

EWABA Position Paper on the proposed revision of the Renewable Energy Directive

November 2021

EWABA represents the interests of the EU waste-based and advanced biodiesel industry. In 2020 our 35+ members produced 1.737.000t of biodiesel using waste-based feedstocks in Part B of Annex IX of Directive 2018/2001 (the Renewable Energy Directive or REDII), namely used cooking oil (UCO) and animal fats, and different waste lipids advanced feedstocks from part A of Annex IX of the same Directive.

We recognize the value of the proposed revision of the REDII (the REDIII) even though we believe that adopting a proposal to significantly overhaul the biofuels regulatory framework less than three years after the final adoption of the current version in force, the REDII, and very shortly after its transposition deadline in Member States (and with several delegated and implementing acts still being drafted by the Commission services) goes against regulatory certainty and security of investment in the sector.

We set out below our industry's take on a number of draft new provisions in the REDIII:

1. New GHG savings system

The migration to a GHG savings system enshrines the contribution of waste-based biodiesel, whose two more widely produced types (UCO-based biodiesel and animal fats-based biodiesel) achieve the highest typical and default greenhouse gas (GHG) emissions savings in Annex V of the REDII. Audited plants within our industry using different production optimization processes reach beyond 90% savings, therefore the new system will continue placing a premium on waste-based biodiesel. However, in absence of a bold incentivization mechanism such as the double counting, this system will not be enough to adequately promote the incorporation of waste-based biodiesel to decarbonize the EU road transport sector, where it has a major role to play between 2025-2035 when the majority of light and heavy duty vehicles on EU roads will still be using internal combustion engines.

2. Introduction of B10 to be hampered by B7 “protection grade”

Our industry strongly welcomes the REDIII provision modifying the Fuel Quality Directive (FQD) by endorsing a 10% biodiesel content (B10) in the existing EU fuel standard. This new provision represents a major advance to further the decarbonization of the road sector through the incorporation of sustainable waste-based biodiesel.

We however regret the inclusion of a 7% (B7) “protection grade” to address alleged engine compatibility issues. Extensive [industry analysis](#) of the existing light and heavy duty commercial fleet shows that the vast majority of vehicles currently sold in the EU are compatible with higher biodiesel blends, in many cases well beyond B10. For this reason, we believe that the B7 protection grade will only slow the development and penetration of higher biodiesel blends with no valid reason to be maintained in the final text of the Directive. Higher blends like B30 and B100 should also be further incentivized as they are an immediately available, cost-effective solution for the decarbonization of heavy-duty vehicles in particular.

3. Promotion for waste-based biodiesel still needed

The REDIII proposal eliminates the double counting mechanism for the promotion of biofuels produced from feedstocks in Annex IX as it deems this measure incompatible with the new GHG emissions savings system. The proposal nevertheless maintains energy content x1.2 multipliers for the incorporation of Annex IX part A feedstocks in the aviation and maritime sectors and an energy content sub-target for the incorporation of feedstocks in part A of Annex IX.

As things stand, even if waste-based biodiesel achieves the highest GHG emissions savings in Annex V of the REDII, the promotion mechanism emanating from the GHG savings obligation alone does not represent a strong enough incentive to ensure the presence of waste-based biodiesel in the EU road fuel mix. Such threat is further highlighted in a scenario in which waste lipids for aviation are being over-supported via its unrestricted inclusion in a protected market enabled by the proposed aviation blending mandate in the ReFuelEU Aviation proposal.

For this reason, we believe that a further promotion mechanism is required to ensure that waste-based biodiesel continues providing a decarbonizing solution for internal combustion engines between 2025-2030, this promotion being best embodied in the incorporation of a 2% sub-target for the contribution of biofuels produced from feedstocks in part B of Annex IX of the REDII for the road sector.

4. Elimination of the 1.7% limitation to the contribution of feedstocks in part B of Annex IX

Even if the new denominator comprises road, rail, aviation and maritime sectors, thus resulting in a higher volume than the existing 1.7% limitation in energy content, this limitation exclusively applied to the road sector does not make sense in policy terms, especially given that each of the possible rationales behind it have been sufficiently debunked:

- Leaving space for Annex IX Part A of the REDII biofuels to develop – this is not relevant any longer as part A biofuels benefit from its own sub-target expressed in energy content.
- Anti fraud mechanism – the REDII has set in motion the creation of a pan-EU track and trace database for biofuels and bioliquids, which will become fully operational for all biofuels and bioliquids traded in the EU up to feedstock origination as from October 2022. This new development alone would prevent inappropriate market occurrences from happening, and in addition the system is about to be further reinforced as the Commission is set to adopt very shortly an implementing act with revised stricter standards for certification schemes.

The Commission is also preparing a delegated act with a revision of Annex IX, set to be adopted in Q1 2022. This revision is widely expected to result in new feedstocks being added to part B of Annex IX of the REDII, further justifying the elimination of the limitation.

5. A limitation is needed within the ReFuelEU proposal to ensure waste lipids role in REDIII

We note that the 1.7% limitation does not apply to other two legislative instruments within the Fit for 55 package, the FuelEU Maritime and ReFuelEU Aviation proposals. This further contributes to the destabilization of the level playing field provoked by the ReFuelEU proposal which establishes a ringfenced protected market for the unrestricted use of waste lipids in aviation in contrast with a REDII which does not sufficiently promote waste lipids in the road sector and at the same time limits the contribution of part B feedstocks without justification.

In this context, we believe that the ReFuelEU proposal should include two limitations: to the incorporation of feedstocks in part B of Annex IX and to the incorporation of waste lipids in part A of annex IX, not justified upon the basis of the flawed rationale behind the 1.7% limitation but on the fact that the unrestricted inclusion of waste lipids in the SAF blending mandate will lead to a harmful diversion of feedstocks currently used in the road and maritime sectors to a less efficient use (waste lipids HEFA) leading to higher GHG emissions in the EU transport sector as a whole.

Summary of our proposed improvements to the proposal

- Elimination of the B7 protection grade
- Inclusion of a 2% minimum incorporation sub-target in energy content in the REDIII for biofuels produced from feedstocks in part B of Annex IX of the REDII
- Inclusion of a 0.6% limitation (re. aviation fuels) for part B of Annex IX of the REDII in the ReFuelEU Aviation proposal
- Inclusion of a limitation for waste lipids in Part A (re. aviation fuels) in the ReFuelEU Aviation proposal