

Ministerie van Infrastructuur en Waterstaat
Rijnstraat 8
2515 XP Den Haag
The Netherlands

Via internet consultation

Berlin, 06.01.2021

Response to the consultation on the national RED II transposition for the calendar years 2022-2030; Chain-ID 10211

Dear Sirs,

The Mittelstandsverband abfallbasierter Kraftstoffe e.V. represents 20 members which process suitable vegetable wastes and residues, mainly used cooking oil (UCO) and waste fatty acids, into waste-based biodiesel or which trade the feedstocks and finished products. Our members are based in Germany, Austria and the Netherlands.

Our medium-sized members are ready to make an even greater contribution to climate protection in road transport and shipping in the future. This is made possible because our members have invested in the entire value chain in recent years. They invested in production and storage capacities for waste-based biodiesel as well as in the collection and processing of UCO.

The MVaK supports the ambitious biofuel policy of the Dutch government, which focuses on the production and use of sustainable biofuels with the highest CO₂ reduction. Which means that biofuels produced from waste and residues must continue to play an important role in the Dutch transport sector while taking into account that any policy changes should not lead to unintended consequences for our members.

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Having said that, we would like to comment on the present draft bill as follows.

1. The limit on biofuels produced from Annex IX part B feedstocks should be set higher

The MVaK is pleased that the Dutch government intends to set the limit based on Dutch consumption figures and thus higher than proposed by the European Commission.

However, we wish to share as well our concerns about the proposed limit and as a result the limited opportunities for the growth of our industry.

- a. The proposed limit of 8.4% (double counted) means a step backwards in climate protection, taking the forecasted 2021 Dutch market share of 9.5% (double counted) into consideration. Instead a limit of at least 4.7% (single counted) is required to utilize the existing Dutch production capacity. A capacity which has been built based on the foresighted policy of the Dutch government.
- b. The Dutch government intends to increasingly use feedstocks from Annex IX part B for transport modes other than road transport, such as aviation and shipping. With an inclusion of inland shipping under the annual mandate and the voluntary book-in options for sectors such as aviation, a too low limit will be spread across increasing modalities in future; and this particularly at the expense of road transport fuels.
- c. The argument that an Annex IX part B limit promotes the production of biofuels from Annex IX part A is incomprehensible. For sure, any promotion of biofuels produced from Annex IX part A feedstocks is welcomed in the context of supporting biofuels that are not yet commercially viable, but also doubtful in the context of sustainability and overall greenhouse gas (GHG) mitigation. Fuels from Annex IX part B are in fact equivalent, and sometimes even better, in terms of sustainability und GHG mitigation. It is questionable in terms of climate protection to limit climate friendly biofuels, in order to stimulate another category. The goal of responsible climate policy must be to encourage the use of maximum possible quantities of all climate-friendly and sustainable biofuels.
- d. The electrification of passenger transport will increase continuously. But six million cars with combustion engines will still be on Dutch roads by 2030. Biofuels produced from Annex IX part B feedstocks are a proven sustainable and efficient option to mitigate GHG emissions of existing car fleets and therefore their consumption should be maximized.

Representing medium-sized companies, on the one hand the MVaK sees the proposed limit as a missed opportunity, but even more we see it as an unfortunate signal to our members in regard to investment security and protection of confidence. Therefore a limit should at least secure the utilization of existing production and capacities and capacities under construction.

2. The current double counting system should be maintained, even after 2025

The government intends to continue the successful mechanism of double counting as key incentive to stimulate the consumption of waste-based biofuels. However, in the explanatory notes it is stated that double counting for biofuels produced from Annex IX part B feedstocks will be discontinued as of January 2025.

For the following reasons, the MVA K considers this announcement with concerns.

- a. A double counting system is the most effective policy measure to stimulate the consumption of waste-based biofuels which enable exceptional low CO₂ emissions. The report *Hernieuwbare Energie 2017-2018* (Ministerie EZK d.d. 29/1/2020) impressively proves that the production of waste-based biofuels has increased due to double counting and set sub-targets.
- b. The double counting mechanism honors the fact that difficult to process inhomogeneous waste materials lead to higher production costs than easier to process homogeneous food grade oils. Double counting ensures that biofuels from waste materials can compete and investments are made in this sector. Eliminating double counting therefore threatens the survival of existing medium-sized producers.

In order to secure the consumption of climate friendly waste-based biofuels we propose to maintain the double counting mechanism until 2030.

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3. Incentives for alternative aviation fuels should be linked to the use of novel feedstocks

The draft law contains the legal basis for the introduction of a multiplier for renewable energies which are supplied to the shipping and aviation sectors. Such a multiplier should promote the use of renewable energies in these sectors.

In future, renewable energy supplied to aviation could be multiplied by 1.2 times of its energy content on top of double counting, unless such biofuel is produced from food and feed crops. We see this as a great threat for our members producing already fuels from feedstocks listed in Annex IX part B of the RED II such as used cooking oil methyl ester (UCOME) that is successfully used on a large scale in road transport.

We therefore advocate linking every additional incentive for renewable aviation fuels with the compulsory use of novel feedstocks. Otherwise, incentives could have an unintended negative impact on our members by making them lose their feedstock base. In detail:

- a. If no distinction is made between different feedstocks in the promotion of alternative aviation fuels, this ultimately only leads to a shift of feedstocks from one sector (road) to the other sector (aviation). As a result, the production of cheaper and more efficient fuels like UCOME would be penalized due to an unfair competitive advantage for the aviation sector - with no additional climate benefit.
- b. Converting feedstocks such as UCO and animal fats into biodiesel for road transport is cheaper, more energy-efficient and ensures greater climate benefits than the production of aviation fuels from them. If such feedstocks were used to produce aviation fuels instead of biodiesel, this would result in lower CO₂ savings and would make it even more difficult to achieve the climate goals set out in the Paris Agreement. In the production of renewable aviation fuels, the focus should therefore be on the development of fuels that are made from novel feedstocks and/or on synthetic fuels. The governments in Germany and Great Britain have recognized such risks and adapted laws and regulations accordingly. In Germany it is proposed to only promote aviation fuels of non-biogenic origin (e-fuels), while the United Kingdom has expressly excluded biofuels based on UCO and animal fats from support measures for alternative aviation fuels.

4. The book-in option (inboekbevoegdheid) for renewable maritime fuels should not be limited to biofuels produced from Annex IX part A feedstocks; a separate mandate for shipping should be introduced instead

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Within the existing mandate, there is an option to credit also renewable energy supplied to aviation and the maritime sector. This allows companies that supply renewable energy to such transport modes in the Netherlands to register these volumes in the form of Renewable Fuel Units (HBEs) on their account in the Register Energy for Transport (REV). The proposed decree states that such crediting for shipping will be limited only to advanced biofuels from Annex IX part A. And, furthermore the book-in option for both sectors will expire as of January 2025.

The MVaK takes the liberty of expressing the following concerns and suggestion

- a. The limitation of the book-in option for advanced biofuels supplied to the maritime sector helps to stimulate investments in the production of such fuels. However, on the other hand such limitation excludes the most efficient and sustainable liquid energy to make shipping immediately more sustainable and climate friendly, namely biofuels produced from Annex IX part B feedstocks. The MVaK recognizes the need to achieve national road transport targets, but also fears that such a limitation will delay sustainability improvements in maritime fuels.

- b. The expiry of the book-in option for both sectors in principle has been set as of 2025. Replacing the book-in option, the shipping sector should receive a separate consumption mandate including biofuels produced from Annex IX part B feedstocks. As a result, road transport and inland shipping can be made more climate-friendly effectively and reliably.

Please do not hesitate to contact us for any questions about our response.

Yours sincerely,

Mittelstandsverband abfallbasierter Kraftstoffe e.V.



Detlef Evers
Managing Director