

BPF's answers to the questions raised by the Commission

Q 1.1. - *Do you think the "possible way forward" described above is feasible?*

The BPF understands the need to characterize the sustainability of biofuels. The required criteria need to be practical and easy to implement. As stated by EUROPIA in its answer, it would be preferable to have Government-to-Government agreement on these criteria to ensure a proper level playing field. Any regulatory mechanism should support this level playing field principle, so that all participants in the fuel market are subject to the same requirements and have access to the same opportunities.

As EUROPIA, the BPF believes that biofuel sustainability schemes should be developed via a multi-stakeholder consultation process and the BPF encourages making best use of know-how & expertise of CONCAWE, EUCAR and JRC.

Q 1.2. - *What do you think the administrative burden of an approach like the "possible way forward" would be? (If possible, please quantify your answer.)*

Any reporting, monitoring and verification system has to be simple and cost-effective. So the administrative burden must be kept for all involved stakeholders at the lowest possible level. Administrative requirements should be coherent across Member States. A harmonized approach will avoid fragmentation of regulatory development.

Q 1.3. - *Please give your general comments on the "possible way forward", and on how it could be implemented. Does it give an adequate level of assurance that biofuels will be sustainably produced? If you think the problem should be tackled in a different way, please say how, giving details of the procedures that would be used.*

As stated by EUROPIA, the schemes currently developed within Europe should be reviewed in a multi-stakeholder process with the objective of delivering a harmonized European scheme. Once a suitable scheme has been defined, we recommend a trial period to evaluate the feasibility before implementation & generalization.

Q 1.4. - *Carbon stock differences between land uses would be taken into account under criterion 2. Should they also be taken into account under criterion 1? If so, what method should be used to determine how the land in question would have been used if it had not been used to produce raw material for biofuels?*

Q 1.5. - *As described in the "possible way forward", criterion 3 focuses on land uses associated with exceptional biodiversity. Should the criterion be extended to apply to land that is adjacent to land uses associated with exceptional biodiversity? If so, why? How could this land be defined?*

Q 1.6. - *How could the term "exceptional biodiversity" (in criterion 3) be defined in a way that is scientifically based, transparent and non-discriminatory?*

General answer to questions 1.4 to 1.6:

The full environmental impact of biofuels including land & water use, increased pesticide / fertilizer use, change in wildlife diversity ... should be considered. Proliferation of different requirements between countries or geographic areas would reduce supply flexibility and can contribute to supply disruptions. Again the regulatory mechanisms and the types of biofuels required should be harmonized as far as possible.

If biofuels are required by governments and supplied in compliance with agreed standards, the fuel suppliers should be protected from liability claims.

Q 2.1. - *Please give your comments on the "possible way forward" described above. If you think the problem should be tackled in a different way, please say how.*

Q 2.2. - *Do you think it is possible to link indirect land use effects to individual consignments of biofuel? If so, please say how.*

Again any regulatory mechanisms should support a level playing field and should be flexible & supportive of an open market.

The ability to accumulate and trade biofuel credits between companies is a critical element for increasing the flexibility and efficiency of biofuel use. Credit trading increases supplier flexibility and can reduce overall compliance costs. The details of any particular regulatory scheme (as a link between land use effect and biofuel consignment) can have large impact on the extent to which suppliers are able to exercise flexibility to reduce costs to the consumer.

Q 3.1. - *How should second-generation biofuels be defined? Should the definition be based on:*

a) *the type of raw materials from which biofuels are made (for example, "biofuel from cellulosic material")?*

b) *the type of technology used to produce the biofuel (for example, "biofuels produced using a production technique that is capable of handling cellulosic material")?*

c) *other criteria (please give details)?*

Q 3.2. - *Please give your comments on the "possible way forward" described above. If you think the problem should be tackled in a different way, please say how.*

Q 3.3. - *Should second-generation biofuels only be able to benefit from these advantages if they also achieve a defined level of greenhouse gas savings?*

As EUROPIA, the BPF believes that there is no need for a definition of 2nd generation biofuels, since all biofuels must follow the principles of a technology neutral and performance orientated approach in a non discriminative way.

As stated in our guiding principles, any scheme to categorize the performance of any biofuel (whatever is categorized as of 1st or 2nd generation) should focus on encouraging / supporting biofuels based on their sustainability performance (both "Well-to-Wheels" GHG emission performance and social, economic and environmental factors associated with feedstock production).

Q 4.1. - Should the legislation include measures to ensure that diesel containing 10% biodiesel (by volume) can be placed on the market, and is in fact placed on the market?

Q 4.2. - Should the legislation include measures to encourage the use of ethanol and biodiesel in high blends? If so, what?

Q 4.3. - Should the legislation include measures to encourage the use of biomethane, methanol and DME in transport? If so, what?

We do not support further diversification of the current fuel pool. Keeping standardized EN228 gasoline and EN590 diesel grades holds significant advantages for EU consumers and businesses, the automotive industry, and for the EU as a whole. It is the best guarantee of continuous quality and it will contribute to the attainment of biofuel targets.

In view of these advantages, we believe that:

1. The increased use of biofuels should be associated with the standardized grades of road transport fuels and should not result in the proliferation of additional grades.
2. The mismatch between the current Biofuel Directive targets and the biofuel specification limits set out in the Fuel Quality Directive and the corresponding CEN specifications (EN228 and EN590) must be resolved by the Commission.

We recommend following the pathway that EUROPIA has outlined in its answer to the European Commission, that is:

- Within CEN, work with the automotive industry towards acceptance of higher levels of biofuels components within the standard grades of transport fuels. The experience from markets where a 10% ethanol gasoline blend is marketed as standard grade (e.g. USA, Australia) should be taken into consideration.
- The stakeholders should determine, within the framework of CEN, the maximum acceptable biofuels technical limits that are suitable both for the existing vehicle fleet and for new vehicles entering or about to enter the market.
- Such limits could then be raised on a phased basis over time as the vehicle fleet evolves (i.e. with the scrapping of older vehicles), and as more experience is gained with actual performance in the field.
- This approach would maximise fuel flexibility, reduce costs in supply and distribution, and ensure optimum contribution of biofuels to EU targets for air quality, GHG emission reduction and energy security
- This approach and the legislative framework should include provisions to ensure that future vehicle fleet remains compatible with the aspirations of the biocontent of fuels.

Q 4.5. - Should the legislation ask the Commission to review, by a given date, whether it is possible to be confident that the 10% target can be achieved through:

a) rules that allow 10% blending by volume of ethanol in ordinary petrol, plus

b) rules that allow 10% blending by volume of biodiesel in ordinary diesel, plus

**c) the four options listed under 'other options for solving the problem';
If so, what should the date be?**

If the review were to conclude that the target is unlikely to be met, what action should the Commission take?

Again we refer here to the answer of EUROPIA. Given the general reliance of the attainment of targets on the availability of biomass, the evolution of biofuels targets should be adjusted based on progress against the following criteria:

1. Progress against the target.
2. Status of development of the biofuel sector, and introduction of advanced biofuel technologies.
3. Availability of biofuel imports.
4. Impact on supply and cost on the EU road transportation fuels.
5. Impact on sustainability.
6. Impact on car park and OEM's strategies.

Q 4.6. - *More generally, what role should taxation play in the promotion of biofuels (considering different situations such as low blends, high blends and second generation biofuels)?*

The BPF considers that the use of biofuels in transport is a political choice as it is NOT effective when compared to other applications of biomass such as in stationary applications.

Here again we refer to the position of EUROPIA on the subject.

In order to promote investments in R&D projects to bring advanced biofuels into the market, taxation may have to play an important role. However, EUROPIA does not support the current application of tax incentives throughout the EU for the following reasons:

1. The lack of harmonization of excise duties across Europe leads to an inherent lack of harmonization of biofuel incentives. As this is currently the case, an extension of such approach to advanced biofuels would hamper the development of this sector.
2. Applying the principle of the excise incentive to the country from which the bio-components are supplied, necessitates the tracking of blended bio-components across borders. This is a complex, administratively intensive, and in some cases, impractical task.
3. Currently, there is a wide range of incentive systems in operation across the Member States. Critically, there are varying degrees of access to the available incentives as some countries employ restrictive schemes where incentives are open only to indigenous sources of biofuel production.
4. The use of excise exemptions is inherently linked to overall fiscal policy, and therefore it is difficult to provide the market with the necessary long-term certainty necessary to encourage investment.
The use of capital grants can also play a role. However, typically such mechanisms are best used to support pilot activities. The use of such instruments long-term risks the establishment of a capital-inefficient and uncompetitive infrastructure.