



**Is there a better way to
incentivise advanced biofuels in
the EU?**



1. Context

- RED provisions providing incentives to some biofuels
- But missing tools to trace the origins of those products



Strong incentives in the RED provisions

Art. 21-2 (Dir. 2009/28): "For the purposes of demonstrating compliance with national renewable energy obligations placed on operators and the target for the use of energy from renewable sources in all forms of transport referred to in Article 3(4), the contribution made by biofuels produced from wastes, residues, non-food cellulosic material, and ligno-cellulosic material shall be considered to be twice that made by other biofuels. "



But traceability tools missing

- No single registration and certification tool
- Technically complicated to test the origin of end products (bio-ethanol or biodiesel)



2. Consequences of the current situation

- Price distortions
- Fraudulent behaviours



Price distortions

- UCOME cheaper than FAME from virgin oil until 2010
- Then, the situation reversed
- Now, UCO-based biodiesel more expensive than this from virgin oil....
-while the production cost of UCO is lower



Fraudulent behaviours

Fraud concerns:

- Quality: virgin oil-based biodiesel passed off as UCO-based
- Quantity: registration of a single unit of product in several member States so that it can be double –counted twice



Fraudulent behaviours

Fraud leads to:

- Less sustainable FAME being traded as double-counting
- Untrue levels of GHG savings reported by Member States and the EU
- Erosion of standard bio-ethanol and biodiesel market share
- Reduced market share for truly double-counting biofuels
- Erosion of the value of double-counting material, with reduced incentives
- Reputational damage: UCO and TME not considered as “advanced” while they are among the most sustainable types of biofuels



2. What solutions?

- To address fraud on quantity: an EU-wide certification system, would prevent duplication of applications. To be effective, it needs to be adopted by as many companies in as many member States as possible (ideally, all companies in all member States)
- To address fraud on quality: a traceability system as complete as possible and integrated with current certification systems (ISCC, 2BS) is part of the answer, as long as the technology does not provide us with reliable tests



3. The RBO: an example of initiative to ward off fraud

- Aims
- Members
- Practical goals
- State of play



The RBO: aims

- To “*facilitat[e] compliance*” with the RED and the FQD by “*provid [ing] the EU industry as well as EU and member States public authorities with a register which will serve as a tool for harmonising the secure registration and certification of Extra Incentivised Biofuels (EIBs)*” (art 3 consortium agreement).
- To “*guarantee the origin and the exact quantities of EIBs substances marketed in the EU*” (idem)



The RBO: members

- Manufacturers, traders and importers of Extra Incentivised Biofuels (EIBs) (=multiple-counting biofuels) and pre-EIBs
- Fifteen members and two observers to date
- Engaged in the search for a contractor to set up and manage an IT platform for registration and certification of EIBs



The RBO: practical goals

- To create a single pan-EU tool to trace each step of the production chain and each movement of the product
- In order to ward off fraud and its damaging consequences
- Outsourcing of the certification management to a company to be chosen through a call for tender, to ensure an independent system



The RBO: State of play

- Call for tender launched in November 2013
- Preferred bidder chosen on April 18th 2014
- RBO full pilot system to start up in Autumn 2014

