

RE ePURE's input into the consultation on 'SET Plan- Issues Paper Action 8'
To European Commission SET Plan Secretariat

7 November 2016

Background

- The European Union has set the objectives to have at least 27% of renewables in its energy mix by 2030 and reduce its greenhouse gas (GHG) emissions by 40% compared to 1990 levels. Since 1990, EU transport emissions have increased by 36% and are now responsible for about 25% of EU's total GHG emissions.
- Decarbonisation transport is therefore of key importance to ensuring the success of the 2030 ambitions and the European ethanol industry (ePURE) remains committed to making a significant contribution to meeting the EU's ambitions of decarbonising the transport sector by providing low carbon sustainable conventional and advanced ethanol.

The EU policy on bioenergy for transport

- The Issues Paper expresses the view that Europe is leading in most bioenergy technologies, including biofuels, and should maintain its leadership while allowing its industry to grow and be competitive.
- However, the overwhelming trend of the EU policy is rather going in the opposite direction. The current Commission view of biofuels and focus on the 'gradual phase out of conventional biofuels' and 'replacement by more advanced biofuels' show that the Commission's intention works against the EU's overall decarbonisation ambitions and only result in increased oil consumption.
- No scientific rationale for this intention -expressed in the 'Low Emissions Mobility' Communication- has been provided, whilst billions of investment are at stake with this proposal. It has failed to recognise, despite overwhelming evidence commissioned or elaborated by the Commission itself, that some biofuels do have a role in decarbonising sector, and European ethanol contributes to the EU's climate and green growth objectives, in particular by:
 - 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 coproducts, thereby contributing substantially to food production ;
 - Supporting innovation and the transition towards the circular bioeconomy with real biorefineries in Europe.
- The Paper stresses that the share of biofuels in 2014 remained at 5.4% and constitutes about 13% of all bioenergy, therefore there is a need to increase this share by using replacement fuels feedstock that do not result in competition with food or land. However, the fact is that the view on the competition of biofuels with food or land has been debunked by the Commission's own analysis. For instance:
 - in the [Renewable Energy Progress Report](#), where 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.

Support mechanism for advanced biofuels going forward

- The Issues Paper embraces the view that the EU needs to build its biofuel policy on existing success. However one cannot build the second generation biofuels by phasing out the first generation industry. The constant changes of direction in the biofuels policy have triggered uncertainty from investors. If the Commission decides to pursue a biofuel policy in which there is direct competition between the first and second generation, then investments into second generation will fail as banks, pension funds, insurance companies, infrastructure funds, etc. will not fund biofuels anymore. What is more, the EU's dependence on oil will be still increasing.
- The Paper expresses the need to dramatically increase the production of all advanced renewable fuels. However the EU has failed to capitalise on its R&D investments for innovative low carbon advanced biofuels technologies.
 - While the EU excels at financing the initial phases of the Research and Development, up to the pilot and demonstration plants, it has so far failed to help innovative technologies bridge the innovation valley of death, unlike in other jurisdictions.
 - FP7 funds have been dedicated to cellulosic ethanol to build first of its kind plants in the EU. While this kind of support is important, it is not enough, and there have even been cases of biorefineries shutting down and cancelling their projects due to lack of policy certainty.
 - The technology is being deployed on large scale elsewhere framework conditions appear more favourable to investments decision, e.g. the US. While European companies are world leaders in advanced biofuels, their investments are now being made outside the EU.
- To avoid this 'innovation leakage', the EU must urgently create the right policy conditions to move from R&D to commercial deployment.
 - The primary support that lignocellulosic ethanol now needs is the market introduction of a higher ethanol blend in petrol, i.e. E20 or E25. Without expansion of the market the window for investing in and paying back the investment in lignocellulosic ethanol is fast closing.
 - ePURE acknowledges the need for dedicated binding target to reduce transport fuel emissions by at least 3%, that should be achieved solely from advanced biofuels by 2030. Mandating the consumption of advanced biofuel within a defined regulatory framework would make new investments in advanced biofuels technology and bankable and feasible production.
 - With regards to the cost reduction target, the Paper focuses only on process and expressly excludes feedstock. This is incompatible with the goal of inexpensive biofuels, where biofuels are conversion technologies and the importance of the feedstock just cannot be minimized. Any success should ever be measured under any metric other than all in production cost per litre or MJ.
 - Finally, the EU should sharpen the definition of advanced biofuels, preclude grandfathering, define both waste and residues properly to avoid distortions of current market structures, and ensure that the use of waste to refine biofuels is considered as recycling in the waste hierarchy.