

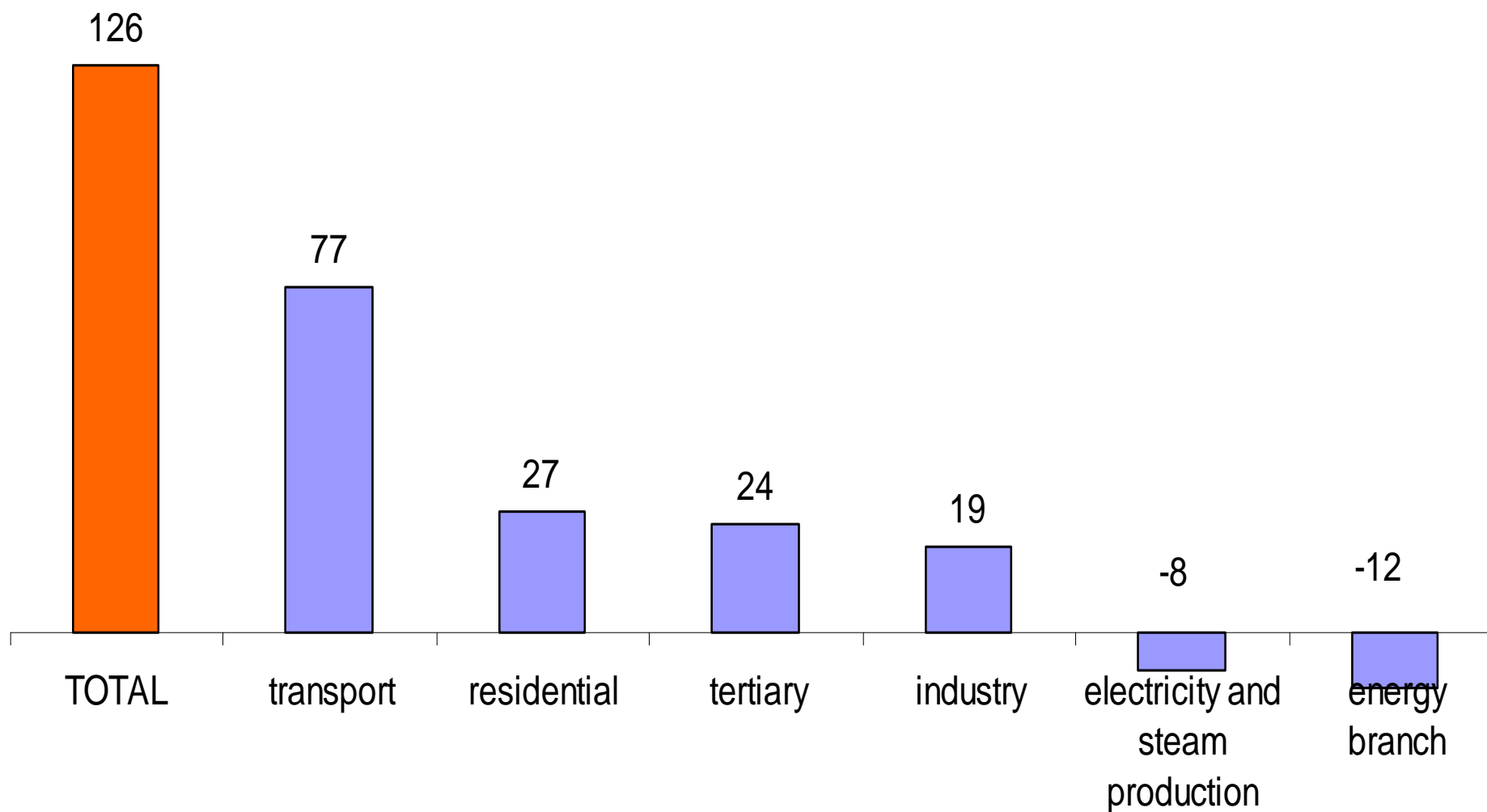
# EU biofuels policy – an update

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Econsense – Sustainable Biofuels  
Berlin, 9<sup>th</sup> February 2007

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- 1 EU policy framework**
  - 2 Biofuels options for 2020**
  - 3 Next steps at EU level**

**Forecast change in greenhouse gas emissions, 2005-2020  
(MT per year, CO2 only, EU25). Source: PRIMES**



## Assessment of progress

The biofuels directive sets the reference value of a 5.75% market share in 2010. **The EU is not on track to achieve this objective.**

With current policies and measures, the share is likely to be about 4% in 2010.

This conclusion is supported by performance in 2005:

reference value:	<b>2%</b>
sum of national indicative targets:	<b>1.4%</b>
result:	<b>1%</b>

# Results achieved – 2005

Austria	0.93%	Latvia	0.51%
Belgium	0	Lithuania	0.72%
Cyprus	0	Luxembourg	0.02%
Czech Republic	0.05%	Malta	0.52%
Denmark	?	Netherlands	0.02%
Estonia	0	Poland	0.48%
Finland	?	Portugal	0
France	0.97%	Slovakia	?
Germany	3.75%	Slovenia	0.35%
Greece	?	Spain	0.44%
Hungary	0.07%	Sweden	2.23%
Ireland	0.05%	UK	0.18%
Italy	0.51%	<b>EU25</b>	<b>1.0% (estimate)</b>

*Source: biofuels progress report  
(COM (2006) 845)*

# Strategic energy review, 10<sup>th</sup> January 2007

*Climate change and insecure oil and gas supplies*

↓  
*Proposal for **binding 20% target** for renewable energy in 2020*

↓  
*Measures in other sectors*

↓  
*Translated into **national action plans** including a **minimum 10% target** for biofuels*

↓  
***Incentive/support system** to discourage use of poor-performing biofuels and encourage second generation*

## Why a separate sectoral target for biofuels?

- They cost more than other types of renewable energy, so could be left by the wayside ...
- ... but in the medium term they are the only way to reduce transport's oil dependence
- Signals for the future: Car makers need a signal to build for high biofuel blends; industry needs a signal to invest in second generation; the oil market needs a signal that we are serious about alternatives

A biofuel share of **14% in 2020** is feasible.

It could be done with **80% domestic raw material** or with **more imports**

Domestic approach:

- Costs more
- Delivers more EU jobs
- Misses some environmental benefits  
(Brazilian ethanol – 90% GHG savings)
- Avoids some environmental risks  
(soy oil and palm oil)

## Possible paths to achieve it

	<b>Mtoe:</b>	
	<b>“More domestic”</b>	<b>“More imports”</b>
EU biodiesel	4	5
EU first-generation bioethanol	13	7
EU BTL	11	7
EU cellulosic ethanol	5	0
biodiesel (imported rape oil)	3	3
biodiesel (imported soy/palm oil)	6	9
imported sugar cane ethanol	1	12
	<hr/>	<hr/>
	<b>43</b>	<b>43</b>

**10% minimum target** – a relatively conservative option for 2020

*Possible path to achieve it*

20% blend of ethanol	<b>19 Mtoe in 2020</b>
10% blend of biodiesel	<b>10 Mtoe in 2020</b>
small BTL contribution	<b><u>2 Mtoe in 2020</u></b>
	<b>31 Mtoe</b>

A minimum target should be less than the feasible level of 14%.

Commission proposes a **10% minimum biofuel target** based on a more cautious approach to

- biodiesel from vegetable oil (with limited growth until environmental safeguards are in place)
- second-generation biofuel (especially “BTL”) – slow development assumed

- Consideration of Strategic Energy Review by **Energy Council** (15.2.7) and **European Council** (8-9.3.7)
- **Legislative proposal** from Commission
- Reflection on **support systems** for renewable energy
- Development of scheme for **biofuel sustainability**
- **Market opening** for ethanol?
- Stronger research efforts for **second-generation** biofuels
- Development of **ethanol standards** and revision of **biodiesel standard**

## Sustainability:

- Most biofuels bring environmental benefits ...
- ... but a system is needed to tackle problems like:
  - *deforestation,*
  - *high-GHG production techniques*
- ... and to promote
  - *second-generation biofuels*