An Taisce
The National Trust for Ireland

Biofuels Consultation
Heat & Transport Energy Policy
Department of Communications, Climate Action and Environment
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Dublin 2

Sent by email to: biofuel.obligation@dccae.gov.ie

15th November 2019

RE: Consultation on the Biofuels Obligation Scheme 2021-2030

To Whom It May Concern,

An Taisce welcomes the opportunity to comment on the proposed Biofuels Obligation Scheme for 2021-2030. Please acknowledge our submission and advise us of any further consulation periods.

Yours sincerely,

[redacted]

[redacted]

An Taisce's Response to the Public Consultation on the development of the Biofuels Obligation Scheme for the period of 2021 to 2030.

(from the Department of Communications, Climate Action and Environment)

15 November 2019

Contents:

Glossary

ATCC	An Taisce Climate Change (Committee)
CCAC	Climate Change Advisory Committee, an expert advisory group set up by the Climate Action and Low Carbon Development Bill 2015
CO_2	Carbon dioxide
AR5	The Fifth Assessment Report by the IPCC, published 2013 to 2014
CO_2e	Carbon dioxide equivalent (includes all GHGs including methane and nitrous oxide)
DAFM	Department of Agriculture, Food and the Marine
DCCAE	Department of Communications, Climate Action and Environment
DED	District Electoral Division
ESR	Effort Sharing Regulation, as currently proposed to 2030 for national non-ETS emissions
ETS	Emissions Trading Scheme. The EU-wide aggregate sector of installations with large point-source emissions (especially, electricity generation, cement, steel and heavy manufacturing).
FIP	Feed In Premium
GHG	Greenhouse Gas
IAM	Integrated Assessment Model, combining climate and economic models
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
NMP	National Mitigation Plan
Non-ETS	Non-traded national domestic emissions (transport, agriculture and buildings limited by the EU 2020 target of a 20% reduction relative to 1990).
NPP	Climate Action and Low-Carbon Development National Policy Position. This is the Government's current outline mitigation plan.
RESS	Renewable Energy Support Scheme
RHI	Renewable Heat Incentive
SEAI	Sustainable Energy Authority of Ireland
tCO2	tonnes of carbon dioxide
UNFCCC	United Nations Framework Convention on Climate Change
WFQA	Wood Fuel Quality Assurance scheme

1. Executive Summary

The declared aim of the Biofuel Obligation Scheme is to reduce the carbon footprint of transport fuel based on the assumption that low-carbon biofuels will replace high-carbon petrol and diesel. However, An Taisce finds the policy to be weakly evidenced. There is a high risk that using biofuels for transport may result in releasing more greenhouse gas emissions than not carrying out the scheme in the first place. This can distract from introducing more effective policies to directly limit total fossil fuel supply and transport demand. Therefore, there is insufficient reason to raise the biofuels obligation rate.

There are strong reasons for rejecting the Biofuel Obligation Scheme approach and proposed increase:

- GHG emissions savings that are claimed from using biofuels often depend on the deeply flawed emissions accounting employed by the EU which assumes that biofuels are carbon neutral and fails to define or enforce strict sustainability criteria. Ireland can act to avoid these errors.

- Climate impacts of using biomass for transport fuel will depend on lifecycle emissions arising from direct and indirect land-use change, fertiliser use, harvesting, collecting, processing and transport**.** Estimates for these emissions are uncertain but can be considerable – they are certainly not zero as is commonly assumed and they should be accounted to transport energy.

- EU support for crop-based biodiesel should end as soon as possible and consideration be given to completely ending support for all land-based biofuels.

- Biofuels that are based on wastes and residues can be supported as these will release GHGs as a result of decomposition anyway. However, if non-waste biofuels are also allowed in the EU market then Ireland cannot claim to be using only waste-based biofuels as Ireland's demand increases the value of all biofuels. Monetising 'waste' can also result in increased emissions due to cost savings and reinvestment in unsustainable waste generating activities and must be accounted.

An Taisce supports an urgent change in transport policy emphasis to multi-modal transit systems, primarily bus and rail outside towns and cities, and public transport, cycling and walking within towns and cities. Transport and land-use policy must emphasise fewer private cars and move away from the internal combustion engine rather than adding increasing amounts of biofuels from different sources to motor fuels. An urgent transition away from oil and gas toward electricity and synthetic fuels produced by renewable energy, would lead to a much greater long-term reduction in GHG emissions.

The Consultation Document also suggested the potential to have a similar obligation in the heating sector. However, many of the same problems apply to the use of biofuels in heating as in transport.

It is important to note that transport emissions are trending ever upward and, worryingly, car emissions intensity increased in 2018. There appears to be no effective policy in place to decouple the strong relation of economic and transport growth therefore the offsetting assumption is incorrect. In the absence of immediate and radical enforced reducing limits on fossil carbon use in vehicles to ensure results, increasing the biofuels obligation rate merely amounts to a taxpayer-funded fossil fuel subsidy.

An Taisce urge DCCAE to quantify *exactly* how biofuels assist in Paris-aligned, deep decarbonisation scenarios for transport, achieving early, deep and sustained reductions in total carbon combustion and in air pollution, otherwise the policy of increasing biofuel use is being misdirected.

2. The Climate Benefits of Biofuels are Doubtful

There is a danger that using biofuels for transport - either as an additive to fuel or as the fuel for vehicles that run on 90-100% biofuels - will in some circumstances result in increased GHG emissions. The Biofuel Obligation may therefore result in releasing more greenhouse gas emissions than not carrying out the scheme in the first place.

There must be a clear saving in carbon intensity by using biofuels. Their effect of lowering greenhouse gas emissions in comparison to fossil fuels must be demonstrated. However, this will depend on the accounting system used.

The climate impact of using biomass for transport fuel will depend on lifecycle emissions arising from land-use change, fertiliser use, harvesting, collecting, processing and transport**.** Estimates for emissions from these sources are problematic but could be considerable especially where methane emissions from wood storage are taken into account.

If the accounting system does not include proper accounting of the environmental impact of indirect land use change (ILUC) for example, then a true figure for GHG emissions from biofuel will not be possible. When agricultural land is converted for biofuel production this may result in land elsewhere being converted into agricultural land often with the release of GHGs. Assessing the impact of the ILUC and including it in biofuels policy is essential to ensure that the biofuels produced do in fact reduce carbon emissions and not increase them. Tailpipe emissions from vehicles are not counted as it is assumed that they will be absorbed by trees, grasslands, etc. eventually. This may take many decades and in the meantime the GHGs are adding to climate change.

In 2009 the EU decided that 10% of EU transport was going to be powered by biofuels. However, inadequate quality controls were applied and the market was flooded with biofuels that were worse emitters of GHGs than fossil fuels. Crop biodiesel in Europe makes up 80% of the market and emits more GHGs than fossil diesel[1].

The EU should end support for crop-based biodiesel as soon as possible and consider completely ending support for land-based biofuels. It is worth supporting the biofuels that are based on wastes and residues as these will release GHGs as a result of decomposition anyway.

The report adds that policymakers should tighten up accounting rules to ensure the full extent of biomass emissions are included. The analysis outlines how policies intended to boost the use of biomass are in many cases "not fit for purpose" because they are inadvertently increasing emissions by often ignoring emissions from burning wood in power stations and failing to account for changes in forest carbon stocks.

In An Taisce's view, the recast Renewable Energy Directive has introduced perverse incentives to increase bioenergy use without sufficient sustainability criteria. It would be better to replace the idea of a target for the use of biofuels in transport with a target for GHG reduction in the transport sector.

[1] Transport & Environment 2016 Globiom: the basis for biofuel policy post-2020

3. Using Biomass and Biofuels in the Heating Sector is Also Doubtful

The Consultation Document also considers the potential to introduce a similar obligation in the heating sector. An Taisce does not accept this for liquid biofuels for the same reasons given above in transport, and also in the use of woody biomass for heat energy.

Peer-reviewed science and the research summary in the recent Chatham House report[2], concludes that the use of woody biofuels can be considered carbon neutral only in certain limited circumstances, stating:

> *"while some instances of biomass energy use may result in lower life-cycle emissions than fossil fuels, in most circumstances comparing technologies of similar ages, the use of woody biomass for energy will release higher levels of emissions than coal and considerably higher than gas".*

This could also apply to liquid biofuels made from woody biomass and used in the heating sector. Ethanol production, for example, is very land-intensive and this results in pressure on agricultural land.

In An Taisce's assessment of the science[3], biomass policy frameworks including those in the EU and Ireland are not sufficient and are not fit for purpose. A recent open letter in the Guardian newspaper signed by many prominent scientists, including Sir David Beddington, the former Chief Scientist to the UK government,severely criticises EU policy. There is a critical flaw in the EU plan to double Europe's current renewable energy by 2030, which would accelerate climate change by allowing countries, power plants and factories to claim that cutting down trees and burning them for energy qualifies as renewable energy. The letter goes on to say that 'even a small part of Europe's energy requires a large quantity of trees and to avoid profound harm to the climate and forests worldwide the European council and parliament must fix this flaw'. The IPCC are raising similar concerns.

It would be wise to ensure that policies and subsidies in the area of biomass do not result in the diversion of materials from lower carbon footprint uses such as making fibreboard (in the case of mill residues) to heat production.

In summarising forestry research, Stephen Mitchell[4] comments on the inherent trade-offs between forestry for climate mitigation or for bioenergy:

> "*The message of our study is that managing forests for maximal carbon storage can yield appreciable, and highly predictable, carbon mitigation benefits within the coming century*," [but] "*Harvesting forests for bioenergy production would require such a long time scale to yield net benefits that it is unlikely to be an effective avenue for climate-change mitigation*."

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[2] Black, D., Woody Biomass for Power and Heat – Impacts on the Global Climate, Chatham House 2017.

[3] Ter-Mikaelian et al (2015) The Burning Question: Does Forestry Bioenergy Reduce Carbon Emissions? A Review of Common Misconceptions about Forestry Carbon Accounting.http://www.ingentaconnect.com/content/saf/jof/2015/000000113/00000001/art00009

[4] Mitchell et al (2012) Carbon debt and carbon sequestration parity in forest bioenergy production. http:/nicholas.duke.edu/about/news/forests-more-valuble-carbon-storage-source-carbon-neutral-fuel-studt-shows

4. An Taisce Comment on Overall Framing of the Consultation Document

The Consultation is badly flawed due to faulty underlying assumptions, therefore An Taisce urges the Department to reconsider this proposal in terms of the extreme urgency of action now required to face up to climate reality, to meet Ireland's obligations to align action with the Paris Agreement temperature targets.

In particular:

- Ireland's climate policy is failing to limit national emissions, and specifically transport emissions, which are projected to rise due to inadequate and incoherent policies. Ireland is missing even the weak EU targets that will have to be ratcheted up in ambition to align action with the Paris Agreement.
- **Therefore, increasing the biofuels obligation rate makes no sense because coherent climate policy resulting in planned emissions reduction is absent.** Even if an alternative fuel or energy source is quantifiably low carbon the energy it provides cannot simply be assumed to replace fossil fuel energy. The assumption is incorrect. In reality, due to the lack of enforced, Paris-aligned limits on total fossil fuel use, most of the energy is simply additional to using fossil fuel:
    - *"the average pattern across most nations of the world over the past fifty years is one where each unit of total national energy use from non-fossil-fuel sources displaced less than one-quarter of a unit of fossil-fuel energy use"* (York, 2012).[5]
    - This means it is likely in the absence of hard, declining limits on transport fossil fuel use that increasing the biofuels obligation rate will in fact act as an additional fossil fuel subsidy.
- Fuel efficiency and carbon intensity improvement result in direct and rebound effects that are not adequately estimated in current policy.
- Furthermore the results of biofuel policies are highly uncertain and therefore more caution is required than this consultation allows:
    - "*the climate effects of the increased use of biofuels depend on social, economic, technological, and regulatory factors that are difficult or impossible to predict accurately*" (Plevin 2016).[6]
- Increasingly, there are credible reports of fraudulent declaration of virgin palm oil as used cooking oil and then going into biodiesel production. If true this means that the sustainability and carbon intensity claims of biofuels are even more doubtful[7] [8]
- **Therefore, whole-economy policies and modelling to limit fossil fuel supply to and demand from polluting activities are required. For transport this means limiting car numbers and mileage and reducing roads investment while prioritising increased investment in coherent, multi-modal networks of public transport, cycling and walking.**

[5] York (2012) Do alternative energy sources displace fossil fuels?
[6] Plevin 2016 Assessing the Climate Effects of Biofuels Using Integrated Assessment Models, Part I: Methodological Considerations
[7] https://www.euractiv.com/section/all/news/industry-source-one-third-of-used-cooking-oil-in-europe-is-fraudulent/
[8] https://bioplasticsnews.com/2019/08/25/one-third-of-used-cooking-oil-in-europe-is-fraudulent-and-eu-will-limit-usage/

5. Consultation Questions

Question 1. *The Climate Action Plan has identified blending levels of 10% by volume in petrol and 12% by volume in diesel on average must be achieved by 2030 in order to contribute to meeting Ireland's emissions target.*

The recast Renewable Energy Directive sets out a target of at least 14% renewable energy in the transport sector by 2030. These blending levels, together with expected growth in electric vehicles, will ensure the 14% target is achieved.

It is intended that the biofuel obligation rate in the Biofuels Obligation Scheme will increase every two years (ie in 2022, 2024, 2026, 2028 and 2030). It is intended that the increases will ensure a relatively linear increase in renewable energy used in the transport sector.

a. Do you consider these blending levels to be a suitable balance of feasibility and ambition?

An Taisce Answer:

No. As stated in section 2 above there is evidence that the use of current biofuels for transport fuel and heating is in many cases more carbon intensive than the use of fossil fuels.

b. Do you consider the approach to increasing the biofuel obligation rate appropriate?

An Taisce Answer:

No. As stated in section 2 above there is much evidence indicating that the present use of biofuels for transport fuel and heating can be in many cases even more carbon intensive than using fossil fuels.

The use of electric vehicles (especially in public transport) powered by electricity generated by renewable energy is in our view a better way of reaching the EU target.

Question 2. *Increasing the biofuel obligation rate introduction of fuels with higher concentrations of biofuel (such as petrol blended with 10% bioethanol and diesel blended with 12% biodiesel on average).*

a. What do you view as the technical and consumer challenges associated with a blending level of 10% by volume in petrol on average?

An Taisce Answer:

There are some older cars in use that are not compatible with the use of E10. Most modern cars (those with fuel injection rather than carburettors) can use E10 - owners can consult the vehicle's manual. In some older vehicles ethanol can damage the fuel system.

b. What do you view as the technical and consumer challenges associated with a blending level of 12% by volume in diesel on average?

An Taisce Answer:

In theory all diesel vehicles can run on biodiesel as the diesel engine was designed to run on plant oil. Parts attached to the engine could be damaged but the vast majority of diesel vehicles on our roads can run on 100% biodiesel.

c. What types of biofuel would you expect to be used to meet these increased blending levels?

An Taisce Answer:

Only biofuels meeting very strict sustainability criteria (as per the 2016 Transport and Environment study *Globiom: the basis for biofuel policy post-2020*) and produced in jurisdictions showing steadily declining use of nitrogen fertiliser and other chemical inputs. Since Ireland and Europe have only introduced very poor sustainability criteria and have excessive levels of highly polluting nitrogen fertiliser usage then no wastes or grass from Irish or EU agriculture can be used to source biofuel or biomethane until levels of nitrogen use are dramatically reduced (in Ireland to at least 2010 levels). Biofuel and biomethane use based on current regulation will result in major indirect land use change emissions and/or pollution to climate, air and water. Therefore it should not be used until far stricter criteria are applied and fossil carbon use is restricted within a Paris-aligned emission pathway.

d. Are such fuels available in sufficient quantities to meet the needs of the Irish market?

An Taisce Answer:

No, any use of such fuels requires: very strict sustainability criteria on domestic sources and imports; substantial and sustained cuts in nitrogen use in Ireland or other source nations; and increased guarantees that used cooking oils are entirely free of virgin palm oil and consequential rebound effects of biofuel use do not increase production of palm and soy, thereby increasing indirect emissions.

e. What actions are needed (outside the Biofuel Obligation Scheme) to support the increase in blending levels (eg. consumer communication)?

An Taisce Answer:

It is premature to consider increasing biofuel use and it may be best to decrease its use until the sustainability, pollution and fraud issues noted above are addressed.

f. What is the expected cost to consumers associated with increasing the blending levels?

An Taisce Answer:

There may be added pressure on fuel prices after the introduction of transport fuels with a higher biofuel content. Not all cars are suitable for E10 fuel. This could possibly lead to extra costs for the petrol retailers as they may have to keep pumps with different fuels with different biofuel levels.

Question 4. *The recast Renewable Energy Directive must be transposed into law by mid 2021. It is planned to develop and implement the necessary legislative changes in advance of the deadline.*

It is important to provide certainty to fuel suppliers to allow them to prepare for the changes including sourcing supplies of biofuels. It is intended to continue to operate on a calendar year basis.

It is intended that the Biofuel Obligation Scheme will continue to operate in its current form until the end of 2021 and the changes set out in this consultation will take place from the beginning of 2022.

It should be noticed that some minor changes (such as the reduction of carryover to 15% in 2022) will take place in the period prior to 2022.

a. Do you consider the timing of the changes to the Biofuel Obligations Scheme Appropriate?

An Taisce Answer:

Yes, we would consider 2022 as a reasonable period for the fuel suppliers to adjust to the changes as outlined in the consultation.

Question 5. *The recast Renewable Energy Directive set out a target of at least 0.2% renewable energy in transport sector to come from advanced biofuels in 2022 increasing to 1% in 2025 and 3.5% by 2030.*

It is intended to create a secondary obligation for advanced biofuels. This will operate similar to the biofuel obligation. The amount of energy placed on the market in the transport sector by the obligated party (see below) will be multiplied by the advanced fuel obligation rate to determine the level of advanced biofuel that must be placed on the market.

The advanced biofuel obligation will be a sub-obligation and therefore advanced biofuels will contribute to meeting both the advanced biofuel obligation and the biofuel obligation.

When advanced biofuel is placed on the market, a credit for the level of energy is created. This will be recorded separately and will contribute to meeting both the biofuel obligation and the advanced biofuel obligation. This energy will be tradable between the obligated parties.

The increases in the advanced fuel obligation will be as set out in the recast Renewable Energy Directive – ie 0.2% from 2022, increasing to 1 from 2025 and 3.5% in 2030.

The implementation of an advanced biofuel obligation is considered a key incentive for the introduction of biomethane as a fuel in the transport sector. This could lead to the production of biomethane from relevant feedstocks (such as the biomass fraction of mixed municipal waste and animal manure) and its use in CNG/LNG vehicles. Meeting the advanced biofuel obligation in this way would provide a market support for the introduction and use of biomethane in the transport sector.

a. Do you consider the approach to introducing an advanced biofuel obligation appropriate?

An Taisce Answer:

Within the constraints of the plan to increase biofuels in fuel it is better to use advanced biofuels as their carbon intensity is less than feedstock from food crops, primary forests, high biodiversity grasslands and from other sources. Many of the feedstocks in Annex IX are less carbon intensive sources of biofules especially waste such as straw.

Question 6. *The recast Renewable Energy Directive sets out that the target for renewable energy use in the transport sector includes road and rail transport. Currently, under the Biofuels Obligation Scheme, the obligation only applies to road transport. In order to align the scheme with the recast Renewable Energy Directive, it is intended to extend the scope of the obligation to include rail transport.*

a. Do you consider the approach to include both the road and rail transport as obligated parties appropriate?

An Taisce Answer:

Yes provided there is an actual reduction in greenhouse gases produced by the transport sector - this depends on the accounting system. We would prefer an increase in public transport and a major improvements in facilities for cycling. The aim should be to reduce the number of cars on the road and our aim should be to replace fossil fuel cars and buses with electric vehicles. There is also a need to change out urban planning to make urban areas denser (not necessarily high rise), cycle and pedestrian friendly with good public transport.

Question 7. *The recast Renewable Energy Directive provides for Member States to exempt, or distinguish between different fuel suppliers and different energy carriers when setting the obligation on the fuel suppliers, ensuring that the varying degrees of maturity and the cost of different technologies are taken into account. Member States may also exempt fuel suppliers in the form of electricity or renewable liquid and gaseous transport fuels of non-biological origin (e.g. hydrogen produced from renewable electricity) from the advanced biofuel obligation.*

It is intended in order to incentivise the use of alternative fuels, to apply a reduced or zero obligation to specific fuels. This means there would be no, or a reduced, biofuel obligation and advanced biofuel obligation on specified fuels.

It is intended to categorise fuels as following:

- *No obligation: CNG, LNG, hydrogen, electricity.*
- *Half obligation (ie an obligation is generated based on half the energy content of fuels placed on the market): No fuels*
- *Full obligation: All other fossil-based transport fuels.*

As technologies mature and costs reduce, fuels may have the level of obligation increased

a. Do you consider the approach to exempting certain fuels from the obligation to be appropriate?

An Taisce Answer:

Yes, but we would not support CNG and LNG being categorised as no obligation as they are fossil fuels.

Question 10. *Under the recast RED and the subsequent delegated act, biofuel produced from palm oil is classified as being high risk from an indirect land use change perspective. Further feedstocks may be similarly classed in future.*

Until 2023, Member States should not exceed the level of consumption in 2019 of any biofuels considered to be high risk. From 31 December 2023 until 31 December 2030 at the latest, the limit is to be gradually reduced to 0%.

Given Ireland has very limited use of biofuels produced from palm oil and the impacts in relation to indirect land use change, it is intended that a limit of 0% will be implemented for all biofuels considered to be high risk from an indirect land use perspective.

While it will still be permitted to supply these biofuels, no credit will be given in the Biofuel Obligation Scheme and therefore there will be no incentive for suppliers to provide such fuels.

It is proposed that this limit would take effect from 2022 along with other intended changes to the Biofuels Obligation Scheme.

Do you consider the approach to biofuels produced from feedstocks that are considered high risk (from indirect land use change perspective) appropriate?

An Taisce Answer:

Yes, setting a limit of 0% for high risk biofuels should be implemented as soon as possible.

Question 11*. The recast RED includes a limit on biofuels produced from food and feed crops. The maximum limit in energy terms which is likely to apply for Ireland for these biofuels is 2% based on current use of biofuels.*

The majority of biofuel currently supplied to petrol vehicles is produced from food and feed crops. It is intended that the level of biofuel used in petrol vehicles would double from 5% to 10% and therefore it is intended to set the limit at 2% to provide this growth.

As the limit set will be five percentage points less than the maximum of 7%, the overall target that applies to Ireland of 14% will reduce to 9%. This reduction only applies when measuring compliance with the RED. As set out above, the obligation will be set to ensure the overall 14% target is achieved.

When a biofuel produced from food and feed crops is placed on the market, a credit for the level of energy is created. This will be recorded separately to other biofuels or advanced biofuels. While this energy will contribute to meeting the biofuel obligation, it will be limited to 2% of the energy placed on the market (ie the energy used to calculate the obligation).

The energy credit for biofuel produced from food and feed crops will be tradable between obligated parties. However, the classification will remain and it will be counted within the 2% limit for the purchase of the credit.

Do you consider the approach to biofuels produced from food and feed crops appropriate?

An Taisce Answer:

We do not consider that the use of food and feed crops for biofuels as acceptable as this may lead to threats to the food supply and food security and may result in food price increases.

Question 13. *The Biofuel Obligation Scheme allows for up to 25% of the obligation in any one year to be met using certificates carried over from either of the previous two years. This limit is in the process of being reduced to 15% from 2020.*

It is intended to retain this carryover system in order to provide suppliers with a level of flexibility, and support the creation of new supplies of biofuels. However, changes will be necessary due to the intention to move from a volume-based obligation to an energy-based obligation. The introduction of a target for advanced biofuels and limits on biofuels produced from food and feed crops will need to be catered for.

It is intended that where an obligated party has, after trades with other parties, an excess credit over and above the level required to meet its obligation, it can be transferred to the following year provided that:

- *The excess credit of energy does not include any energy in excess of the 2% limit on biofuels produced from food and feed-based crops (ie if an obligated party exceeds the 2% limit, this credit of energy cannot be carried to the following year.*
- *The excess credit carried into the following year can only be used to meet the biofuels obligation and not the advanced biofuels obligation; and*
- *The excess credit carried from a given year cannot exceed 15% of the obligation for that year.*

This treatment of carryover of energy from biofuels produced from used cooking oil and animal fats will need to be examined in the context of the 1.7% limit (see above).

At the end of 2021 it is intended that the obligated parties will be permitted to carryover certificates as follows:

- *A maximum of 15% of the certificates that a supplier was required to have in 2021 may be carried into 2022 ; and*
- *Each certificate will be credited with 30MJ energy.*

a. Do you consider the approach to carryover appropriate?

An Taisce Answer:

The carryover system outlined in the consultation seems fair.

Question 14. *There has been a very high level of compliance with the Biofuel Obligation Scheme. This is ensured through the requirement to pay a compliance fee (referred to as a 'buy-out charge' in legislation) when an obligated party does not meet its obligation. Currently, the fee paid by obligated parties who fail to meet the obligation is €0.45 for each certificate (equivalent to a litre of biofuel) below the required level. This is equivalent to €0.015 per MJ of energy (assuming an average of 30 MJ per litre/certificate as above). There have been very limited examples of this fee being paid to date due to the high level of compliance.*

The level of the fee has been set to ensure it is more cost effective for an obligated party to increase the level of biofuel as opposed to paying the compliance fee. Given the future increases in the obligation rate, the marginal cost of supplying more biofuel to the market is expected to increase. It is therefore intended to increase the fee to €0.02 per MJ in 2022, €0.03 per MJ in 2015 and €0.04 in2030.

The cost of supplying advanced biofuels is expected to be greater than that of other biofuels. Accordingly, it is intended to see the fee for non-compliance with the advanced biofuels obligation to be twice that for the biofuel obligation (ie two times the monetary levels set out above for each MJ of energy).

a. Do you consider the approach to dealing with a potential supply disruption appropriate?

An Taisce Answer:

Yes.

Question 15*. In the event of a significant oil/biofuel disruption, the requirements under the Biofuels Obligation Scheme continue to apply. If such a disruption lasted for a prolonged period, it is possible that the obligated parties may not be able to meet the requirements of the scheme.*

There is currently no scope for any adjustment to the Biofuels Obligation Scheme to take account of such a situation. Fuel supplies would therefore be liable for compliance costs in not meeting the obligation.

Therefore, there is some merit in providing the Minister scope to adjust the obligation under the scheme in exceptional circumstances. However, any such adjustment, while providing flexibility to obligated parties, should not impact overall obligations of the scheme.

It is therefore considered appropriate that the Minister may, in the event of a significant disruption that prevents the supply of biofuels to the market, provide obligated parties flexibility in compliance. This would be achieved by allowing obligated parties the option to make up for any shortfall in a specified calender year in place of paying compliance costs.

a. Do you consider the approach to dealing with a potential disruption appropriate?

An Taisce Answer:

Yes. In our view there is likely to be a shortage of biofuels in the future as demand increases and more stringent accounting of greenhouse gases emissions from all phases of biomass development from planting, land use change, fertiliser use, transport and including the tailpipe emissions which are not counted at the moment.

As is clear from our submission we think there is only a small role for biomass in the fuel and electricity markets.

Heat Sector

Question 16. *The biofuel Obligation Scheme is currently limited to the transport sector. In the heating sector, there is a high use of fossil fuels, including oil and natural gas, which could potentially be blended with renewable fuels to reduce emissions in the heat sector.*

Responses to the previous consultation of the Biofuels Obligation Scheme highlighted a number of technical challenges to using bioliquids in the heat sector (eg a large amount of oil used in the heat sector is stored in tanks outside homes and businesses over long periods of time which may cause issues).

Notwithstanding the input received to date, the introduction of such fossil fuels in the heat sector can bring significant decarbonisation benefits and therefore continues to be kept under consideration.

a. What is your opinion on the potential for an obligation scheme (similar ot the Biofuels Obligation Scheme) in the heat sector?

An Taisce Answer:

It is possible that using biofuels for heating as indicated in the question may result in releasing more greenhouse gas emissions than not pursuing the scheme in the first place. As stated in section 2 above in the Chatham House report[9] 'the use of woody biomass can be considered carbon neutral only in certain limited circumstances'. However, EU policy incorrectly treats using biofuels as carbon neutral and also ignores uncounted land-use emissions on imported wood pellets from North America. It is highly likely that the loopholes due to these accounting flaws which have already been identified by the Intergovernmental Panel on Climate Change (IPCC) will be closed in the near future. This will undermine the carbon neutral assumption in the consultation.

[9] Black, D., Woody Biomass for Power and Heat – Impacts on the Global Climate, Chatham House 2017.