EWABA position on the trilogue negotiations of key legislative files ReFuelEU Aviation, FuelEU Maritime and REDIII

September 2022

> *The EU must deliver a regulatory framework ensuring a fair use of waste lipid feedstocks across aviation, maritime and road transport sectors*

EWABA represents the interests of the EU waste-based and advanced biodiesel industry. In 2021 alone, EWABA members produced more than 2 million tons of waste-based and advanced biodiesel for the road and maritime sectors, saving more than 6.3 million tons of CO2 equivalent emissions.

Waste lipid-based biodiesel produced by our members using waste-based feedstocks in Part B of Annex IX of Directive 2018/2001 (the revised Renewable Energy Directive or REDII), namely used cooking oil (UCO) and animal fats, and different waste lipid advanced feedstocks from **part A** of Annex IX of the same Directive **is an essential tool to reduce transport emissions and drive decarbonisation.**

In order to achieve the best possible decarbonisation level of the transport sector, **feedstocks with limited availability must be used in the most efficient way ensuring a win-win situation for all transport modes and EU citizens**.

We call on the trilogue negotiators to **work towards a regulatory framework which ensures a fair use of waste lipid feedstocks across aviation, maritime and road transport sectors.** In doing so we invite negotiators to take into consideration the following principles:

1. <u>Waste lipids should be equally promoted in all transport modes</u> and used especially where they are most efficient and achieve the best GHG savings.
2. <u>Appropriate and strong investment signals must be given to much-needed developing technologies</u> which will be key for long term decarbonization, in particular of the aviation, such as e-fuels, ethanol-to-jet, and gasification/Fischer-tropsch. If we overrely on "low hanging fruit" feedstock in the short term, developing technologies for the long term will not be adequately promoted.
3. The potential of waste-based and advanced biodiesel should be used to the maximum by enabling higher biodiesel blends – <u>efficient implementation of B10 for passenger cars which will still be on the road for decades to come and B100 for difficult to electrify heavy duty vehicles</u>. This will also contribute to strengthen the EU's independence from fossil fuels imported from Russia.
4. <u>Job protection (especially in SMEs) should be guaranteed</u>. The EU biodiesel industry employs over 25.000 people with 50+ manufacturing sites spread across Member States. Potential plant closures due to feedstock prioritisation will result in acute negative economic and social consequences, especially in rural areas.

In order to achieve a solid holistic approach to transport decarbonidsation, **we strongly suggest that the REDIII, ReFuelEU and FuelEU** complement each other and **include the following measures:**

1. **ReFuelEU Aviation**
   - **Broaden the feedstock base of what is to be considered as SAF** to include other non-Annex IX sustainable feedstocks such as **category 3 animal fats**, and potentially crop-based feedstocks in accordance to REDII sustainability criteria.
   - **Include a 0,325 Mtoe limitation for Annex IXB biofuels** so as to ensure that they are equally promoted in road, maritime and aviation transport based on their limited availability and higher efficiency and GHG savings in road and maritime transport.
   - **Include a high sub-mandate for e-fuels** applicable as from the first year of the date of applicability of the Regulation (+ 5% in 2030 in any case).
   - Consider postponing the date of applicability of the Regulation to 2027.

2. **REDIII**
   - **Reintroduce flexibility for the Annex IXB limit** in Member States.
   - **Allow double counting to biofuels produced from Annex IX Parts A and B feedstocks** as included in the Council General Approach.
   - **Enable a widespread and faster deployment of B10 by terminating the B7 protection grade.**

3. **FuelEU Maritime**
   - **Equal promotion of all waste and advanced feedstocks** with no unjustified negative provisions leading to discrimination of specific technologies.


Background

1. Waste lipids can be processed by **2 different technologies** for the production of biofuels with significantly different efficiency and uneven GHG savings potential:

   a) **Waste lipids Biodiesel used for road and maritime transport** – using a transesterification process for the production of Fatty Acid Methyl Ester (FAME) <u>with higher efficiency (1 000 kg of UCO = 1 004 kg of biodiesel) and higher GHG emission savings (above 90%</u> compared to fossil fuels).

   b) **Waste lipids HEFA used for aviation** – which is essentially Hydrotreated Vegetable Oil (HVO) with an additional isomerization process to render the resulting fuel airworthy, <u>with lower efficiency (1 000 kg of UCO = 610 kg HEFA) and lower GHG savings (76%</u> compared to fossil fuels).

	Process options	Yield	Usage options	Greenhouse gas emissions
1.000 kg used cooking oil (UCO)	Transesterification	1.004 kg UCO-Biodiesel	Car, Truck, Vessel	10 g CO_2eq/MJ
	Hydrogenation	778 kg UCO-HVO	Car, Truck, Vessel	15 g CO_2eq/MJ
	Hydrogenation + Isomerisation	610 kg UCO-HEFA (SAF)	Aircraft	24 g CO_2eq/MJ

Source: studio Gear Up (2021), Used cooking oil: one feedstock, different renewable fuels - a comparative study

Based on the findings of an assessment of different UCO processing technologies performed by Dutch consultancy Studio Gear Up (accessible here) we estimate that a **2% aviation blending mandate in 2025 would require up to 1.5 million tons of waste lipids diverted from waste-based biodiesel production from the road and maritime sectors, resulting in a minimum of 1 million tons of additional GHG emissions released to the atmosphere per year**. And this amount is only set to increase in parallel to the upwards trajectory of the blending mandate.

2. <u>Waste lipids and especially UCO are limited by nature</u>:

- The existing EU UCO generation is <u>below 1 million tons.</u>
- Already today the vast majority of EU sourced UCO comes from imports.
- Domestic collection has stalled and imports have started a downward trend.
- The joint demand for waste lipids emanating from the REDIII proposal, FuelEU Maritime and ReFuelEU Aviation could exceed by more than 8-fold the EU domestic collection capability.

The amount of UCO collected in Europe is slowing down since 2015…
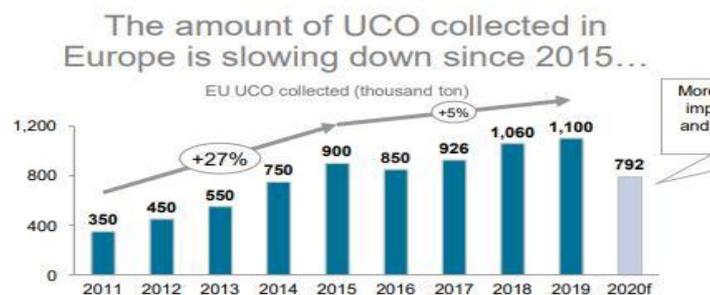
… and UCO imports have accelerated during the last three years due to the growing EU demand
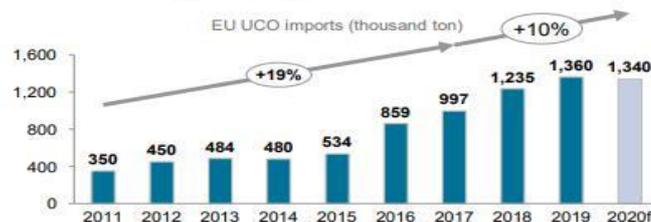
Source: Greenea Horizon 2030: Which investments will see the light in the biofuel industry? (accessible here)

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