

BIOFUEL POLICY UPDATE

REPORT TO NORTH EAST BIOFUELS

28 NOVEMBER 2008

HEADLINES

EU POLICY UPDATE

EU negotiators aim to agree RE Directive by end of year

The new European Renewable Energy Directive has entered into the so-called "trilogue" stage, in which direct negotiations take place between the three European institutions: the Commission, the Parliament and the Council of Ministers. The French Presidency aim to have agreement on the final Directive, as part of the wider Energy and Climate Package, by the end of the year.

UK POLICY UPDATE

DfT consults to slow UK biofuels target

The UK Department for Transport (DfT) has launched a consultation, which proposes to slow the rate of increase of biofuels under the Renewable Transport Fuel Obligation (RTFO) in line with recommendations put forward under the Gallagher Review into the indirect effects of biofuels, published in July. The consultation closes on 17 December.

RFA publishes company data for first quarter of RTFO

The Renewable Fuels Agency (RFA) has published data on the carbon and sustainability performance of the biofuels sold on the UK market during the first quarter of the Renewable Transport Fuel Obligation (RTFO), which began in April this year. For the first time, the published data includes details of the performance of individual companies.

RFA holds expert workshop on iLUC

On 5 November, the RFA held an expert workshop to discuss practical solutions to the problem of indirect land use change (iLUC) caused by biofuels. Around 25 invited participants gathered in London to discuss concepts related to idle land and intensification raised in the Gallagher review.

Carbon Trust allocated further £6 million for advanced biofuels research

The DfT has allocated a further £6 million to research being conducted by the UK's Carbon Trust to accelerate the development of advanced sustainable biofuels technologies.

UK Government launches Department of Energy and Climate Change

Due to the increasing challenges posed by energy and climate change, on 3 October the UK Government has launched a new government department dedicated to the topic.

OTHER INTERNATIONAL DEVELOPMENTS

Germany, Netherlands and Ireland decrease biofuels targets

Alongside the UK government's consultation to reduce biofuels targets in the UK, the German, Dutch and Irish governments have voted to slow their rates of biofuels growth, in the main part citing sustainability concerns.

International biofuels sustainability standards move forward

Following the publication of "Version Zero" of the Roundtable on Sustainable Biofuels (RSB) on 13 August, the Round Table on Responsible Soy (RTRS) have published the next draft of their sustainability criteria. The Better Sugarcane Initiative (BSI) plan to publish the next draft of their sustainability standard in the coming weeks.

Global Bio-energy Partnership meets in Sao Paolo

The Global Bio-energy Partnership (GBEP) Task Forces on Sustainability and Greenhouse gases met in Sao Paolo, Brazil, last week to further international discussions on sustainable bioenergy.

EVENTS

2009 WORKSHOP



EU POLICY UPDATE

EU negotiators aim to agree RE Directive by end of year

The new European Renewable Energy Directive has entered into the so-called "trilogue" stage, in which direct negotiations take place between the three European institutions: the Commission, the Parliament and the Council of Ministers. The French Presidency aim to have agreement on the final Directive, as part of the wider Energy and Climate Package, by the end of the year.

The new Renewable Energy Directive is a key part of the proposed EU Energy and Climate Package, which also includes a target for the EU to reduce greenhouse gas emissions by 20% by 2020 and to improve energy efficiency by 20% over the same period.

The Renewable Energy Directive commits the EU to an overall target of 20% renewable energy by 2020, with a minimum percentage of renewables in transport fuel of 10%. The overall target is differentiated between the different Member States, with a proposed target of 15% renewable energy for the UK.

Negotiations are ongoing on key aspects of the Directive with respect to biofuels, including whether a part of the target should be met by advanced biofuels, details of minimum sustainability criteria, minimum percentage of emissions savings, inclusion of indirect land use change and whether to introduce a review of the target in 2014.

The French Presidency, who are leading negotiations, hope to reach agreement on the final details of the Directive at the Council meeting of European Heads of State on 11-12 December.

Further information:

Original proposal for a new Renewable Energy Directive: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52008PC0019:EN:NOT>

[Return to headlines](#)

UK POLICY UPDATE

DfT consults to slow UK biofuels target

The UK Department for Transport (DfT) has launched a consultation, which proposes to slow the rate of increase of biofuels under the Renewable Transport Fuel Obligation (RTFO) in line with recommendations put forward under the Gallagher Review into the indirect effects of biofuels, published in July. The consultation closes on 17 December.

The consultation puts forward three options for the biofuels target under the RTFO:

1. to leave the obligation levels unchanged, reaching 5% in 2010-11;
2. to freeze the obligation at its current level of 2.5%; or
3. to implement the Gallagher Review recommendation of slowing the rate of increase to 0.5% per annum, to reach 5% in 2013-14 rather than in 2010-11.

DfT states that it is minded to accept the recommendations of the Gallagher Review, which examined the wider social and environmental impacts of biofuels. The Review concluded that there is a future for a sustainable biofuels industry, but that current policies, if left unchecked, will lead to reductions in biodiversity and may even cause a net increase in greenhouse gas emissions rather than savings.

Nonetheless, the Government continues to support the EU target of 10% renewable transport fuels by 2020, but states that this is conditional on evidence showing that it is being delivered sustainably and without significant impacts on food prices. They also believe that the sustainability criteria for biofuels currently being negotiated in the EU should address indirect, as well as direct, effects on land use.

The DfT consultation also contains a proposal to add two new fuels to the RTFO Order from April 2009: biobutanol and hydrogenated renewable diesel. Responses are also invited from companies who are aware of any other fuels which should be added to the list of eligible fuels in the medium term.

Finally, the consultation poses a number of questions relevant to the future evolution of the RTFO scheme. These relate to how to implement the requirements of the EU Renewable Energy and Fuel Quality Directives in UK law, how best to support second generation biofuels in the UK, and changing the obligation to reward biofuels directly according to the carbon they save.

The deadline for consultation responses is 17 December 2008. The DfT then plan to publish a summary of responses in early 2009 and, if appropriate, amend the RTFO Order to be put before Parliament in early 2009 so that any amendments can be passed in time for the start of the second obligation year beginning 15 April 2009.

DfT plan to consult in early 2009 on the future of the RTFO with respect to the EU Renewable Energy Directive, once it has been agreed by the EU.

Note: On 13 November an addendum was added to the consultation, which includes a proposal to rectify a discrepancy in the original RTFO legislation relating to the definition of "relevant hydrocarbon oil" when obligated parties are calculating how much biofuel they are obligated to supply.

Further information:

DfT Consultation: <http://www.dft.gov.uk/consultations/open/rftoorder/>

Addendum: <http://www.dft.gov.uk/consultations/open/rftoorder/addendum/>

Gallagher Review:

<http://www.renewablefuelsagency.org/reportsandpublications/reviewoftheindirecteffectsofbiofuels.cfm>

Source: Department for Transport 15/10/08

[Return to headlines](#)

RFA publishes company data for first quarter of RTFO

The Renewable Fuels Agency (RFA) has published data on the carbon and sustainability performance of the biofuels sold on the UK market during the first quarter of the Renewable Transport Fuel Obligation (RTFO), which began in April this year. For the first time, the published data includes details of the performance of individual companies.

In the year to April 2009, fossil fuel companies in the UK are obliged to supply 2.5% biofuel in UK road fuel. The RFA's data shows that biofuels accounted for

2.61% in the first quarter of the scheme. Of this 84% was biodiesel and 16% bioethanol.

As a key part of the scheme, obligated parties must report to the RFA on the carbon and sustainability characteristics of the fuel they supply; this is the first operational biofuel sustainability scheme in the world.

The target for fuels meeting a qualifying **environmental standard** is 30% over the first reporting year. Currently, 20% of biofuels met these standards, with 97% of the fuel reported as coming from UK feedstocks meeting these environmental standards.

The **carbon reductions** that were achieved by the use of biofuels (44%) during the first three months of the obligation was shown to be greater than the 40% target set by the Government for the first year of the RTFO.

The savings reported exclude any emissions from indirect changes in land use as considered in the RFA's 'Gallagher Review' published in July this year. The Agency has recommended that indirect effects are included in future sustainability reporting and is working with the Government and experts to identify a way to accurately reflect this.

The Government has also set a target that companies should report at least 50% of the data required by the RFA in four categories - feedstock, country of origin, sustainability standard met and land-use change. In this quarter, 61% of data was reported. The feedstock was known for 95% of biofuels, and both the feedstock and country of origin were known for 72%.

The RFA also makes, for the first time, preliminary observations on the performance of the UK's major fuel suppliers: According to the RFA, almost all fuel suppliers are either achieving or are close to achieving carbon savings in line with the Government's target for 2008-09. Harvest Energy, Greenergy, Mabanaft and Shell have all exceeded the carbon savings target.

Harvest Energy and Mabanaft are exceeding the current sustainability target, although several companies (BP, Esso, Murco, Prax and Topaz) have so far failed to report any biofuels as meeting the qualifying environmental standard. Esso, Petroplus, Prax and Topaz are currently failing to meet any of the three targets set by Government.

It must be noted, however, that the data reported is all still subject to verification by independent auditors, which will take place at the end of the reporting year. The RFA plan to publish a final, fully verified dataset as soon as it is available after the end of the reporting period.

NOTE: In December the RFA will be consulting on updates to the carbon and sustainability reporting guidance for 2009-10. The RFA will hold a workshop on 17 December, from 2-5pm at the Department for Transport (Great Minster House) in London. To register interest, email admin@renewablefuelsagency.org

Further information (including new data for month 4 of the RTFO):
RTFO reports: <http://www.dft.gov.uk/rfa/reportsandpublications/rtforeports.cfm>

Source: RFA 07/10/08

[Return to headlines](#)

RFA holds expert workshop on iLUC

On 5 November, the RFA held an expert workshop to discuss practical solutions to the problem of indirect land use change (iLUC) caused by biofuels. Around 25 invited participants gathered in London to discuss concepts related to idle land and intensification raised in the Gallagher review.

The workshop was intended to focus on practical solutions to help prevent iLUC. However while there was agreement in the room on the importance of indirect effects, proposals as to the best way of addressing them remain controversial, and many new questions were raised.

Some argue that biofuels policy is not able to act alone in this matter and that deforestation must be tackled internationally in its own right. However for others it is important that the biofuels industry continues to show best practice and aims to tackle the issue from the start to avoid uncontrolled expansion of agriculture, which may risk continuing government support for the industry.

Following the workshop, it seems unlikely that the UK government will aim to include concrete proposals in the RTFO from 2009, but the government will continue to work closely on the issue, with the aim of finding practical and workable solutions for the future. The RFA plan to hold further workshops for a range of stakeholders next year.

[Return to headlines](#)

Carbon Trust allocated further £6 million for advanced biofuels research

The DfT has allocated a further £6 million to research being conducted by the UK's Carbon Trust to accelerate the development of advanced sustainable biofuels technologies.

The £6 million, which will be delivered over two financial years (£3 million per annum), will fund the Carbon Trust's "Advanced Bioenergy Directed Research Accelerator".

The research funding is intended to accelerate the development of two advanced sustainable biofuel technologies: pyrolysis-based conversion and algae as a sustainable feedstock.

Expressions of Interest were called for in spring 2008 for the Pyrolysis Challenge. Three consortia have been selected and have progressed to the commercial negotiation and technical due diligence stage.

The Algae Biofuels Challenge will be a two phase programme, with the first phase addressing fundamental R&D challenges and the second phase moving to large scale production of algal oil. The call for proposals for Phase 1 opened on the 23 October and closes on 15 December 2008

Further information:

http://www.carbontrust.co.uk/technology/directedresearch/advanced_bioenergy_accelerators.htm

Source: Department for Transport 15/10/08

[Return to headlines](#)

UK Government launches Department of Energy and Climate Change

Due to the increasing challenges posed by energy and climate change, on 3 October the UK Government has launched a new government department dedicated to the topic.

The department will bring together much of the Climate Change Group, previously housed within the Department for Environment, Food and Rural Affairs (Defra), with the Energy Group from the Department for Business, Enterprise and Regulatory Reform (BERR). For the time being the Department for Transport will continue to take the policy lead with respect to biofuels.

Ed Miliband MP has been appointed Secretary of State for Energy and Climate Change. The Conservatives have appointed Gregory Clark as the shadow minister for DECC and the LibDems shadow team is led by Steve Webb.

Further information:

Department of Energy and Climate Change: <http://www.decc.gov.uk/>

Source: BERR 03/10/08

[Return to headlines](#)

OTHER INTERNATIONAL DEVELOPMENTS

Germany, Netherlands and Ireland decrease biofuels targets

Alongside the UK government's consultation to reduce biofuels targets in the UK, the German, Dutch and Irish governments have voted to slow their rates of biofuels growth, in the main part citing sustainability concerns.

The Dutch Council of Ministers has approved a proposal by Minister Cramer to modify the biofuel targets for 2009 and 2010. The target for 2009 will be reduced from 4.5% to 3.75% and the target for 2010 will be reduced from 5.75% to 4%.

The German government has announced that it is reducing the planned increase in blended biofuels for 2009 from 6.25% to 5.25%. The planned increase in excise duty for 1 January of 21 eurocents will also be reduced to 18 eurocents. The current blending percentage for biofuels is 4.4%.

The Irish government has officially lowered their target for 2010 from 5.75% to 3%, citing both price and sustainability concerns, but have confirmed their commitment still to aim for 10% in 2020 in line with European proposals.

Source: Gave news 13/10/08

[Return to headlines](#)

International biofuels sustainability standards move forward

Following the publication of "Version Zero" of the Roundtable on Sustainable Biofuels (RSB) on 13 August, the Round Table on Responsible Soy (RTRS) have published the next draft of their sustainability criteria. The Better Sugarcane Initiative (BSI) plan to publish the next draft of their sustainability standard in the coming weeks.

The RSB draft standard contains all seven sustainability principles that underlie the UK's sustainability scheme for the RTFO, as well as recognising the importance of dealing with the indirect effects of biofuel production, as identified in the Gallagher Review.

Comments on the draft standard are asked to be sent to the RSB Steering Group before February 2009. The RSB then plan to publish a revised "Version One" in April 2009.

The RTRS draft standard is also open for comments from stakeholders, which will be evaluated by the Development Group during its next meeting, in Buenos Aires, Argentina, in March 2009. A final version is then planned to be submitted to the RTRS General Assembly in São Paulo, Brazil, in May 2009.

Further information:

RSB: <http://cgse.epfl.ch/page65660-en.html>

RTRS: <http://s51363.gridserver.com/index.php>

BSI: <http://www.bettersugarcane.org>

[Return to headlines](#)

Global Bio-energy Partnership meets in Sao Paolo

The Global Bio-energy Partnership (GBEP) Task Forces on Sustainability and Greenhouse gases met in Sao Paolo, Brazil, last week to further international discussions on sustainable bioenergy.

GBEP was formed in 2006, following endorsement by the G8+5 countries at the Gleneagles G8 Summit in 2005, as a government-level initiative with the aim of supporting wider, cost effective, biomass and biofuels deployment, particularly in developing countries.

GBEP has set up two specific Task Forces, one on greenhouse gas emissions and the other on broader sustainability issues. Members of each Task Force met in Brazil last week, in parallel to the international biofuels conference (www.biofuels2008.com) to further the initiatives.

The Task Force on Sustainability aims to develop voluntary global, science-based criteria and indicators for sustainable bio-energy. The Task Force held its first meeting in Rio de Janeiro (Brazil) on 19 June 2008, and aims to finalise the sustainability criteria and indicators by April 2009. The UK Government will chair this Task Force and in so doing has a crucial role in steering the work programme and building a satisfactory consensus on criteria and indicators for sustainable bio-energy.

The third meeting achieved agreement on the scope of the criteria to be developed, although discussions continue on the detailed text. The Task Force aims to include environmental, social and economic sustainability criteria.

Further information:

GBEP: <http://www.globalbioenergy.org/>

[Return to headlines](#)

EVENTS

UK Conferences

Transport - A Journey to a Fairer Future, 22 November, Milton Keynes

The conference will be examining the scale of the changes required to reduce our consumption of non-renewable carbon-intensive fuels, and will explore some of the factors preventing change – our desire for speed, convenience and independence.

Website: <http://mkchristianenvironment.wordpress.com/transport-a-journey-to-a-fairer-future/>

Workshop on verification of RTFO carbon and sustainability data, 5 December, London

The RFA are working with Ernst and Young to provide additional verification guidance for the RTFO carbon and sustainability reporting. A workshop will be held at which E&Y will present their ideas and offer suppliers and other interested parties the opportunity to engage with this work before it is issued formally for consultation.

To register interest, email: admin@renewablefuelsagency.org

Biofuel from Algae - a viable alternative to oil? 9 December, House of Commons, London

Joint meeting of the All Party Parliamentary Groups on Peak Oil and Climate Change. Speakers include Dr Saul Purton from Cambridge University Algal Bioenergy Consortium, and Dr Ben Graziano from the Carbon Trust.

To register:

http://www.appgopo.org.uk/index.php?option=com_attend_events&task=view&id=4

RFA workshop on updates to carbon and sustainability reporting under the RTFO, 17 December, Department for Transport, London

In December the RFA will be consulting on updates to the carbon and sustainability reporting guidance for 2009-10.

To register interest, email: admin@renewablefuelsagency.org

International Conferences

Fuels of the Future 2008, 1-2 December, Berlin, Germany

6th international conference on biofuels "Fuels of the Future 2008", hosted by the German industry associations for bio-energy and for oilseeds.

Website: http://www.bioenergie.de/fuels-of-the-future/start_e.htm

International Algae Congress, 3-4 December, Amsterdam, the Netherlands

This event aims to give an update on the latest developments in the algae industry.

Website: <http://www.europoint-bv.com/events/?algaecongress>

UNFCCC 14th Conference of the Parties, 1-12 December, Poznan, Poland

The 14th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) is the largest annual international meeting concerning climate change. The two-week session will be attended by 8,000 participants: more than 190 government delegations, international institutions, and environmental, business and research non-governmental organisations. A number of side events run alongside the main international negotiations.

Website: <http://www.cop14.gov.pl/>

- **GBEP side event** "Bioenergy towards a low carbon future: meeting the challenges of sustainable development and climate change mitigation" 11 December 2008, Poznan. Website: <http://www.globalbioenergy.org>
- **Econcern Sustainable Energy Event**, "Opportunities for sustainable biomass", 6 December, Poznan. Website: <http://www.cop14poznan.com/>

2009 WORKSHOP

Ecofys will run an annual workshop, hosted by NEPIC, on key topical issues related to biofuels policy to provide businesses in the North East with help and advice in this fast-moving area.

The 2009 workshop will be held on **Thursday 26 March**.

The topic(s) for the workshop is not yet defined and will depend on demand from businesses, but early thoughts are:

- Indirect land use change – methodology, incentives/penalties
- Increasing land use for biofuels – what is credible and what is Government's position? Is it worthwhile investing in the short term in e.g. forestry, short rotation coppice, miscanthus etc

Please send any ideas and comments to John Brady at NEPIC.