



Energy: Mandatory Standards for Solid Biomass for Energy Increasingly Unlikely

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Summary: The renewable energy Directive requires the Commission to publish a report on the potential introduction of sustainability standards for biomass. During discussions with DG TREN officials (which is the lead Commission Directorate on this dossier), IEEP has gathered that it is now unlikely that mandatory or binding sustainability standards will be pursued. A consultation is currently ongoing between the Commission services on this issue and a decision is expected by mid-December with the adoption of the report by the College of Commissioners.

Background

The renewable energy Directive (2009/28/EC) (RED) requires the European Commission to examine the desirability and nature of requirements for a sustainability scheme for energy uses of biomass other than bioliquids and biofuels (ie solid biomass used in heat and electricity generation). A report and possible proposals on this are required to be brought forward before the end of 2009. Work within the Commission on this issue is being lead by DG Transport and Energy (TREN). Projections in the 2007 Renewable Energy Road Map anticipated that biomass has the potential to make a very significant contribution to reaching the 20 per cent renewable energy target (17 per cent of which will has to be met in the electricity and heating sectors).

This is one of the most important outstanding issues related to the RED. Member States are currently developing their plans for delivery of the 20 per cent by 2020 target for renewables. Many Member States are expected to rely heavily on biomass to meet their targets under the RED. There are concerns that this will result in a substantial expansion in biomass use, which in the absence of appropriate sustainability standards could lead to deforestation, loss of carbon stores, loss of biodiversity etc.

Anticipated Commission action

Contacts in DG TREN have informed IEEP that the report and accompanying impact assessment will be discussed by the College of Commissioners in mid-December. The final text of the report will then be formally adopted and published, this publication is expected to be after the UN climate change meetings in Copenhagen to avoid prejudicing discussions on deforestation and Land Use and Land Use Change Factors (LULUCF).

In preparing the report, several options have been explored by the Commission. This includes taking additional legislative action (eg mandatory sustainability criteria for

biomass) or recommendations for action at the national level (ie to be taken into account in national Renewable Energy Action Plans (NREAPs) due by the end of June 2010). During discussions between IEEP and DG TREN representatives, it became clear that the report is not anticipated to propose mandatory sustainability criteria for biomass. The report is expected to set out a 'recommended', but non-mandatory, scheme for assessing sustainability. This will be similar to, but not the same as, the greenhouse gas (GHG) calculation scheme adopted in the RED for bioliquids used in the electricity and heating sectors.

Under DG TREN's approach, it is anticipated that Member States will be allowed to develop their own rules, accompanied by a simple invitation to coordinate efforts. The UK has already expressed an interest in taking a coordinator role on this. This differs to the approach on biofuel standards, which are mandated by the EU to ensure consistency across the EU, thus retaining Europe's power as a trade block and avoiding internal trade barriers associated with 27 potentially different approaches.

It is rumoured that DG Environment is in favour of mandatory targets and of more stringent requirements on forestry management. The latter will be crucially important to determining GHG emissions from biomass harvesting and is also central to discussions on climate mitigation linked to carbon sinks and stocks anticipated at the meetings in Copenhagen.

DG TREN (and DG Environment) is keen to avoid simply replicating the bioliquids GHG calculations scheme. Importantly, the calculations for bioliquids fail to take appropriate account of end-use efficiency and do not account for whole lifecycle GHG emission savings. These aspects are crucial when considering solid biomass, where end-use technology impacts significantly on the combustion efficiency and GHG emissions abated. A GHG standard for biomass should, therefore, include technology efficiency; in addition to accounting for fuel's inherent efficiency. Moreover, the RED GHG calculation method only takes account of emissions from direct land use change, but excludes emissions from the degradation of carbon stocks and sinks due to the production of biomass. As a consequence some important adaptations are considered necessary for the biomass GHG savings calculation with respect to the bioliquids approach.

Rationale

The rationale for choosing a non mandatory approach were described to IEEP by DG TREN, primarily based on evidence gathered by the Commission services. Key points are summarised below together with the criticisms put forward by representatives from the NGO community.

- According to DG TREN biomass produced in the EU is already sustainable as forestry management is mostly sustainable in EU Member States, while EU agricultural legislation effectively prevents risks (eg from the use of fertilisers). The Commission considers any unsatisfactory results to be due to poor implementation in Member States rather than inadequate EU legislation. Moreover, key biomass producing Member States, such as Finland, Sweden, Austria, are known to be strongly against mandatory standards. There is also a battle ongoing within the Commission over the development of a possible forestry Directive. Environmental NGOs do not agree with the Commission on this issue, pointing to what they considered to be an absence of EU legislation on forestry accompanied by documented poor forest management practices in many European Member States (eg Finland, Romania, Bulgaria). Thus, they argue that an uncontrolled increase in the use of European sourced biomass would potentially

result in: the erosion of the European carbon stock; biodiversity loss; or soil degradation.

- According to DG TREN estimates, biomass imports are likely to be low (maximum 5 per cent at the EU level). However these imports will be focused on particular Member States with limited home-grown biomass capacity eg the UK, Belgium and the Netherlands. DG TREN expects imports to predominantly be pellets, which are cheaper to transport, and mainly use waste and recycled materials. Thus, DG TREN predicts limited additional demand for land. The soundness of these assumptions is up for debate. At present, even more limited use of biomass is not confined to waste products and the boundaries of what is a waste and its previous uses are often uncertain. Despite DG TREN assurances, the environmental community believe that safeguards are needed as it remains unclear from where biomass will ultimately be sourced.
- According to DG TREN, criteria at the EU level would be preferable to avoid a proliferation of national schemes (eg the UK and the Netherlands are likely to come up with their own scheme) which would disrupt market signals for producers. However, DG TREN maintains that imposing EU wide criteria would penalise small biomass producers and suppliers in the EU by imposing significant additional costs (eg for certifying the chain of custody of biomass). According to DG TREN the market for biomass for heating and electricity is dominated by small suppliers unlike the market for biofuels. However, there are some large suppliers in the biomass market too (eg in the UK) which could pose higher risks and which should be dealt with at least at the national level. This position appears to be a direct response to concerns raised by biomass producing countries and fears for their supplies. However, the potential risks to these small suppliers of a proliferation of approaches to assessment are not being carefully considered by the biomass production industries in Europe.

What next?

The current caretaker Commission is not in a position to propose legislation, especially on a subject as divisive as biomass standards. The report anticipated in late December will recommend a policy option, but any legislative proposal would need to be taken forward by the new Commission in 2010 or 2011 (and under a new Commissioner meaning there may be scope for substantive changes in the approach adopted). However, the report's publication will clearly have an important role in guiding the drafting of the NREAPs by Member States. The later the final proposals emerge however, the more difficult negotiating an agreement is likely to prove. By mid-2010 Member States may well have put in place their own schemes (or be well on the way to developing them) and outlined their respective strategies. There could potentially be a lot of weight placed on an informal cooperation effort to keep Member States actions commensurate.

The Commission has not however excluded the proposal of more stringent measures if the information gathered through the NREAPs were to reveal that the target will be delivered significantly by biomass. It is, however, uncertain what this might mean given that it is already known that many Member States are looking to substantially expand biomass for heat in particular.

NGOs, including Birdlife and FERN, are lobbying hard for mandatory targets for biomass sustainability. They are also likely to intensify bad press around this issue in the future.

Currently the UK is expected to cover one third of this target (including transport) with biomass, which is mostly to be imported. A consultation on a renewable heat

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incentive scheme is expected to be published by the Department for Energy and Climate Change (DECC) shortly.

Carolina Valsecchi

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