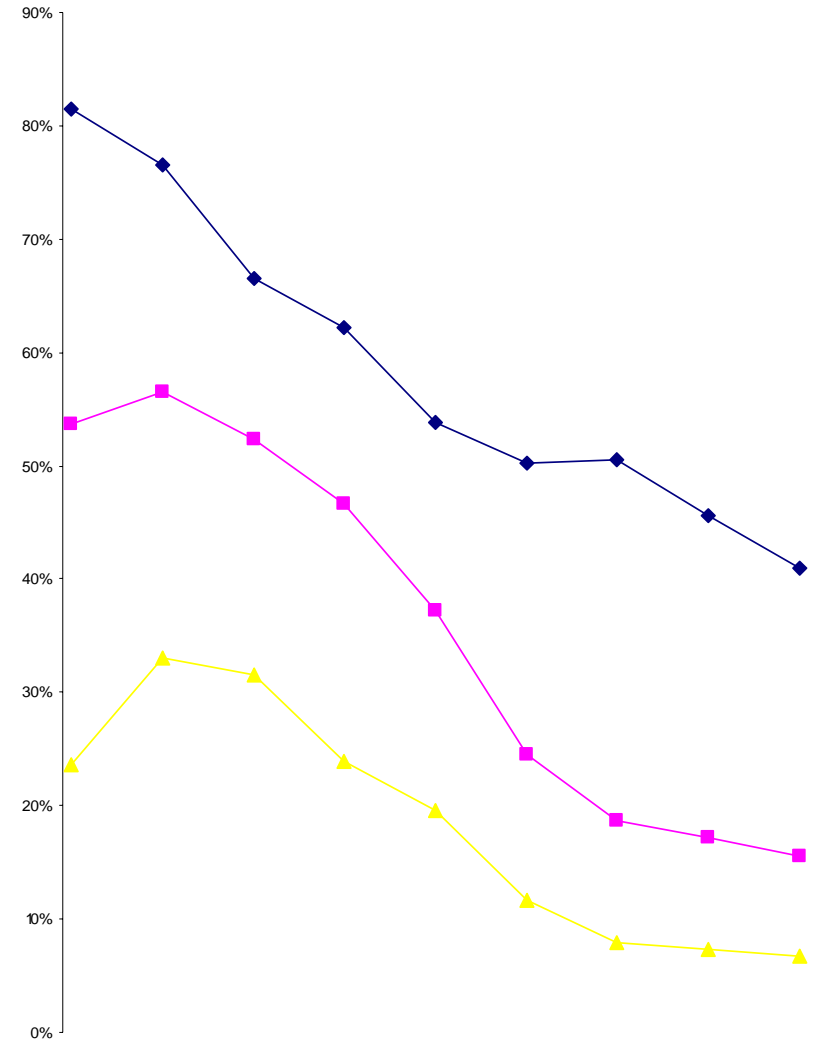
	1990	1995	2000	2005	2010	2015	2020	2025	2030
—■— energy branch	142	162	145	126	124	120	114	105	100
—▲— industry	699	611	568	576	577	593	595	584	570
—×— residential	506	486	452	468	483	494	495	490	487
—*— tertiary	274	255	245	252	262	270	276	278	282
—●— transport	793	857	970	1039	1075	1087	1116	1108	1093

2)

insecurity of energy supply is worst for oil

biofuels permit supply diversification and domestic production

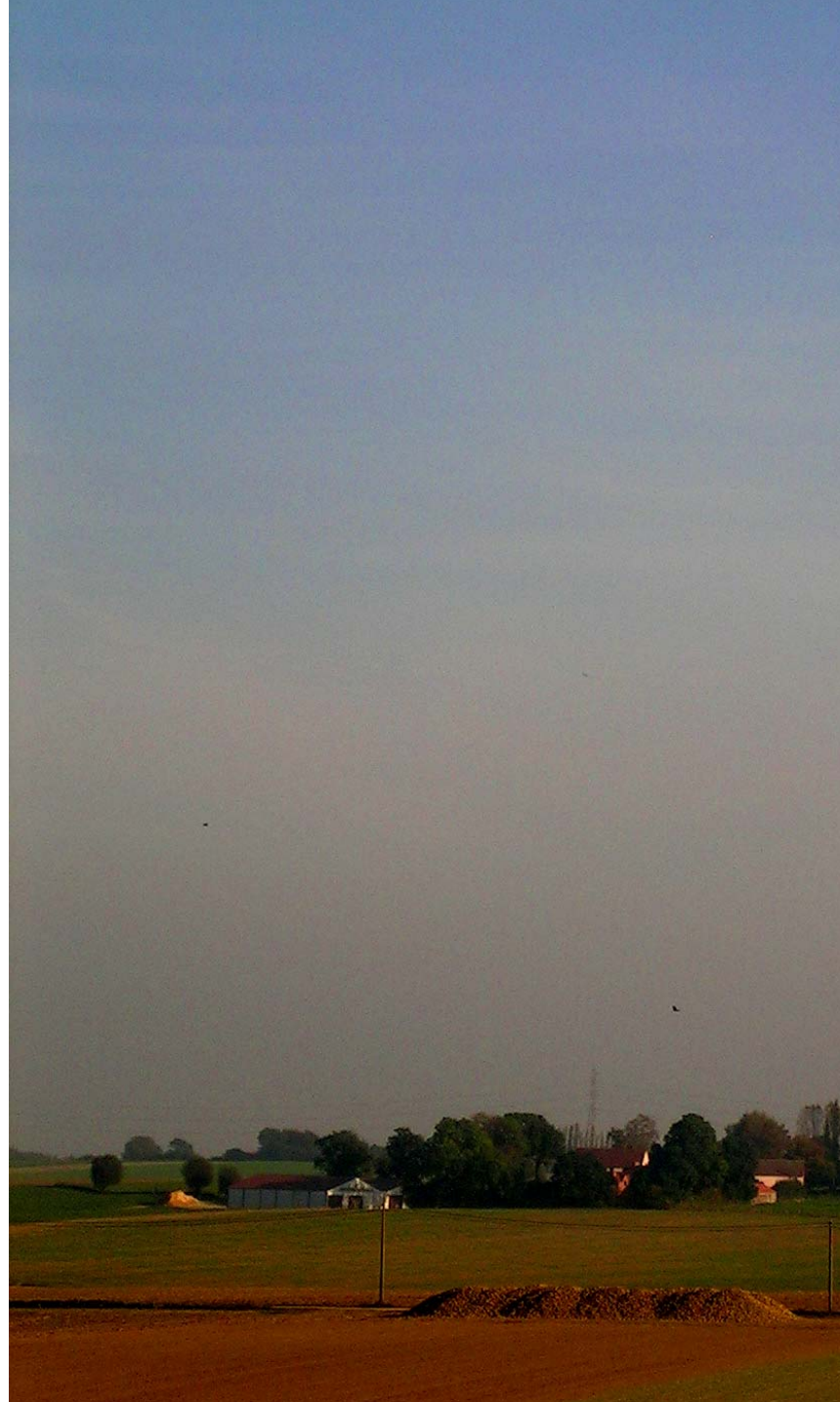
Share of domestic production in consumption of solid fuels, oil and natural gas, EU25, 1990-2030 (projected)



	1990	1995	2000	2005	2010	2015	2020	2025	2030
—◆— solid fuels	81%	77%	67%	62%	54%	50%	51%	46%	41%
—■— natural gas	54%	57%	52%	47%	37%	24%	19%	17%	16%
—▲— oil	24%	33%	32%	24%	20%	12%	8%	7%	7%

3)

biofuels offer new
outlets for **agriculture**



II EU legislation

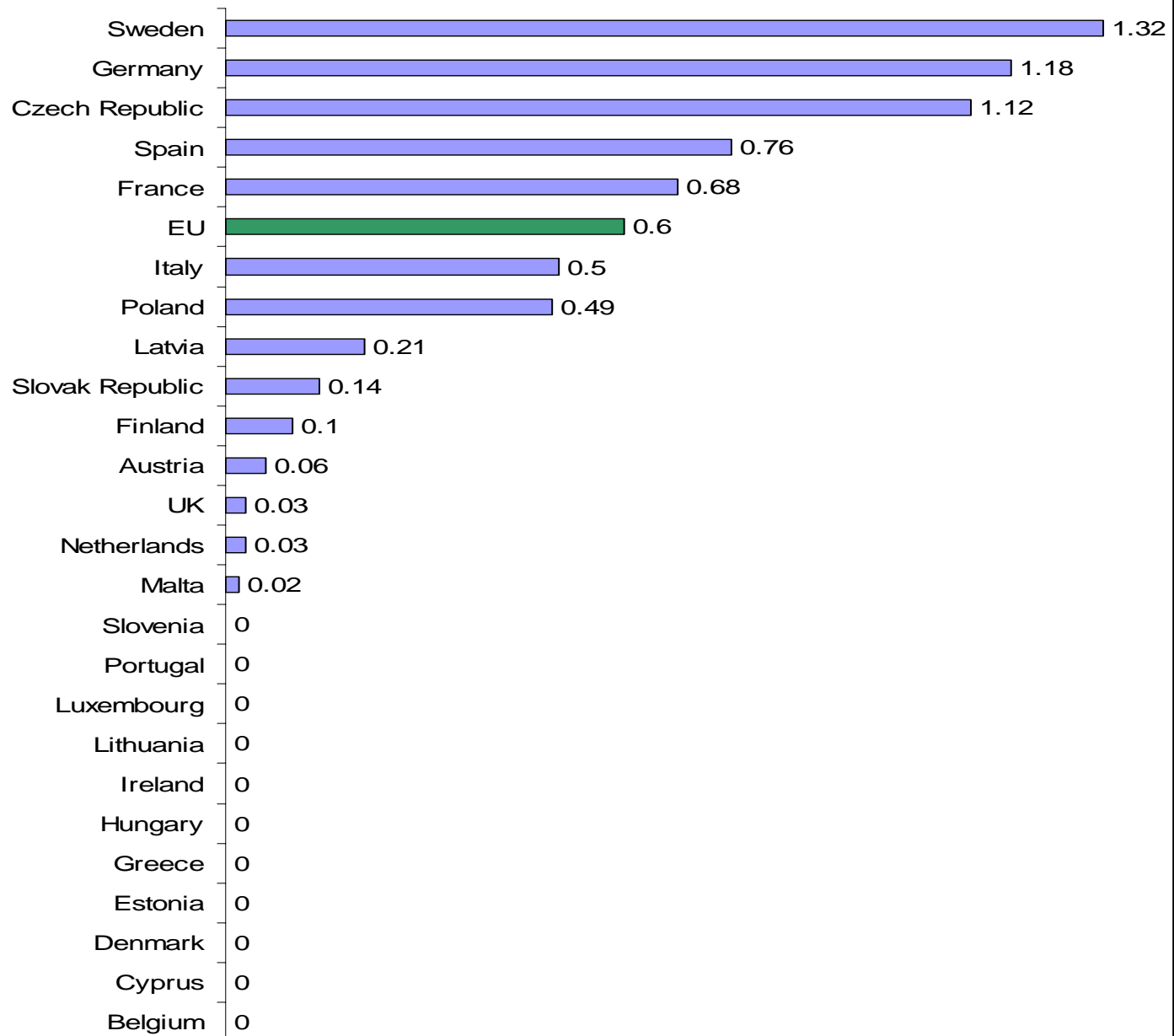
EU biofuels directive (directive 2003/30):

- 1) Directive sets **reference values** for the market share of biofuels
 - 2% at the end of 2005
 - 5.75% at the end of 2010

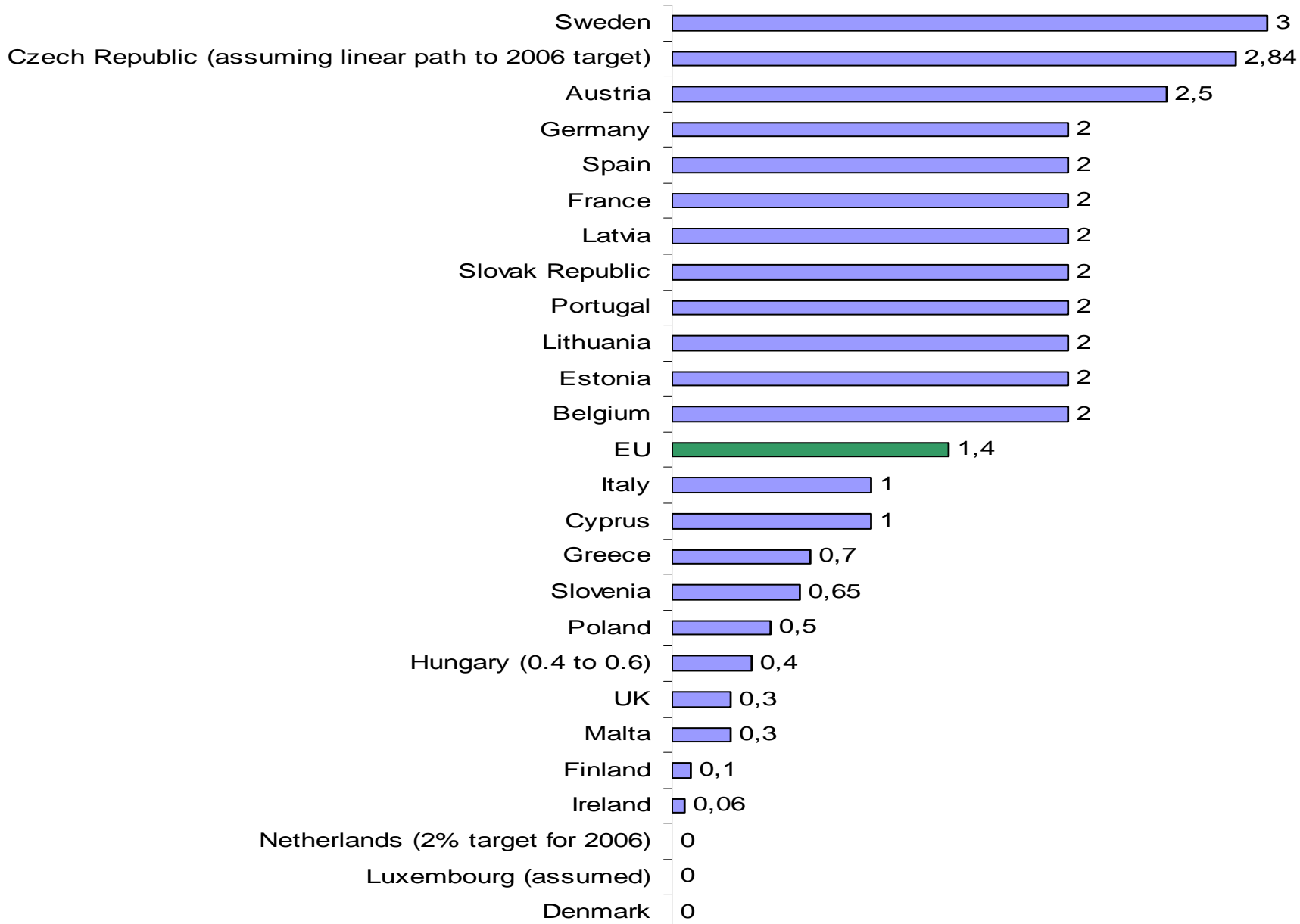
- 2) Member States must set **national indicative targets**

What progress?

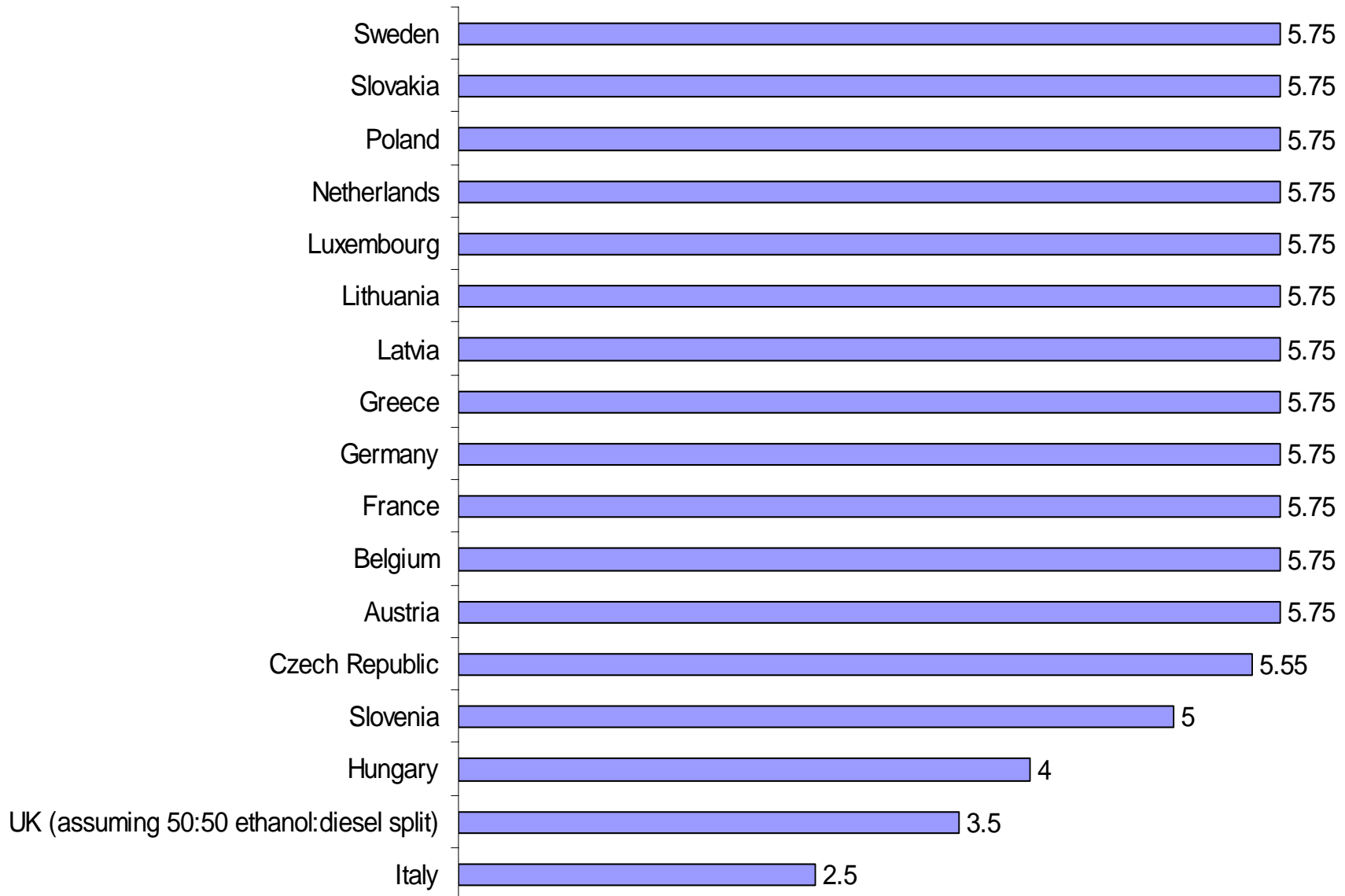
**Figure 1 - Market share of biofuels in EU member states,
2003 (energy content, %)**



National indicative targets for biofuel market share in EU member states, 2005 (%)



National indicative targets for biofuel market share in EU member states, 2010 (%)



Not yet fixed (need not fix until 2007): Cyprus, Denmark, Estonia, Finland, Ireland, Malta, Portugal, Spain

Even with high oil prices, biofuels still cost more.

Main forms of support for biofuels in Member States:

- **Tax reductions/exemptions**
- **Biofuel obligations** (requiring fuel suppliers to achieve a given biofuel share in their total sales)

Note: **biofuel mandates**, under which every litre sold must contain a given percentage of biofuels, are not compatible with existing Community law.

III Next steps

Other issues

GLOBAL PRODUCTION AND IMPORTS



- **Trade** negotiations (Doha, Mercosur)
- Biofuels assistance package for **developing countries**

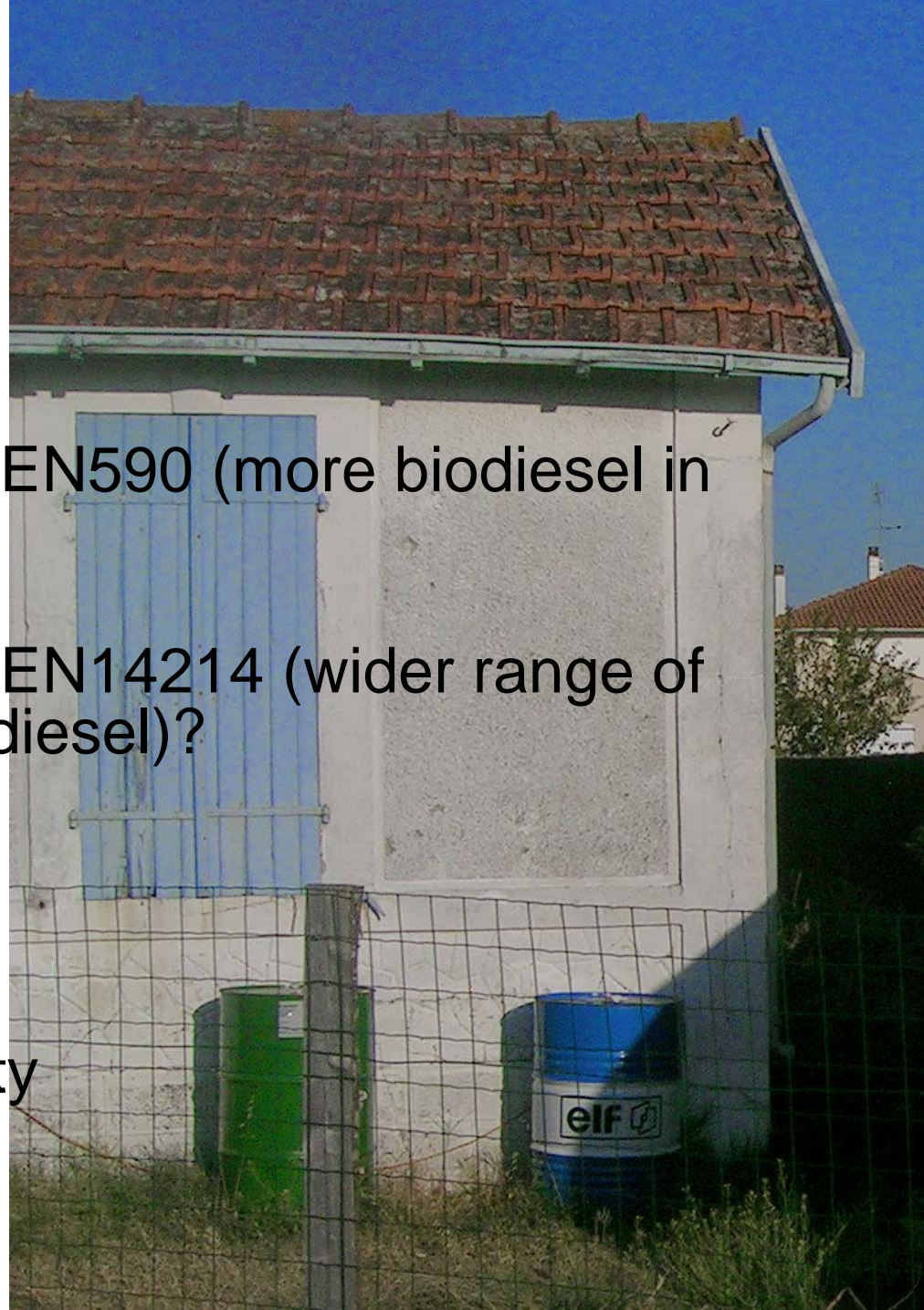
STANDARDS

→ Biodiesel:

- revision of standard EN590 (more biodiesel in diesel)?
- revision of standard EN14214 (wider range of vegetable oils in biodiesel)?

→ Ethanol

- revision of fuel quality directive (easier to blend in petrol)?



SECOND-GENERATION BIOFUELS

- Main advantage is wider range of feedstocks
- There is also hope for greenhouse gas and cost benefits
- What chances of success?
- How to speed up progress?



Biofuels directive review

A **progress report** on the directive is required by the end of 2006.

Consultation of interested parties runs to 10th July 2006.

Key questions for the review:

- 1) Is the **objective** of promoting biofuels still valid?
- 2) Will the **5.75% reference value** be achieved in 2010 with existing policies and measures?

3) Looking towards 2010, does the **EU system for promoting biofuels** need to be changed?

If so, should there be, for example:

- a *voluntary agreement* with the oil and vehicle industries to achieve the reference value?
- universal use of *biofuel obligations* (at national or European level)?
- national or European *biofuel mandates*?
- *mandatory targets* for Member States?
- - or other ideas?

4) Should there be a **certification** system to avoid using “poor performing” biofuels or reward “better performing” ones?

5) Looking **beyond 2010**,

- should the EU set new biofuel targets? if so, what?
- should the present approach to implementing targets be retained, or should there be a new approach?

(Note: the last European Council asked the Commission to examine an 8% target for 2015)

CERTIFICATION/ASSURANCE:

- a good idea in principle
- raises difficult issues in practice
- we need your ideas on how to solve them

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Avoiding the use of the worst-performing biofuels:

- 1) What are the practices that are so bad they should be avoided?*
- 2) What are the mechanisms that could be used to do it?*
- 3) How should scheme development be done in a way that achieves consensus?*

Rewarding good performance:

- 1) *What aspects of performance should be rewarded?*
 - *greenhouse gas performance?*
 - *security of supply performance?*
 - *innovation (second-generation biofuels)?*
- 2) *How can these things be measured?*
- 3) *What mechanisms to give rewards?*

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consultation document:

http://ec.europa.eu/energy/res/legislation/biofuels_consultation_en.htm

