



**PANGEA's Response to the European Commission Green Paper
"A 2030 framework for climate and energy policies"**

**Partners for Euro-African Green Energy (PANGEA)
Rue d'Arlon 63 – 67, 1040, Bruxelles
Registered number: 94140411659-52**

PANGEA welcomes the opportunity to comment on the European Commission Green Paper: A 2030 framework for climate and energy policies.

When designing the 2030 framework, it is important to reflect the changes that have taken place since the development of the original 2020 framework in 2008/09. Learning from these changes, it is vital to make sure that the new framework is flexible and will have the capacity to accommodate potential changes in the economic situation at European level but also considering the energy inputs coming from third countries.

The Green Paper is followed by 22 very specific questions. Since PANGEA is not in the position to comment and reply to all of them separately, we have prepared our contribution on the main topics touched by the Green Paper.

The Green Paper states that an early agreement on the 2030 framework is important for three reasons:

- First, long investment cycles mean that infrastructure funded in the near term will still be in place in 2030 and beyond and investors therefore need certainty and reduced regulatory risk.
- Second, clarifying the objectives for 2030 will support progress towards a competitive economy and secure energy system by creating more demand for efficient and low carbon technologies, and spurring research, development and innovation, which can create new opportunities for jobs and growth. This in turn reduces the economic cost, both directly and indirectly.
- Third, while negotiations for a legally binding international agreement on climate mitigation have been difficult, an international agreement is still expected by the end of 2015. The EU will have to agree on a series of issues, including its own ambition level, in advance of this date in order to engage actively with other countries.

PANGEA believes that in order to achieve further greenhouse gas reductions and stabilise energy market prices, policies must support development and deployment of new innovative technologies, such as advanced biofuels. At the same time however, existing commercial solutions, such as first generation biofuels, should not be omitted from targets, as is currently being discussed through the revision of RED and FQD, at European Council and Parliament

level. Sustainable first generation biofuels are available, being produced in both Europe and third countries, and their promotion and use should be maintained.

It is important to maintain momentum post 2020 if climate change is to be mitigated and optimal energy efficiency is to be achieved. Furthermore, through a continual effort to promote the use of renewables, increased growth will be experienced and jobs will be created. To achieve this, the EU must continue to impose new targets, so as to encourage a continued effort by all. Biofuels and biomass are certain to be an important source of renewable energy. The production of such renewables as these is likely to increase post-2020, but the rewards will only be reaped if they are produced in a sustainable way. It is therefore important to keep guidelines in place regarding levels of greenhouse gas emissions and sustainability criteria. Biofuels and biomass are a very effective source of renewable energy that has a valuable place in society, provided they are produced responsibly.

In order to meet the aims of the European Union policy on energy, the major developments on the energy scene outside of the European Union must be considered. Given that more than 50% of energy consumed within the European Union comes from third countries, it is important that further energy market integration and regulatory convergence takes place with neighbours, as well as globally, to include third countries and transit countries that supply energy to the European Union market.

PANGAEA believes that there is need for a differential approach to be taken towards various countries. Sub-Saharan African countries have ideal conditions to become prominent energy producers given their huge potential in the field of bioenergy. Whilst these countries require their own access to energy and should not be exploited by sending this needed energy to the EU, they could, however, transport surplus energy to the European Union and other major markets. Increased market integration between the European Union and Africa would be mutually beneficial.

Regarding inconsistencies, PANGAEA believes that there have been inconsistencies in the current 2020 targets. The multiple targets currently designed to contribute towards the overall target of 20% emissions reductions compared to 1990 levels by 2020 are not on track to achieve overall reductions. Better coherence of 2030 targets could be ensured by conducting frequent monitoring and evaluation of the implementation of climate and energy policies to make sure that progress for targets being met is on track.

Specifically regarding biofuels, it is inconsistent to have a RED target of 10% of renewables in transport and already deciding to put a cap on first generation biofuels before reaching 2020, as they are the only existing and commercially available option to reach this 10% target.

Separate targets for sub-sectors are appropriate to ensure that each sector is making appropriate contributions towards reductions targets, however only if

they do not inhibit further investment in new technologies once targets are reached.

Sub-targets could be used to better reflect the economic viability and changing degree of maturity of technologies in the 2030 framework. In the instance of bioenergy, to allow advanced bioenergy technologies to mature, first generation technologies need to be invested in to stabilise and supply the bioenergy market. Sub-targets for advanced bioenergy innovation and developments would incentivise innovation and development of advanced bioenergy technologies.

Financial support is also important. It is likely that financial support will continue to be needed to support renewables post-2020, despite the expected increase in their penetration. Research and development will continue to be an important feature post-2020, with a continued need for improved efficiency and greener sources of energy. A wider array of technology is vital in order to continue to meet targets.

Biofuels and biomass will continue to be a main source of renewable energy and need to be cultivated in such a way so as to avoid negative environmental consequences associated with indirect land use change. It is important that there is continued financial support for biofuel producers, to ensure that quality biofuels can be produced in a responsible and sustainable manner. The EC should also focus on more financing for bioenergy production in developing countries as they have huge production potential; producing more sustainable bioenergy in developing countries would help both Europe and the third countries themselves to have increased access to renewable energy.

Regarding the specific sector of transport, PANGAEA believes that the plan in the current ILUC proposal to end all public subsidies for crop-based biofuels producers after 2020 would put an end to the European biofuel industry as it currently exists and would interrupt European farmers from a key market, therefore reducing opportunities resulting from market diversification while needlessly exposing farmers to low prices.

Destroying the European industry will destroy any hopes of an African one. If the European market shuts out first generation biofuels, then countries, like those in Africa who could benefit from their own energy production while stabilising their own domestic food markets, will never get that chance because the investment climate will not be safeguarded and secured. New policies cannot lead to more regulatory uncertainty, discouraging investments in advanced biofuels plants.

Biofuels done well are those that balance food and energy demand and consumption. Policies need to incentivise ILUC mitigation measures (use of co-products, improve crop-yield, increase manufacturing efficiencies, crop production on degraded or abandoned land, producing biofuels from waste and residues, agronomy support etc.). This will encourage the biofuels industry to continue developing towards sufficient standards of sustainability, and will boost investments and encourage farmers instead of intimidating

them. Policies need to find ways to encourage the production biofuels that are economically, socially and environmentally sustainable.

Currently, some first-generation biofuels significantly reduce GHG emissions compared to fossil fuels, even when indirect effects are accounted for, and as such perform as second-generation biofuels. That is the case of bioethanol from crops such as sugarcane, sugarbeet, sweet sorghum and cassava.

Second-generation biofuels are not yet commercially viable, so by destroying a market for first-generation, sustainable biofuels, we eliminate a key market opportunity for Africa. Doing so inhibits agricultural and economic development and contradicts EU development policy. Africa needs to protect its environment, but it also needs to develop economically. In Africa, bioenergy does not only mean value added exports to Europe: it can be a key driver for developing local industry.

Many investments in the sector come from European companies, who wish to both produce biofuels for the European transport sector, contributing to the European targets, and use it for the local market through electricity co-generation and clean fuels for stoves. These investments must continue to be encouraged, and post-2020 European policy is an important instrument to do just that.

About PANGEA

PANGEA promotes sustainable African bioenergy investment, policies, and production. Part NGO, part think-tank, part trade association, we act as a unified voice for our diverse membership of European and African bioenergy companies, and we are at the forefront of the evolving industry of the future for a continent too long ignored but with too much potential to be absent from the developing global bio economy.

As the world's boundless enthusiasm for biofuels has begun to be tempered by reservations about environmental and social sustainability, our attention has also increasingly been directed at improving the sustainability and equitability of the EU's involvement in the sector. Rather than unfairly condemning an entire industry, we work to attack the root causes; thereby preserving a uniquely valuable opportunity for both African and European citizens. We support this by promoting bioenergy's potential in other areas – such as electrifying rural areas through micro- and off-grid generation, or effectively fuelling modern clean cook stoves – which can greatly enhance the quality of life in Africa's rural communities.