

Press release

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The RED II Proposal and Its Impact on the Bio-based Material and CO₂ Utilization Sector

Open doors for CO₂-based fuels, but non-level playing field for the bio-based material sector continues and threatens access to tall oil, animal fats and glycerol by the chemical industry as well as access to pulp wood by the forest industry.

On 30 November 2016, the European Commission published a proposal for the recast of the Renewable Energy Directive (RED), providing a potential outline of the Union's renewable energy framework for the timeframe 2021 to 2030. This proposal is also known as the "RED II proposal".

The new proposal sets the overall target of a renewables share in the EU's energy consumption at 27% by 2030 and includes the sectors electricity, heating and cooling as well as transport. Several of the new provisions, e.g. a cap of fuels produced from food or feed crops to max. 3.8%; and the ambitious goals for advanced biofuels have been commented on and discussed by a multitude of stakeholders in press releases and official statements.¹¹

At nova-Institute, we are always concerned with the question of how the revisions in energy policy will impact the bio-based material sector. We have therefore analysed the new Commission proposal with a view on the bio-based materials sector and present the most important findings in a paper. In addition, we also evaluated the proposal's coverage of CO₂-based fuels, as we are convinced of their huge potential. The latter will have strong impacts on bio-based fuels and energy and, indirectly, also on the material sector.

As a whole, the proposal can be seen as an attempt to assemble a wide range of support mechanisms for a multitude of energy forms under one roof. The first-ever comprehensive inclusion of CO₂-based fuels means that the available support will be spread between more forms of energy supply than before, which are less dependent on biomass. From a bio-based materials point of view, this gives some hope for improved access to biomass and a fairer competition. However, there is still a long way to go towards a completely level playing field and the optimal use of resources in Europe. Especially for feedstocks that are accepted for "advanced biofuels", the situation has potentially worsened.

The following table summarises our results. A more detailed commentary on the RED II proposal is available for free at www.bio-based.eu/policy

¹¹ See for example <http://www.euractiv.com/section/energy/news/commission-under-fire-over-post-2020-biofuels-targets>, http://biofuels-news.com/display_news/11460/finnish_government_satisfied_with_new_eu_red_proposal, http://biofuels-news.com/display_news/11444/ec_releases_red_ii_proposes_firstgeneration_biofuels_phaseout_and_new_sustainability_criteria_for_forest_biomass (all accessed 2017-02-17)

	RED (until 2020)	New Proposal (RED II)	Expected impact on material use and CO ₂ utilization
(1)	Renewables quota per Member State	No binding Member State quotas	Difficult to predict, depending on each Member State's decisions
(2a)	10% transport quota for biofuels	1.5% (2020) to 6.8% (2030) quota of low-emission renewable fuels in the transport sector including CO ₂ -based fuels	Potentially positive – biofuel demand increase delayed and partly substituted by CO ₂ -based fuels; CO ₂ -based fuels supported for the first time
(2b)	Indicative target for advanced biofuels (0.5%)	Minimum share of advanced biofuels 3.6 % by 2030 (based on materials listed in Annex IX A)	Potentially negative, depending on the feedstock (e.g. tall oil, animal fats, glycerol, pulp wood)
(2c)	7% cap on biofuels produced from food or feed crops	Further reduction down to 3.8% by 2030	Positive – biofuel demand decreases for food-based fuels
(3)	Sustainability criteria only for liquid biofuels	Extension of sustainability criteria to biomass-based heating/cooling and electricity and also for forest biomass	Potentially negative (since sustainability requirements are indirectly expanded towards bio-based materials without a level playing field)
(4)	Aviation fuels excluded from the quota	Aviation fuels now included in quota, counted with 1.2 times their energy content	Slightly negative – new competition (if based on biomass)

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