



European
Automobile
Manufacturers
Association

ACEA Position: COMMISSION PROPOSAL TO AMEND THE RENEWABLE ENERGY USE DIRECTIVE AND THE FUEL QUALITY DIRECTIVE (CONCERNING ILUC)

ACEA welcomes the new proposal of the Commission to amend the Renewable Energy Use Directive⁽¹⁾ (RED) and the Fuel Quality Directive⁽²⁾ (FQD) that was published on 17 October⁽³⁾. ACEA is pleased that the Commission has responded to ACEA's views regarding biofuels during the CARS21 process and in other forums, especially in this first step that at least recognises the importance of ILUC and the aim of stimulating the pathways to more advanced biofuels⁽⁴⁾. The proposal is by no means perfect but it starts the debate in the institutions.

In June 2008, the ACEA biofuels statement⁽⁵⁾ committed industry to providing all new vehicles and engines compatible with the use of E10⁽⁶⁾ and B7⁽⁷⁾ by 2010, as a means of helping to significantly reduce CO2 emissions in a cost-effective way on a source to wheels basis (depending on how the fuels are produced). The auto industry agreed that environmental sustainability certification criteria would provide greater assurance of the sustainability of biofuels. We supported the application of such criteria to all fuels - not only biofuels - and we encouraged the Commission to ensure that these criteria were reasonable and balanced so they would not serve as significant barriers to the development of lower CO2 fuel solutions.

In 2008, a year before the publication of the FQD, our commitment was seen as an incentive for E10 petrol and B7 diesel to become quickly and widely dispersed across the EU. It remains disappointing that since 2010 (in most cases well before 2010), we have done our job by providing millions of new vehicles across the EU that are E10 and B7 compatible but such fuels are not widely available, especially in the case of E10 that is presently only found in France, Germany and Finland⁽⁸⁾.

In other words, the fears of the auto-industry, as expressed during the past few years, that there will be fragmentation of the internal market for road transport fuels is happening and the significant efforts and investments the auto-industry has made in respect of enabling EU renewable energy policy did not get us to the results we hoped for, i.e. a harmonised EU market for road transport biofuels based on robust CEN standards. In addition, we are also disappointed that since the publication of the RED and the FQD in mid-2009, there is little presence in the market of sustainable advanced quality biofuels having lower GHG emissions and neither is there a clear pathway nor visible potential by 2020 for a higher market share of sustainable high quality advanced biofuels. Although this new Commission proposal to amend the RED and the FQD is a first step in the right direction, ACEA believes the Commission could have been more ambitious and more focused.

In particular, ACEA has the following views to the new proposal:

High quality fuels needed:

- For the automotive industry, the **quality** of the fuel that is put into the vehicle remains extremely important. That is irrespective of whether it is a pure hydrocarbon petrol or diesel fuel, a current biofuel made from food-based biomass or a future biofuel made from non-food based biomass. This is why robust CEN standards for ensuring the quality of the blend stock and the final blend are imperative for the auto-industry and also for our customers.
- Compliance with future vehicle emission and CO2 legislation should not be compromised by current or future biofuels whose quality or performance does not match the needed development of vehicle powertrain technology. These developments will need to be matched by improved biofuel quality together with new fuel performance standards.
- If the co-legislators agree, multipliers for certain biofuel feedstock should encourage not just certain types of feedstock for the manufacture of biofuels, but the **production of sustainable biofuels of a high quality** meeting European standards for use in current and future engines without operational problems during all seasons of the year.
- However, multipliers are unlikely to incentivise investment in sufficient production of high quality non-food based biofuels and could encourage lower availability at higher prices for consumers. It is therefore recommended that the target in Article 3(4) of the RED⁽¹⁾ should be adjusted to a more realistic one without impacting any other policy areas.

Define the sustainable pathway:

- On the basis of this proposal, the co-legislators must now define a clear pathway for stable EU policy to help make the rapid transition to cleaner, sustainable and high quality biofuels to significantly improve environmental and climate change impacts as well as societal acceptance in a truly integrated approach. As noted above, what is highly important for the auto-industry is that these sustainable biofuels must be developed, at the earliest possible stage, as quality fuels fulfilling robust standards for current and future engine technology needs.
- Stable and harmonised EU policy must be agreed quickly, so that investors will have confidence to invest in sustainable biofuel pathways. This long-term policy should also maintain consistent and well-defined fuel qualities as the basis for other regulations and for vehicle manufacturers future planning certainty - for example the fuels used for meeting the vehicle emission standards and for measurement of fuel economy/CO2 emissions.
- Recognise that if the co-legislators agree to a cap on biofuels produced from food crops at the level at end-2011 as proposed by the Commission, second/third generation non-food based biofuels will not suddenly appear in sufficient volume to meet the 2020 targets without adequate regulatory support and appropriate market mechanisms.

- Accept that food crop based raw materials for making biofuels were a necessary transition to the next steps but the time is right for member states to now steer any preferences towards high quality sustainable biofuels.

Consistent application of ILUC:

- Apply consistent legislation and ILUC factors to all renewable fuel pathways so that there is correct carbon-accounting for all fuel sources. This means applying consistent, scientifically derived and eventually more prescriptive ILUC factors for all biofuel feedstock in both the RED and the FQD - not just for reporting towards the RED and FQD targets.

Harmonisation of national measures:

- This pathway for general market fuels needs to be fully harmonised between all member states. The Commission proposal (e.g. Recital 10) suggests that the 5% quota for food-crop based biofuels would not apply to the member states – this defeats the objective of a harmonised approach across all member states for high quality general market fuels.
- As noted in the introduction above, it is disappointing that the uncertainty of this legislation has not resulted in the implementation of the current legal⁽²⁾ general market fuels across the EU. Certainly, the member states that have already introduced E10 and B7 should stay at this level and the European auto industry urges all member states to follow the same approach and introduce E10 and B7 according to common CEN standards that should deliver sustainable and year-round high quality biofuels.
- Recognise that all biofuels remain part of the solution towards 2020 and beyond - so ensure that the RED and the FQD are put on the basis of sound science and ensure a common approach to achieving the renewable energy use targets through coordinated and harmonised national action plans.
- Don't forget the end-customer – member states and stakeholders can help ensure customer acceptance of new fuels with a coordinated and comprehensive communication strategy.

Focused R&D:

- More intensive research support and demonstration projects for second/third generation non-food based biofuel pathways in FP7 and Horizon 2020 is needed to strengthen EU competitiveness in this sector and encourage market-uptake and production of these sustainable biofuels in the EU, therefore avoiding a dependency on biofuel imports. More research is also needed at an early stage to ensure the compatibility of second/third generation non-food based biofuels with current and future engine designs.

Targets for all sectors:

- Renewable energy use targets should not be just for road transport to deliver. All transport modes (e.g. railways, waterways etc) and other energy-consumption activities (non-road) must contribute to meeting the targets.
- The co-legislators should ensure a level-playing field among all fuel or energy alternatives that can contribute to the achievement of the RED targets by putting in place measures that incentivise their deployment. The renewable energy use targets are not just for biofuels consumed by the automotive industry.

References:

- ⁽¹⁾ OJ L140, 5.6.2009, p.16.
- ⁽²⁾ OJ L140, 5.6.2009, p.88.
- ⁽³⁾ COM(2012) 595 final of 17.10.2012.
- ⁽⁴⁾ This means raw materials for biofuel production from renewable non-food or feed, wastes and residues.
- ⁽⁵⁾ See: http://www.acea.be/news/news_detail/acea_biofuel_statement/
- ⁽⁶⁾ “E10” containing maximum 10% v/v ethanol and complying with Annex I of Directive 2009/30/EC.
- ⁽⁷⁾ “B7” containing maximum 7% v/v FAME and complying with Annex II of Directive 2009/30/EC.
- ⁽⁸⁾ Today, E10 petrol is only available in France, Finland and Germany. B7 diesel is presently available in France, Germany, Greece, Ireland, Italy, Poland, Spain and Sweden.

About ACEA

The European automotive industry is key to the strength and competitiveness of Europe. The ACEA members are BMW Group, DAF Trucks, Daimler, FIAT S.p.A., Ford of Europe, General Motors Europe, Hyundai Motor Europe, IVECO S.p.A., Jaguar Land Rover, Porsche, PSA Peugeot Citroën, Renault Group, Toyota Motor Europe, Volkswagen Group, Volvo Cars, Volvo Group. They provide direct employment to more than 2 million people and indirectly support another 10 million jobs. Annually, ACEA members invest over €26 billion in R&D, or 5% of turnover.