

A bad policy choice

With its revised Renewable Energy Directive (RED II) the European Commission wants to phase out all conventional biofuels in the EU, without distinguishing how different types are produced and without recognising that some conventional biofuels have very high environmental benefits. As a result, the proposal threatens to remove one of the EU's most carbon-abatement-cost-effective option for reducing greenhouse gases and decarbonising transport.

Following a long history of innovation-killing policy uncertainty

The RED II proposal represents the Commission's third significant change to targets for renewable energy use in EU transport since the adoption of its first biofuels policy in 2003. It also backtracks on the compromise agreed by the EU institutions as part of the revision of the RED in 2015, which Member States have only begun the process of implementing.

Based on a biased process and a flawed Impact Assessment

The Commission has provided no scientific evidence or rational arguments to justify the proposed end of policy support for conventional renewable ethanol post-2020, limiting in parallel its contribution towards renewable energy targets. This is especially evident by the Commission's failure to respect essential procedural requirements in its conduct of the Impact Assessment, as demonstrated by the following examples:

The IA fails to compile robust evidence and wrongly applies available science

The most carbon-abatement-cost-effective solution to decarbonise transport – continuing Article 7a of the Fuel Quality Directive beyond 2020 – was never given due consideration in the Impact Assessment, yet was dismissed as a viable policy option.

- **Commission IA:** “No dedicated GLOBIOM model runs were undertaken for this policy Option, instead the feedstock specific ILUC factors obtained from the GLOBIOM study (Valin et al. 2015) were used. (...) It should be noted, however, that this simplified approach assumes that the scale of production has no effect on the ILUC risk, e.g. that replacing 1% of transport fuels with food-based biodiesel has the same effect as increasing the share from 3% to 4%.”
- **ePURE comment:** Applying ILUC factors derived from GLOBIOM to assess the FQD option is a misuse of what the Commission had itself recognised as the best available science. ILUC factors derived from GLOBIOM need to be applied to market realities. In the Commission's ‘simplified’ approach, whether there is 1 litre of additional demand or 5 billion litres of additional demand, one biofuel pathway is given the same ILUC. However, if there is no additional demand for a given biofuel feedstock there is no ILUC. If there is a different additional demand than the assumed 1% shock, a different ILUC factor applies. Therefore, not running dedicated GLOBIOM runs for this policy option cannot be described as “simplification”; it is in fact gross negligence.

The IA fails to demonstrate how the proposal addresses the identified problem in a proportional manner

The Impact Assessment never received approval from the Regulatory Scrutiny Board. One of the key reasons for the rejection was precisely the Commission's undifferentiated and unsubstantiated treatment of conventional biofuels.

- **RSB 2nd negative opinion:** “It is not clear whether food-based biofuels should contribute to the Union's 2030 target. Consideration should be given to an additional policy option that addresses the deficiencies in the current sustainability criteria (i.e. absence of Indirect Land Use Change) and which would apply equally to all biofuels (advanced and food-based).”
- **Commission response:** “The analysis shows that such impacts can be effectively mitigated by introducing a progressive reduction in the share of food-based biofuels that can count against the 2030 RES target on top of existing sustainability criteria for biofuels.”

- **ePURE comment:** Instead of tackling the problem at its sources, i.e. halting peatland drainage in South East Asia, or setting up an ILUC mitigation scheme for ‘low ILUC risk biofuels’ as required by the ILUC Directive, the Commission proposes a disproportionate, one-size-fits-all phase out of all conventional biofuels, irrespective of their ILUC risk and promoting all advanced biofuels which it incorrectly assumes have no ILUC.

The IA fails to provide credible and transparent evidence for conclusions drawn

The Impact Assessment misrepresents the impact of the proposal on investments in conventional renewable ethanol by wrongly assuming that existing biorefineries will be easily converted into advanced ethanol facilities.

- **Commission IA:** “When assessing the employment impacts of the phase out of conventional biofuels, one important element to be considered is the feasibility of converting a part of the current production capacity to produce advanced biofuels. (...) In this way, existing jobs are preserved and new jobs are created while generating 40% CAPEX savings which represents roughly a 20% total cost reduction.”
- **ePURE comment:** It is shocking that the IA provides no further qualification, nor does it reference any source for this assumption, which is used as a central element to justify the Commission’s policy choice. ePURE has traced the source to a 2016 [IEA-RETD report](#), whose authors have not consulted with any operating European conventional or advanced ethanol producer. Moreover, actual investors in both conventional and advanced ethanol facilities unanimously dismiss the CAPEX assumption as nonsensical.

Conclusion

The Impact Assessment has gone out of its way to singularly ignore the best available science and avoid even a hint of objectivity. It therefore lacks credibility. More particularly, it has chosen to ignore the scientific research in the GLOBIOM Report which confirms ethanol’s low ILUC risk and the finding that the main source of ILUC is peatland drainage driven by palm oil expansion.

The Commission has acted contrary to the Treaty by failing to respect essential procedural requirements in its conduct of the IA to the detriment of the EU renewable ethanol industry. Moreover, its proposal to phase out conventional bioethanol is in direct conflict with Article 194(2) of the Treaty which expressly limits the legislative powers of the Commission by guaranteeing the sovereign right of Member States to determine their energy mix.