

Ethanol industry's views on the EC Communication 'A European Strategy for Low-Emissions Mobility' and the preparation of the 'Renewable Energy Package'

Context

- Decarbonising transport is a fundamental EU policy objective needing objective policy options.
- The European Commission announced its intention to focus on the '*gradual phase out (of conventional biofuels) and replacement by more advanced biofuels*' and states that the '*impacts will be assessed carefully*'.
- No scientific rationale for this intention has been provided whilst billions of investments are at stake with this proposal. The Commission must consider all policy options and avoid producing a biased impact assessment as it did in 2012 to justify the proposed 'ILUC Directive'.
- The Commission should heed its own analyses, which firmly support the synergies between biofuels and electro-mobility¹ and shows that in the last 20 years, biofuels is the only technology that has displaced fossil fuels in European transport. It also states that biofuels will be more important than electricity in the next two decades.
- ePURE is convinced that an objective impact assessment based on the best available science will show that renewable ethanol is an essential part of Europe's low-emissions mobility - phasing it out would work against the EU's overall decarbonisation ambitions and only result in increased oil consumption.

Way forward – a science based approach

- ePURE calls on the Commission to consider the contribution of our industry to the EU's climate and green growth objectives, in particular its role in:
 - Reducing GHG savings by 64% on average compared to fossil petrol, and on a trajectory to reach 80% savings by 2020 while improving urban air quality;
 - Improving energy security by replacing imported fossil petrol with EU grown domestic ethanol;
 - Supporting rural development by diversifying farmer incomes and sustaining 50,000 jobs;
 - Reducing the EU's protein deficit thanks to the production of protein-rich co-products, thereby contributing substantially to food production;
 - Supporting innovation and the transition towards the circular bioeconomy with real biorefineries in Europe.
- Contrary to the Commission's views in its Communication, some conventional biofuels do have a role in decarbonising the transport sector especially as we continue to manage the long term sustainability of biofuels.
- The Commission must take into account the conclusions of both its own and externally commissioned reports which show that not all biofuels are the same. Several myths that prejudiced the biofuels debate during the ILUC Directive debate have been debunked by the Commission's own analyses. For instance:
 - In the [2015 Energy Progress Report](#), the Commission services confirmed that European ethanol had not altered food prices or food security and that this would remain the case even without a cap on conventional biofuels;
 - The [GLOBIOM study](#) of the land use change impact of biofuels consumed in the EU also confirmed both that European ethanol poses no negative impacts to food security and has low risk of land use change impact.In addition, two recent studies, from authoritative parties whose services are often used by the Commission services, confirm the decarbonisation merits of ethanol, even when indirect land use change emissions are fully taken into consideration:
 - [Ricardo Energy & Environment](#) found that ethanol contributes the most to reducing GHG emissions in transport and increased use could contribute to 14.1% GHG emissions reduction in EU transport by 2030;
 - In a study on '[low carbon biofuels for the UK](#)', Ecofys, one of the co-authors of GLOBIOM, finds that any plan to lower the 7% cap on conventional biofuels would be detrimental to the objective of reducing emissions in the transport sector and reducing the risk of ILUC. Under all scenarios, it shows that ethanol is the major contributor towards emissions reductions in the transport sector.

¹ Without plug in hybrid electric vehicles, electro mobility will not expand quickly, and without high octane fuels like ethanol, hybrid electric vehicles cannot meet higher efficiency standards.

Commission's competence and good policy making

- The orientation given by the European Commission clearly conflicts with the Treaty principle of proportionality laid down in Article 5, whereby the action of the EU must be limited to what is necessary to achieve the objectives of the Treaties. In this case, the Commission has not justified the reasons for phasing out all conventional biofuels – its campaign against "food based biofuels" has no scientific basis.
- It is legally questionable that the Commission has the authority to phase out a specific energy source, when it is the sovereign competence of each Member State to decide on its energy mix². In the field of renewables in transport, the constant change of direction by the Commission has triggered further uncertainty from investors. While we welcome the express support to 'advanced biofuels', the vision proposed by the Commission to develop an advanced biofuels industry by sacrificing the conventional biofuels industry damages investor confidence and bankability.

There is an alternative policy solution to maximise emissions savings and deals with ILUC once and for all

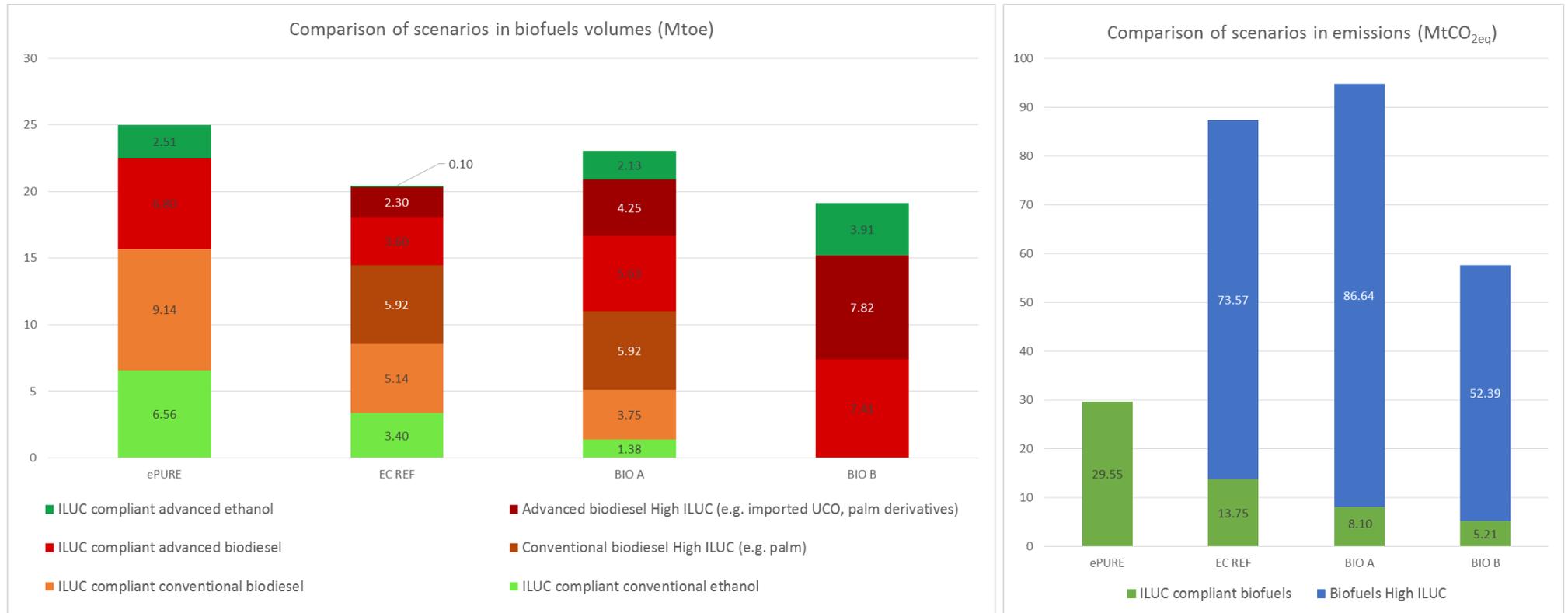
- The scenarios envisaged by the European Commission in its Staff Working Document do not maximise emissions savings or reduce oil dependence in the transport sector. They also ignore the Council's and European Parliament's views:
 - In June 2016, the Parliament called on the Commission *'to improve the legislative framework offering prospects for biofuels with high GHG efficiency taking into account ILUC in the period after 2020'*;
 - The 'ILUC Directive' of the European Parliament and the Council called for a policy framework that would *'promote sustainable biofuels after 2020 (Art. 3.2), 'create a long-term perspective for investment in sustainable biofuels with a low risk of causing indirect land use change' (recital 35)*.
- The Commission has chosen to ignore these clear guidelines and opted for the cynical option of just phasing out all conventional biofuels instead of actually quantifying any ILUC risks. This approach is inexcusable.

ePURE recommends that the investments made in good faith, triggered and supported by public policy in 2009, are preserved. In line with the mandate of the Council and the Parliament, the Post-2020 policy should promote those sustainable biofuels with low ILUC risk, by strengthening the sustainability criteria. The least sustainable biofuels (such as palm oil and derivatives, imported UCO that is not a waste), should be phased out, in favour of 'ILUC compliant biofuels', namely those that meet at least one of the following conditions:

- Biofuels volumes pre-2009, because the feedstocks were largely grown on former set-aside land hence have no ILUC, a view that is fully consistent with ILUC science, including both the 2011 IFRPI report and GLOBIOM;
- 'ILUC amortised' biofuels: as per GLOBIOM and all other ILUC studies, no ILUC factor could apply to biofuels after the amortization period used to calculate that figure ends;
- 'Low-ILUC risk' biofuels if the risk of ILUC can be mitigated and certified as such according to the methodology that was developed by Commission consultants in response to the express requirement of the ILUC Directive (e.g. increased yields, use of unused land, multicropping);
- Biofuels that can comply with the minimum GHG savings threshold after relevant ILUC regulatory factors are included (i.e. those factors as would be calculated by the GLOBIOM model on the basis of specific biofuel volumes from specific feedstocks by 2030).
- Such a policy approach would maximise emissions savings, reduce the risk of adverse ILUC emissions, and allow both sustainable conventional and advanced biofuels to contribute to the EU climate and energy objectives, be it via a blending obligation or the obligation to reduce the carbon intensity of transport fuels. Dedicated support is needed for more innovative advanced technologies to foster investment into commercial production of advanced biofuels. Both together deserve and need public policy support in order to be able to fully deliver ethanol's low emissions potential and should not be promoted at the expense of one over the other.

² Each Member State maintains its right to 'determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply'. Article 194(2) of the Treaty on the Functioning of the European Union.

Annex – comparison of the European Commission’s scenarios with ePURE’s proposal



ePURE’s proposal would, compared to a no-biofuels scenario,

- **Save 69 Million tonnes of CO₂**
- **Reduce the EU’s dependence on oil by 171 million barrels of oil, saving 17 billion of US dollars in the oil import bill, annually (ref. Barrel USD 100).**