



BirdWatch Ireland response to the
Consultation on the development of the Biofuels Obligation Scheme for the period 2021 to 2030
including the implementation of the elements relating to renewable transport fuels in the recast
Renewable Energy Directive

In responding to this consultation, BirdWatch Ireland has provided answers to the relevant consultation questions below.

Question 1:

The Climate Action Plan has identified that 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 emission reduction target.

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

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

Relevant section of the recast Renewable Energy Directive: Article 25(1)

- (a) Do you consider these blending levels to be a suitable balance of feasibility and ambition?
- (b) Do you consider the approach to increasing the biofuel obligation rate appropriate?

BirdWatch Ireland answer:

Whilst feasible, the use and projected increase in biofuel blend directly contradicts climate mitigation ambition which the Climate Action Plan sets out to address. This is due to the fact that when full carbon emissions are accounted for in land conversion and tail-pipe emissions, biodiesel is on average 1.8 times more polluting than fossil fuel equivalents (https://www.transportenvironment.org/sites/te/files/publications/2016_04_TE_Globiom_paper_FINAL_0.pdf).

There is also the potential for increased biofuel crop demand impacting regional Irish farming communities and impacting farmland bird species due to intensification for crop production if produced locally.

Aside from measures to increase interconnectivity and promotion of electrification in transport, a more ambitious contribution from a climate mitigation perspective would be to determine what can

be realistically supplied as biofuels through waste and residues that are in line with the principles of cascading use and the waste hierarchy (other principles here:

http://www.birdlife.org/sites/default/files/a_new_eu_sustainable_bionenergy_policy_2016.pdf)

With such an approach, overall blending rate may initially be lower, but there is the potential for opportunity and investment to spur innovation which sees waste go from a cost to society or the environment to utilisation as a means of contributing to renewable energy targets.

In addition, the Climate Action Plan should be adjusted to reflect a reduction in the target within the Biofuels Obligation Scheme that does not support the use of food-based biofuels – see Question 11 below.

Question 2:

Increasing the biofuel obligation rate is likely to involve the introduction of fuels with higher concentrations of biofuel (such as petrol blended with 10% bioethanol and diesel blended with 12% biodiesel on average).

This may lead to compatibility issues with older vehicles, additional cost to the consumer, the necessity to inform consumers in order to ease its introduction, and potentially a need to develop forecourt infrastructure.

- (a) What do you view as the technical and consumer challenges associated with a blending level of 10% by volume in petrol on average?
- (b) What do you view as the technical and consumer challenges associated with a blending level of 12% by volume in diesel on average?
- (c) What types of biofuel would you expect to be used to meet these increased blending levels?
- (d) Are such fuels available in sufficient quantities to meet the needs of the Irish market?
- (e) What actions are needed (outside of the Biofuels Obligation Scheme) to support the increase in blending levels (e.g. consumer communication)?
- (f) What is the expected cost to consumers associated with increasing the blending levels?

BirdWatch Ireland answer:

Like all measures to decarbonise the transport sector, measures will need to be taken to ease pressure on consumers during the transition including incentives to switch to less polluting vehicles and electric equivalents.

But honesty with consumers will be key. Creating discomfort or financial costs to consumers whilst providing false climate solutions will undermine trust in the system (see Spanish example:

<https://www.ecologistasenaccion.org/128715/si-es-palma-no-es-bio/>).

Biofuels developed from waste and residues that are in line with the principles of cascading use and the waste hierarchy will provide consumers with the greatest cost benefit over a life-time analysis and have the greatest climate change mitigation potential.

Such fuels may not currently be available in quantities to meet the Irish market complementary to other reduction and decarbonisation methods, however this sets a direction for investment flows.

Question 3:

The recast Renewable Energy Directive sets out that obligation schemes may operate on a volume, energy or greenhouse gas emissions basis. In order to better align the Biofuels Obligation Scheme with the recast Renewable Energy Directive (where targets, limits etc. are based on energy) and to ensure the operation of the scheme is not overly complex, it is intended to move from a volume-based obligation to an energy-based obligation.

The amount of fossil-based energy placed on the market in the transport sector by an obligated party (see below) will be multiplied by the biofuel obligation rate to determine the level of biofuel that must also be placed on the market.

When biofuel is placed on the market, a credit for the level of energy is created. Currently this takes the form of a certificate. When the scheme converts to an energy basis, it is proposed that this will take the form of a level of energy. The energy that is credited will be tradable between obligated parties as is currently the case.

Relevant section of the recast Renewable Energy Directive: Article 25(1)

(a) Do you consider the move to an energy-based obligation appropriate?

BirdWatch Ireland answer:

The issues with the notion of obligation is that obligation can drive the acquisition of feedstocks that are not produced sustainably, this needs to be ensure primarily. The creation of energy credits will mean the market situation is more accessible for certain forms of renewable energy, often promoting the usage above what may be able to be provided domestically or sustainably. A previous example of damaging outcomes of incentive and subsidy schemes, is the increase in use of palm oil in biofuels in the EU because a biofuel obligation was set and palm oil provided a cheap feedstock to meet the simulated demand, which resulted in deforestation of tropical forests.

The approach outlined above could be appropriate provided there is discrimination amongst the types of biofuel placed on the market. If the biofuel can be certified as coming from sources which are benign to biodiversity and the climate then such a method is appropriate. Whereas biofuels not complying with climate criteria when a full carbon and environmental impact assessment in undertaken should not be able to be credited.

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 prepare for the changes including sourcing supplies of biofuel. It is also intended to continue to operate on a calendar year basis.

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

It should be noted that some minor changes (such as the reduction of carryover to 15% in 2020) will take place in the period prior to 2022.

(a) Do you consider the timing of changes to the Biofuels Obligation Scheme appropriate?

BirdWatch Ireland: NO ANSWER

Question 5:

The recast Renewable Energy Directive sets 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% in 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 an obligated party (see below) will be multiplied by the advanced biofuel obligation rate to determine the level of advanced biofuel that must also 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 also be tradable between obligated parties. The increases in the advanced biofuel obligation rate will be as set out in the recast. Advanced biofuels are those produced from feedstocks listed in Part A of Annex IX of the recast Renewable Energy Directive Page Renewable Energy Directive – i.e. 0.2% from 2022, increasing to 1% in 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.
Relevant section of the recast Renewable Energy Directive: Article 25(1); Part A of Annex IX

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

(b) What biofuels do you envisage contributing to meeting this obligation?

BirdWatch Ireland answer:

Again the notion of obligation needs to be implemented with suitable sustainability measures to ensure feedstocks are obtained through measures that do not impact biodiversity and cause land use changes, which when accounted correctly and in conjunction with direct tailpipe emissions, result in emissions reductions compared to fossil fuel alternatives.

4.3 Obligated Parties - 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.
Relevant section of the recast Renewable Energy Directive: Article 27(1)(a)

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

BirdWatch Ireland answer:

No, as specified in the REDII rail transport should also have renewable energy obligations, but it should not be obligated to have biofuels make up part of this.

It is advised investigate alternative forms of renewable energy which can be utilised for the rail network.

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 nonbiological 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 specific fuels. It is intended to categorise fuels as follows: • No obligation: CNG, LNG, hydrogen, electricity • Half obligation (i.e. 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.

Relevant section of the recast Renewable Energy Directive: Article 25(1)

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

BirdWatch Ireland answer:

Only appropriate, if wider sustainability factors or production and acquisition are considered as part of an environmental impact assessment.

4.4 Meeting the Obligation Question 8:

The Biofuels Obligation Scheme currently operates by issuing certificates in respect of volumes of biofuel which are placed on the market. For each calendar year, an obligated party must hold sufficient biofuel obligation certificates to demonstrate compliance. As set out above, it is intended to amend the scheme to operate on an energy basis. In place of issuing certificates, a credit will be provided corresponding to the level of renewable energy placed on the market. Each credit of energy will be categorised as one of the following based on the feedstock it was produced from: • Advanced biofuel (Annex IX Part A) • Used cooking oil and animal fats (Annex IX Part B) • Food and feed crops • All other. As biofuel (or biogas) is placed on the market, the total level of energy credited to each obligated party (or other entity that places such fuels on the market) will increase in the relevant category. Sufficient balances will be required across all four categories to meet the biofuel obligation and in the first category to meet the advanced biofuel obligation. It should be noted that although some fuels may not generate an obligation (e.g. CNG, LNG etc.), suppliers who are placing biofuels (or biogas) on the market for use by such vehicles will be credited under the Biofuels Obligation Scheme. To incentivise the use of renewable transport fuels in aviation and maritime, it is intended to credit biofuels supplied for use in the aviation and maritime sector. To incentivise the use of alternative fuels, it is intended that renewable fuels of non-biological origin (including renewable hydrogen) and recycled carbon fuels will also be eligible for energy credits. As the supply of electricity for suppliers will not generate an obligation and the measurement of such supplies would create a significant administrative burden, it is not intended to be obligated parties, it is not intended to provide any energy credit for the supply of renewable electricity to road or rail transport.

Relevant section of the recast Renewable Energy Directive: Article 25(1)

(b) Do you consider the approach to issuing energy credits appropriate?

BirdWatch Ireland answer:

The credit system needs to be evaluated both in an economic way and an environmental assessment of what is being incentivised.

The creation of energy credits will mean the market situation is more accessible for certain forms of renewable energy, often promoting the usage above what may be able to be provided domestically or sustainably. A previous examples of damaging outcomes of incentive and subsidy schemes, is the increase in use of palm oil in biofuels in the EU because a biofuel obligation was set and palm oil provided a cheap feedstock to meet the simulated demand, which resulted in deforestation of tropical forests.

Therefore for such a scheme to achieve its role in decarbonisation of energy in Ireland's transport whilst preserving both Irish and global biodiversity and providing energy security, a further level of assessment needs to be implemented on where, how and by what means feedstocks are obtained and processed. Specifically the impact on the source environment (whether inside or outside the EU) and whether such sourcing is done so at the expense of sustainable domestic feedstocks, particularly wastes and residues.

Question 9:

The recast Renewable Energy Directive sets out that multipliers can be applied to biofuels produced from specific feedstocks. Multipliers can also be applied to renewable electricity supplied to road and rail transport when calculating compliance with the recast Renewable Energy Directive. The multipliers allow biofuel from specific feedstock to be preferred. They also allow adjustment for the greater efficiency of electric road and rail vehicles compared to fossil fuel equivalents. There may be an increased risk of fraud in the market in assigning multipliers to biofuels from specific feedstock which needs to be considered. It is considered appropriate that biofuels (and biogas) for transport produced from feedstock listed in Annex IX of the recast Renewable Energy Directive (i.e. advanced biofuels and those produced from used cooking oil and animal fats) shall be considered to be two times their energy content. This is intended to apply when credit is provided in the Biofuels Obligation Scheme and when calculating compliance with the recast Renewable Energy Directive. It is intended that, with the exception of fuels produced from food and feed crops, biofuels supplied for use in the aviation and maritime sectors shall be considered to be 1.2 times their energy content. Where such fuels are produced from feedstock listed in Annex IX, the 2 times multiplier shall also apply (i.e. a 2.4 times multiplier would apply). This is intended to apply when credit is provided in the Biofuels Obligation Scheme and when calculating compliance with the recast Renewable Energy Directive. It is intended to apply a multiplier of 4 times and 1.5 times the energy content for renewable electricity supplied to road and rail transport respectively when calculating compliance with the recast Renewable Energy Directive.

Relevant section of the recast Renewable Energy Directive: Article 27(2)

(a) Do you consider the approach to applying multipliers to be appropriate?

(b) Do you consider the approach to applying multipliers impacts the risk of fraud?

BirdWatch Ireland answer:

There is inevitably the risk of fraud which such schemes, thus the need to have regulation and compliance checks to ensure the feedstocks contain what, and are produced where, they are claimed to.

The intention of having a higher multiplier for advanced biofuels is to promote the utilisation of waste and residues that are not economically valuable to other industries and serve a negligible environmental/carbon storage benefit if left in-situ. However this purpose is not served when biomass is directed away from current necessary processes (e.g. food production) or the waste becomes more valuable than the original product thus changing production systems in-order to be more wasteful.

Furthermore, fraudulent labelling of products in order to have them classified as Annex IX feedstocks may result in order to benefit from energy credits.

This reemphasises the need to have an extra level of assessment which determines the characteristics of feedstocks and ensures they will both contribute to decarbonisation goals but also do not put further pressure on natural resources and the environment.

4.5 Limits on Specific Biofuels - Question 10:

Under the recast Renewable Energy Directive and the subsequent delegated act, biofuel produced from palm oil is classed 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 decreased 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 change perspective. While it will still be permitted to supply these biofuels, no credit will be given in the Biofuels Obligation Scheme and therefore there will be no incentive for suppliers to provide such fuels. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R0807>. It is proposed that this limit would take effect from 2022 along with the other intended changes to the Biofuels Obligation Scheme. Relevant section of the recast Renewable Energy Directive: Article 26(2)

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

BirdWatch Ireland answer:

Yes, the approach to set a 0% limit for high-risk biofuels from 2022 (with firm encouragement that it is enforced as soon as possible) is recommended to avoid further impact as a result of indirect land use change.

Ireland should also be forward thinking and take into consideration the growing scientific literature on the impact of land use change and thus biodiversity, and net emissions from biofuels. There will be a review in 2023 of the High ILUC Risk delegated act in 2023, notably what feedstocks are included in this category. It is highly likely that more crops e.g. soy, are added to this list. In order to minimise disruption and provide clarity to both industry and consumers, these possible changes should be acknowledge now so that there is not investment and technological lock-in to the use of feedstocks that currently result in indirect land use change but may only be acknowledge as such in 2023.

Question 11:

The recast Renewable Energy Directive 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 these 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 use in petrol vehicles would double from 5% to 10% and therefore it is intended to set the limit at 2% to provide for 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 recast Renewable Energy Directive. 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 (i.e. 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 purchaser of the credit. Relevant section of the recast Renewable Energy Directive: Article 26(1)

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

BirdWatch Ireland answer:

No, credits should not be created for biofuels produced from food crops. The reason being 3-fold and simple:

1. Burning food crops for biofuel directly threatens food security and energy security. Competition for land and the crops grown will increase prices of food (the increase in biofuels being a key explanatory reason behind the global commodity price increases of 2008), create fluctuating availability of crops for energy purposes, and create greater food scarcity and/or put greater reliance on imports of food.
2. Indirect land use change – if 1 tonne of a crop grown in Ireland is designated for consumption to meet food demand, and that 1 tonnes is then diverted to produce biofuels, either Irish people will need to reduce consumption (often occurring as a result of a price response that impacts people with lower socio-economic status) or imports are increased. However for imports to increase there has to be excess supply available from another country. With world trade imports/exports market balanced, this extra supply will usually be provided by additional land being brought into production at the expense of natural ecosystems. The carbon emissions from this land use change often far exceed any gains from using biofuels as opposed to fossil fuels, and causes biodiversity loss and species extinction.
3. Direct land use change where agricultural systems are intensified to produce crops for biofuels. Such an effect of biofuel incentives or subsidies has seen the planting of large-scale monoculture crops which threaten the survival of farm land birds.

The Biofuels Obligation Scheme should reflect this non-support for food-based biofuels.

Question 12:

The recast Renewable Energy Directive includes a 1.7% limit on biofuels produced used cooking oil (UCO) and animal fats that can be counted for compliance with the target of at least 14% renewable energy in transport sector by 2030. A multiplier of 2 can apply to such biofuels (see below) which would lead to a maximum contribution of 3.4% towards the target of 14%. It should be noted that the recast Renewable Energy Directive does not appear to place any restriction on the contribution such biofuels can make to the overall level of renewable energy in Ireland or emission reduction from the transport sector. As set out above, Ireland can comply with the transport sector target in the recast Renewable Energy Directive by achieving a level of 9% by 2030. Advanced biofuels are expected to contribute 1.75% on an energy basis (equivalent to 3.5% with a multiplier of 2 applied), biofuels from food and feed crops could contribute up to 2%, and UCO and animal fats could contribute up to 1.7% (equivalent to 3.4% with a multiplier of 2 applied). That would lead to 8.9% of the 9% target before electric vehicles and electric rail are counted. Given the restriction only applies to the transport sector target, how such a limit will be included in the Biofuels Obligation Scheme will need to be considered carefully. In addition, Member States (where justified) can modify the 1.7% limit taking into account the availability of feedstock. Any such modification shall be subject to the approval of the European Commission. In 2018, of the 216 million litres of biofuels placed on the Irish market, 162 million litres were biodiesel produced from UCO or animal fats. This represented over 3% in energy terms of the energy used in the transport sector in 2018 and thus is in excess of the 1.7% limit. Given the level of biofuel used from these feedstocks in Ireland, consideration is

being given to seeking the European Commission's approval for a higher limit. Such a request to the European Commission would need to be evidence-based and focus on the availability of feedstock. Relevant section of the recast Renewable Energy Directive: Article 27(1)(b)

(a) What approach do you think should be adopted in relation to the 1.7% limit on biofuels produced from UCO and animal fats?

(b) Do you consider it appropriate to seek the European Commission's approval for a higher limit and, if so, what evidence would you suggest be used to support such a request?

BirdWatch Ireland answer:

The availability both now and in the future needs to be considered when deciding how UCO and animal fats are included in the Obligation Scheme. Namely the sustainability of production, supply chains and future levels of production. For instance, can there be the appropriate logistical systems in place for the collection of used cooking oil and animal fats, utilising availability in Ireland rather than needing to import?

Furthermore, a key reason behind the renewable energy directive is the decarbonisation of the economy to reduce GHG levels causing climate change. Agriculture is an important emitter of greenhouse gases, namely methane from livestock farming, nitrous oxide from fertiliser use, and carbon dioxide from land use changes. Whilst the meat industry is the largest driver of land use change. Both of these impacts have been assessed in the IPCC Special Report on Climate Change and Land, and the Global Assessment Report on Biodiversity and Ecosystem Services as being one of the driving causes of biodiversity loss and climate change. There is therefore the potential for future policy and consumer choice to reflect this science thus limiting the availability of animal fats to produce biofuels.

4.6 Carryover of Credits - Question 13:

The Biofuels 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 of energy 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 or feed based crops (i.e. 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. The 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 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 30 MJ energy²⁵.

(a) Do you consider the approach to carryover appropriate?

BirdWatch Ireland answer:

If respecting of feedstock sustainability concerns expressed in the answers to previous questions.

4.7 Compliance Question 14:

There has been a very high level of compliance with the Biofuels 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 biofuels 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 2025 and €0.04 in 2030. 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 biofuel obligation to be twice that for the biofuel obligation (i.e. two times the monetary levels set out 25 Based on a weighted average of 25% bioethanol (21 MJ/litre) and 75% biodiesel (33 MJ/litre) above for each MJ of energy).

- (a) Do you consider the approach to setting the level of compliance fee (or 'buy out charge') to be appropriate?

BirdWatch Ireland answer:

As a general principle the more carbon emissive the fuel when feedstock production and combustion is considered, the higher the charge should be as a result of internalising externalities in the market.

Question 15:

In the event of a significant oil/biofuel supply disruption, the requirements under the Biofuels Obligation Scheme continue to apply. If such a disruption lasted for a prolonged period, it is possible that 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 suppliers 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 the exceptional circumstances. However, any such adjustment, while providing flexibility to obligated parties, should not impact the 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 calendar year in the following calendar year in place of paying compliance costs.

- (a) Do you consider the approach to dealing with a potential supply disruption appropriate?

BirdWatch Ireland answer:

This question is focused directly at the security of supply. So before addressing how that is dealt with as a function of not meeting targets, the Minister needs to ensure that the security of supply can be increased. This question acknowledges key issues with biofuels in that as a product of biomass they are susceptible to climatic conditions during growing seasons, changes in consumption patterns, competition with food both directly and through land use, and their impact of biodiversity.

It is therefore encouraged other means of providing sustainable renewable energy to the transport sector are investigated and implemented.

4.8 Heat Sector Question 16:

The Biofuels 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 (e.g. 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 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 to the Biofuels Obligation Scheme) in the heat sector? (b) What do you see as the technical barriers to introducing such a scheme? (c) If a heat obligation scheme was to be introduced, what level of obligation (e.g. in percentage or energy terms) would be appropriate?

See BirdWatch Ireland's response to the consultation on Article 7 of the Clean Energy Directive

4.9 Additional Input Question 17:

In addition to the specific questions asked in this consultation, your input is invited in relation to the development of the Biofuels Obligation Scheme for the period 2021 to 2030 including the implementation of the elements relating to renewable transport fuels in the recast Renewable Energy Directive.

