

Consultation Paper

European Commission Renewable energy Public consultation on accounting methods and conditions for 10% renewable energy in transport target - and on the need for additional types of biofuels being listed in Annex III of the Renewable Energy Directive (consultation period 14/04/2011 to 14/06/2011)

1. Introduction

BioMCN is a company based in the Netherlands that has developed an innovative large scale process for the production of biomethanol from crude glycerine (a residue from processing vegetable oils and animal fats, e.g. from processing biodiesel). Biomethanol can be used to create other sustainable biofuels and fuel additives, or as a biofuel in its own right. With a current capacity of 250 million litres of biomethanol per year, BioMCN is the largest second generation biofuel producer in the world.

With the rapid continuous worldwide growth of biodiesel production there has been a corresponding increase in the supply of crude glycerine, which is far outweighing its conventional uses both technically as well as financially. BioMCN is able to utilize what is now classed by the EU as a processing residue and convert it into a usable fuel.

Having complied with the methodologies set out in the RED for calculating the greenhouse gas impact of biofuels, and having independently audited this process, biomethanol produced by BioMCN achieves more than 70% CO₂ emission reduction and therefore meets the sustainability criteria set out in the RED. Considering the immediate RED CO₂ reduction target is only 35%, BioMCN biomethanol far outperforms the current requirements. Biomethanol can help make significant contributions to the European emission reduction targets.

BioMCN recognises the importance of the EU biofuels policy as laid down in the Renewable Energy Directive (2009/28/EC) ("RED"). As with many emerging industries the development and commercial viability of biofuels (biomethanol included) is heavily linked to European regulation and governmental policies. Both national and European policies encourage the use of renewable fuels. For the industry a correct and timely implementation of the biofuel provisions of the RED is vital.

We welcome this opportunity to provide the European Commission with our consultation paper. Please find below our responses to the questions of Sections C and D.

2. Section C: Biomethane via the natural gas grid in transport

According to the National Renewable Energy Action Plans, Member States estimate that biofuels other than first and second generation bioethanol and biodiesel will by 2020 account for approximately 0.2% of energy consumed in transport, part or all of which may be biomethane.

Given that methane in the gas grid originates mostly from non-renewable sources (natural gas),

Q1: How do you value the impact of the 10% target for renewable energy in transport by 2020 on the development of methane from the gas grid?

- ☐ Not significant
- ☐ Significant, but other policies/ developments will be of more importance
- ☒ Important, along with other policies/ developments
- ☐ A key driver

Q2. Under what condition do you think it would be justified to count the whole amount of methane extracted from the gas grid for the use in vehicles as renewable?

None, until the time that all methane injected into the gas grid concerned is originating from renewable sources

When the methane comes with a tradable certificate showing that that amount of biomethane was generated

When there is a supply contract showing that that amount of biomethane was generated

When there is evidence on a Member State level that the development of methane vehicles has led to that amount of additional biomethane generation

■ Other (please specify):

When the methane comes with a tradable certificate showing that that amount of biomethane was generated and it can be guaranteed that the biomethane is not also awarded for other renewable purposes (heating, electricity)

Q3. what benefits do you expect the option you selected under (2) will have? Please motivate your answer

Additional biomethane generation

Faster development of methane vehicles

Other (please specify):

■ None, it only changes the accounting method

Q4. what costs in terms of administrative burden do you expect the implementation of the option you selected under (2) will have?

Additional statistics collection in all Member States

Generating additional information on the basis of existing statistics

■ Other (please specify):

Additional administrative cost for verification and a reliable trade system

This is however identical for liquid biofuels, and should therefore be consistent to avoid market distortions

None

3. Section D: Energy Content of biofuels

According to the National Renewable Energy Action Plans, Member States estimate that the contribution of biofuels will be approximately 9.5% of energy consumed in transport, most of which is expected to be biodiesel and bioethanol.

Q1: Do you think additional types of biofuels need to be listed in Annex III of the Directive? If yes, which one and could you provide values? Please provide references for suggested values.

Any confusion in any Member State regarding whether or not the use of biomethanol and/or biomethanol derived fuels as bio-MTBE will be acknowledged to meet the renewable energy targets, puts BioMCN and its customers at a competitive disadvantage among its European rivals. We therefore urge you to include the necessary additional values and/or implement the necessary procedures to include additional values as described below.

Additional types of biofuels and values in Annex III

With respect to the calculation of the share of energy from renewable sources, Article 5(5) of the RED provides that the energy content of the transport fuels listed in Annex III shall be taken to be the energy content as set out in that Annex III of the RED. At the moment, it is unclear how the energy content of transport fuels that are not included in Annex III have to be calculated, this concerns for example bio-TAME ((tertiar-amylnmethylether made from bio-methanol) and other bio-ethers that are not included in the list.

In this respect, BioMCN urges that at least the following additional types of biofuels will be listed in Annex III:

- Bio-TAME (tertiar-amylnmethylether made from bio-methanol):
Value 37 MJ/kg of which 17% renewable
- Other bio-ethers

Amendment of wording regarding biogas in Annex III

We would also like to point out the following linguistic indistinctness. In Annex III, for biogas the following text has been included: "*Biogas (a fuel gas produced from biomass and/or from the biodegradable fraction of waste, that can be purified to natural gas quality, to be used as biofuel, or wood gas)*". The value is 50MJ/kg. The confusion is in the words "*that can be purified*". In our opinion the value before purification is lower than 50 MJ, so it should read "*that has been purified*".

Inclusion of a European formal approval system to include additional types of biofuels and values in Annex III

Besides listing these additional types of biofuels and amending the wording for biogas in Annex III, BioMCN also urges for the inclusion of a standard procedure to include additional types of biofuels and values in Annex III.

In this respect , the Commission's communication of 19 June 2010 provides:

*"5.1. Accounting for fuels that come partly from non- renewable sources
Certain fuels consist only partly of renewable material. For some of these, such as ETBE, Annex III to the Directive indicates what percentage of the fuel is renewable for the purpose of target accounting ⁽¹⁾. For such fuels not listed in Annex III, including fuels produced in flexible processes that do not always deliver consignments with the same mix of sources, analogy can appropriately be drawn from the rule for electricity generated in multi-fuel plants: 'the contribution of each energy source is to be taken into account on the basis of its energy content' ⁽²⁾.*

For the purposes of compliance with the sustainability criterion on greenhouse gas savings, the biomass-derived part of fuels referred to in the previous paragraph has to meet the appropriate threshold. For some, such as ETBE, the Directive gives default values.

¹ Article 5(5) of the RED.

² Article 5(3) of the RED.

*The percentages in Annex III to the Directive also apply when determining whether fuels containing biofuels need to have specific indication at sales points ⁽³⁾. For example, petrol containing 20 % ETBE would not require specific indication because less than 10 % is from renewable sources."*⁴ (underlining by BioMCN)

It is however unclear how the calculation method has to be applied and will be verified and enforced.

We are of the opinion that a European formal approval system has to be set up that unconditionally establishes values for the different types of biofuel for all Member States. Such system should include a procedure in which producers of biofuels may at any time request the inclusion of a type of biofuel and value in Annex III. After approval by the Commission such biofuel and its value can be added to the list of Annex III, after which it would have to be applied in all Member States unconditionally.

Energy content instead of volume-based

In addition, we see an unworkable discrepancy in the continuation of systems (as the RTFO in the UK) as a volume-based scheme, while Annex III of RED stipulates the energy content 'approach', as we believe this could lead to market distortion and an inconsistent treatment of the same products.

Q2: Do you think more precision in terms of decimals is necessary in the values in the Annex? If yes, could you provide such values? Please provide references for suggested values.

BioMCN is of the opinion that current value are a pragmatic approach to calculating the renewable energy content of biofuels.

4. Contact

BioMCN remains available for any further discussion on this matter. For more information, please contact: Eelco Dekker, Chief Marketing Officer, eelco.dekker@biomcn.eu, 0031 596 648117.

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³ Article 21(1) of the RED.

⁴ Communication from the Commission on the practical implementation of the EU biofuels and bioliquids sustainability scheme and on counting rules for biofuels (2010/C 160/02).