EWABA Position on the urgent need to revise or remove the Annex IX B cap under the Renewable Energy Directive

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The European Waste-based & Advanced Biofuels Association (EWABA) represents over 60 stakeholders across the waste-based and advanced biodiesel value chain. Our members collect and process sustainable feedstocks such as used cooking oil (UCO), animal fats, and other residues listed in Annex IX Parts A and B of the Renewable Energy Directive (REDIII), converting them into high-performing biodiesel delivering up to 90% greenhouse gas (GHG) emission savings compared to fossil fuels. These fuels play a critical role in decarbonising road and maritime transport while supporting the circular economy and EU energy resilience.

While welcoming the strengthened ambition of REDIII, EWABA believes that further reflection is warranted regarding the continued appropriateness of the 1.7% limitation on Annex IX Part B biofuels.

OVERVIEW OF KEY ARGUMENTS

1. Annex IXB has expanded — but the cap has not
2. Annex IXB biofuels are essential for achieving REDIII targets
3. The cap conflicts with climate logic and GHG reduction objectives
4. Critical role in road and maritime transport
5. Negative impact on collection systems and the circular economy
6. Structural incoherence within the EU regulatory framework
7. Sustainability and traceability safeguards are strengthened
8. Administrative burden and market suppression effects
9. Economic and strategic value for the EU

CONCLUSION

The current 1,7% Annex IXB Part B cap no longer fully reflects the expanded feedstock base, strenghtened safeguards, and increased EU transport ambition.

Revising or removing the limitation would enable more cost-effective decarbonisation, support both road and maritime sectors, and unlock sustainable domestic potential.

1. Annex IXB has expanded — but the cap has not

Following the Commission's assessment of additional feedstocks, several new materials — including intermediate crops and cover crops — have been added to Annex IX Part B.

The Commission's own analysis concluded that the potential availability of intermediate and cover crops alone is substantial — potentially well above 77 million tonnes annually, with global potential significantly higher.

Despite this expanded feedstock base, the 1.7% cap remains unchanged, corresponding to roughly 6–7 million tonnes of fuel equivalent in 2030 — only a fraction of the sustainable potential now recognised under EU law.

This creates a structural inconsistency:

- The EU acknowledges new sustainable feedstocks.
- Yet it artificially restricts their contribution.

Such a mismatch sends negative investment signals and constrains supply development at a time when scaling sustainable fuels is essential.

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2. Annex IXB biofuels are essential for achieving REDIII targets

Under REDIII, Member States must reach:

- Either a 29% renewable energy share in transport, or
- A 14.5% GHG reduction by 2030.

In practice, many Member States rely heavily on Annex IXB biofuels — notably UCO and animal fats — due to:

- Very high GHG savings (up to 90%)
- Immediate availability
- Compatibility with existing vehicle fleets
- Established collection and processing infrastructure
- Cost-effectiveness compared to alternative decarbonisation pathways

For several Member States, particularly those with large diesel fleets or limited domestic renewable electricity production, Annex IXB biofuels represent a critical element of short- and medium-term compliance strategies.

Maintaining the cap constrains one of the most readily deployable and cost-efficient compliance options, potentially increasing overall costs for suppliers and consumers while slowing emission reductions.

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3. Conflict between climate objectives and quantity limitation

The 1.7% cap fundamentally contradicts the logic of the GHG reduction framework.

REDIII is designed to prioritise measures that deliver the highest real emission reductions. Annex IXB biofuels are among the highest-performing renewable fuels available in terms of lifecycle GHG savings.

However, the cap:

- Limits precisely those fuels delivering the strongest climate performance.
- Forces reliance on potentially more expensive or less efficient alternatives.
- Reduces flexibility for cost-effective decarbonisation.

A climate policy aimed at maximising real GHG reductions should not artificially restrict the contribution of the most effective solutions.

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4. Critical role in road and maritime transport

Road Transport

Waste-based biodiesel is currently the most scalable and cost-efficient renewable solution for:

- Diesel passenger vehicles
- Heavy-duty vehicles
- Non-road mobile machinery

Higher blends (B10, B15, B20, B100) are successfully deployed in multiple Member States, delivering immediate GHG reductions without requiring new vehicle technologies.

Maritime Transport

With the entry into force of FuelEU Maritime, the shipping sector now faces binding GHG intensity reduction requirements.

In the near term, Annex IX biofuels — including Part B fuels — are:

- The most available scalable renewable fuel option for maritime
- Compatible with existing marine engines
- Delivering very high lifecycle GHG savings

However, due to the 1.7% cap and prioritisation for road compliance, some Member States reserve limited volumes for road transport obligations, restricting maritime uptake.

This creates:

- Sectoral distortion
- Sub-optimal allocation of sustainable fuels
- Slower maritime decarbonisation

A revised or removed cap would allow market-driven allocation across sectors, supporting both REDIII and FuelEU Maritime objectives.

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5. Negative impact on collection systems and the circular economy

Stable demand for Annex IXB biofuels supports:

- Domestic used cooking oil collection systems
- Formalisation of waste streams
- Investment in local processing infrastructure
- Reduced improper disposal (e.g., sewer discharge or informal exports)

By limiting the market value of waste-derived feedstocks, the cap weakens economic incentives for collection and risks undermining circular economy objectives.

Removing or increasing the cap would strengthen domestic recovery systems and align renewable energy policy with EU waste and resource efficiency strategies.

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6. Structural Incoherence within the EU Regulatory Framework

6.1 Inconsistent Treatment of Waste Categories

- Annex IX Part B feedstocks are capped at 1.7%.
- Annex IX Part A feedstocks are subject to minimum shares and may be counted without an upper limit.
- Certain feedstocks (e.g., plants grown on severely degraded land and specific intermediate crops) are or will be listed in both Parts A and B.

This leads to an illogical situation where similar feedstocks may be uncapped under Part A but capped under Part B.

Such asymmetry weakens regulatory clarity, predictability and internal coherence.

6.2 Cross-sector inconsistency

While REDIII imposes a cap on Annex IXB biofuels in road transport, the ReFuelEU Aviation Regulation does not impose a comparable cap on aviation fuels derived from the same Annex IX feedstocks.

This creates:

- Cross-sector regulatory inconsistency
- Artificial prioritisation of certain transport modes
- Distorted feedstock allocation

A coherent decarbonisation framework should allow sustainable waste-based fuels to compete based on climate performance, not regulatory segmentation.

7. Sustainability and traceability safeguards are strongly reinforced

The Union Database for Biofuels (UDB):

- Is operational and becoming binding across the supply chain
- Enables full traceability of feedstocks and fuels
- Enhances fraud detection
- Strengthens cross-border verification

In addition:

- Certification schemes are reinforced
- Sustainability criteria remain among the strictest globally
- Risk-based auditing has intensified

With these safeguards in place, the systemic risk arguments for maintaining a rigid quantitative cap are significantly weakened.

8. Administrative Burden and Market Suppression

The cap also creates disproportionate planning and compliance complexity for quota-obligated fuel suppliers.

Because Annex IXB volumes are strictly limited:

- Companies must manage allocation carefully across compliance years.
- Planning becomes more complex and administratively burdensome.
- Market predictability is reduced.
- Compliance strategies become constrained by regulation rather than climate efficiency.

This rigidity has contributed in some Member States to declining domestic demand for waste-based biodiesel in recent years. Producers face increasing difficulty achieving sufficient and stable margins despite rising decarbonisation ambition.

A regulatory framework intended to stimulate renewable deployment should not unintentionally suppress demand for one of the most readily available low-carbon options.

9. Economic and strategic considerations

Waste-based biodiesel production:

- Supports EU circular economy objectives
- Reduces fossil diesel imports
- Creates local collection and processing jobs
- Adds value to waste streams otherwise causing environmental harm
- Contributes to EU energy security and resilience

At a time of geopolitical uncertainty and supply chain vulnerability, limiting domestic renewable fuel production through an artificial cap contradicts broader EU strategic objectives.

Policy Recommendations

EWABA calls on the European Commission to:

1. Increase the Annex IXB cap without delay

Use the empowerment under REDIII Article 27 to raise the 1.7% limit to reflect the expanded feedstock base and realistic market potential.

2. Assess the full removal of the cap in the next RED revision for post 2030 period

Given:

- The strengthened sustainability framework
- The operational Union Database
- The need for cross-sector flexibility
- Increased transport decarbonisation ambition

Full removal would provide the most efficient, technology-neutral and climate-consistent pathway.

3. Ensure equal eligibility across transport sectors

Clarify that Annex IXB fuels can contribute fully to:

- Road transport targets
- Maritime decarbonisation under FuelEU
- National GHG reduction pathways

Without artificial sectoral prioritisation.

Conclusion

The EU has increased its transport decarbonisation ambition, expanded sustainable feedstock eligibility, and strengthened traceability mechanisms.

Maintaining the 1.7% Annex IX Part B cap under these new conditions is no longer proportionate nor aligned with climate objectives.

The cap:

- Conflicts with the logic of maximising real GHG reductions
- Weakens circular economy incentives
- Generates internal regulatory inconsistencies
- Limits cost-effective decarbonisation across transport sectors

- Creates administrative burdens and market distortions

Revising or removing the cap would:

- Enable faster and more cost-effective GHG reductions
- Support both road and maritime decarbonisation
- Provide regulatory consistency
- Strengthen EU energy security
- Unlock sustainable feedstock potential already recognised under EU law

For these reasons, EWABA urges the European Commission to initiate without delay a revision of the Annex IX Part B limitation.