

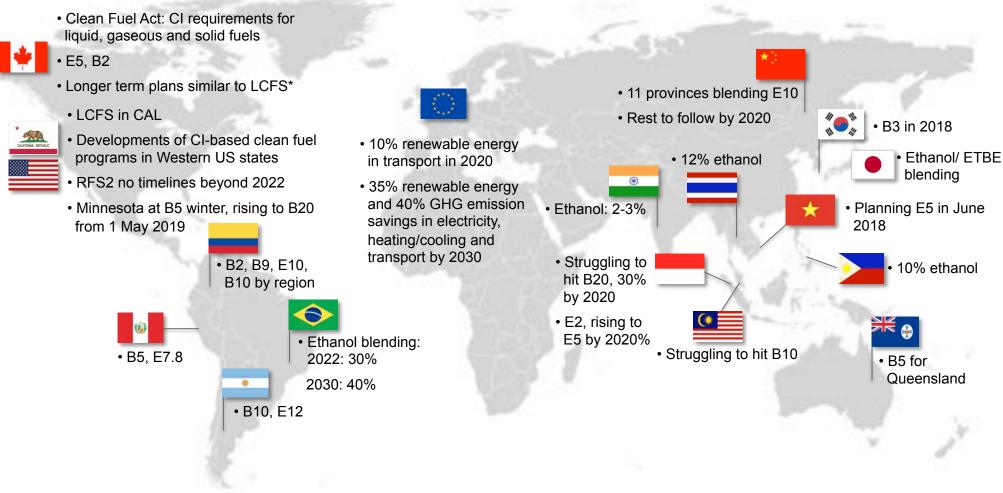
ISCC Sustainability Conference, Bogotá, March 06, 2018

Low Carbon Fuel Regulation in North America and the EU

Dr Jan Henke, ISCC System GmbH



Biofuel mandates on the rise – Supported by sustainability and GHG verification programs

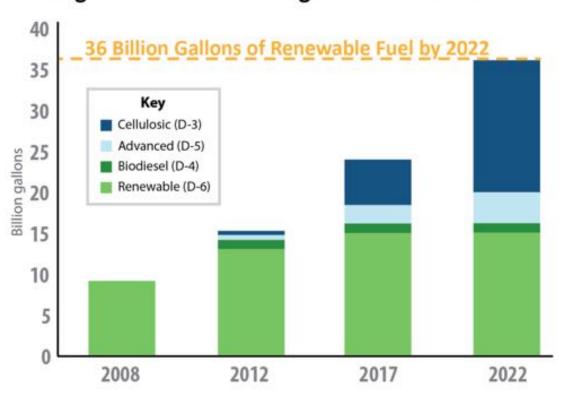


*Ontario: E5, blending B4 at 70% GHG threshold / BC: E5, B4 / Alberta: E5, B2 / Saskatchewan: E7.5, B2 / Quebec: planning E5 / Manitoba: E8.5, B2

Source: adopted, based on PRIMA and Meo Carbon Solutions



US – Overview of the Renewable Fuel Standard (RFS)



Congressional Volume Target for Renewable Fuel

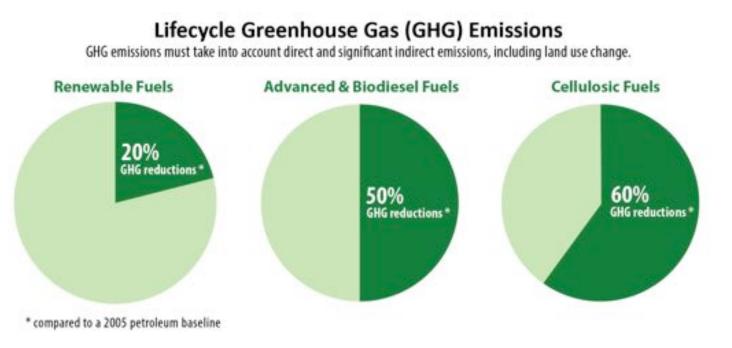


- RFS is a national policy requiring renewable fuel to replace fossil fuels
- EISA (Energy Independence and Security Act of 2007) increased size of program and introduced key changes, :
 - 36 billion gallons of renewable fuel in 2022
 - extending yearly volume requirements through 2022
 - adding explicit definitions for renewable fuels to qualify (e.g., renewable biomass, GHG emissions)

Source: https://www.epa.gov/renewable-fuel-standard-program/overview-renewable-fuel-standard



GHG reduction targets for different types of renewable fuels in the US



- Lifecycle GHG reduction comparisons are based on a 2005 petroleum baseline as
- "Grandfathering" clause for biofuel facilities (domestic and foreign) that were producing fuel prior to enactment of EISA in 2007
- EPA continues to review and approve **new pathways**, including for fuels made with **advanced technologies** or with new **feedstocks**

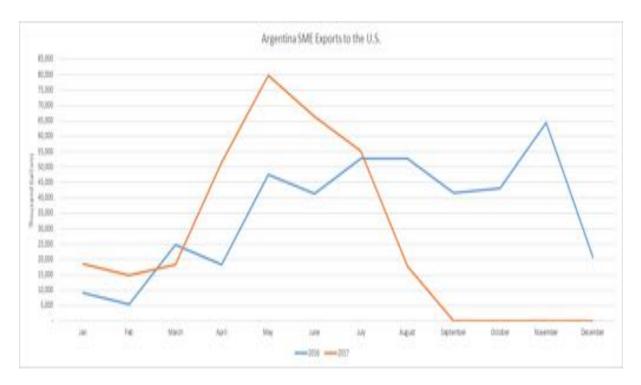
Source: https://www.epa.gov/renewable-fuel-standard-program/overview-renewable-fuel-standard



Development of RFS in the future – Insecurities for 2018

- Anti-dumping and countervailing duties on Argentine and Indonesian biodiesel imports
- The House and Senate passed 2year funding bill on Feb 9th
 - Biodiesel tax credit included but only retroactive for 2017 and not applicable to 2018
- RVO (renewable volume obligations) known but obligated parties not feeling obligated
- 2019 Advanced RVO deadline is Nov 30th, 2018
 - EPA to propose initial volumes by July 2018

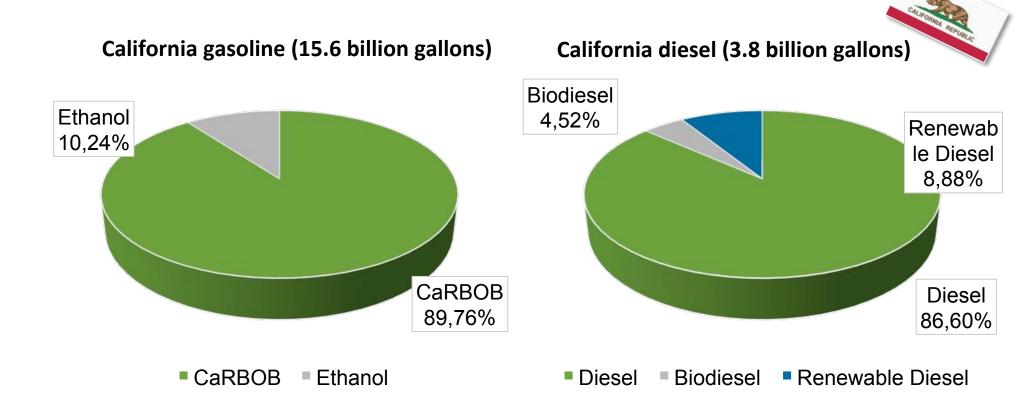




Source: Green Plains presentation, 8th ISCC Global Sustainability Conference



California is a forerunner in low carbon fuel policies



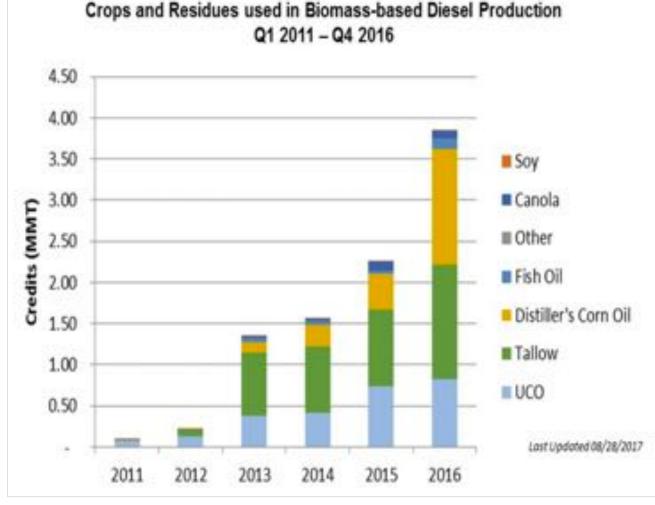
- California consumes **10% of the gasoline** consumed in the United States
- California consumes 7% of the diesel fuel consumed in the United States

CaRBOB: California Reformulated Gasoline Blendstock for Oxyygenate Blending

Source: www.arb.ca.gov



California has set with the LCFS (Low Carbon Fuel Standard) ambitious goals to reduce the carbon intensity of fuels





- LCFS incentivizes fuels derived from non-land based sources
- In 2016, 97% of credits generated came from waste or residues

Source: www.arb.ca.gov



CARB also aims for the use of independent certification systems – ISCC collaborates with CARB on this

Selection Criteria for Certification Systems

- Recognition by the European Union Renewable Energy Directive (EU RED)
- Multi-stakeholder process for vetting of additional requirements
- Transparency demonstration
- Auditor training program
- Oversight program
- Grievance mechanism
- Sanction mechanism for fuel production facility operators, imports, feedstock suppliers, and certification bodies
- Capabilities to perform full supply chain certification from point of origin to fuel production facility to importer
- Policies and mechanisms to monitor and prevent conflict of interest (COI) between members of the system, audited entities, and members of the certification bodies



Iscore

Source: https://www.iscc-system.org/wp-content/uploads/2017/08/Floyd-Vergara_Ursula-Lai_Californias-Low-Carbon-Fuel-Standards_TC-Las-Vegas-2017.pdf

The RED and FQD set the framework for the implementation of renewable energy regulations for the transport sector in the EU

Renewable Energy Directive (RED)

2009/28/EC from 2009

- **10% mandatory target** (2020) for the use of renewable energy in transport
- Minimum GHG savings for biofuels:
 - 35% for existing installations until Dec 2016
 - 50% from 1 Jan 2017
 - 60% for new installations from 1 Jan 2017
- Use of voluntary certification schemes

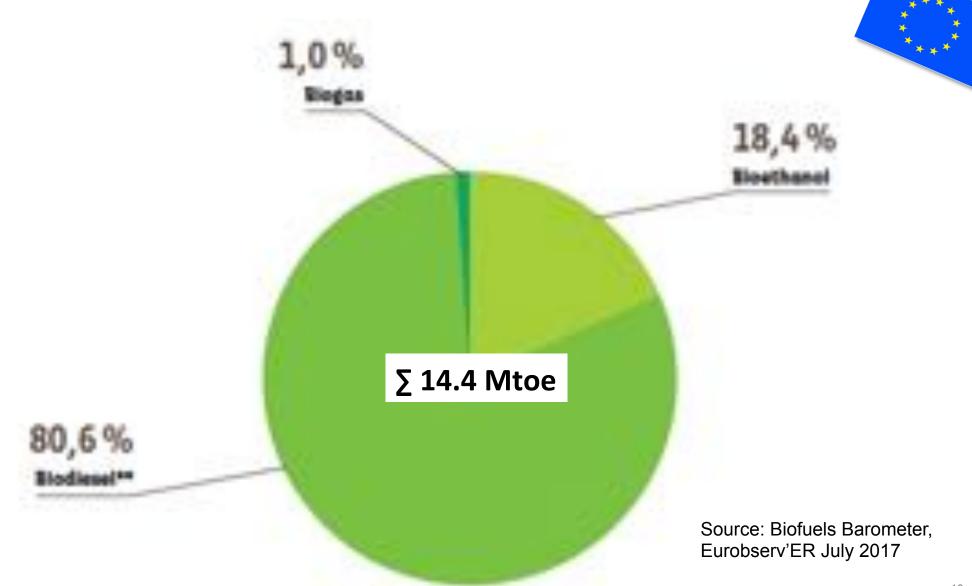
Fuel Quality Directive (FQD)

2009/30/EC from 2009

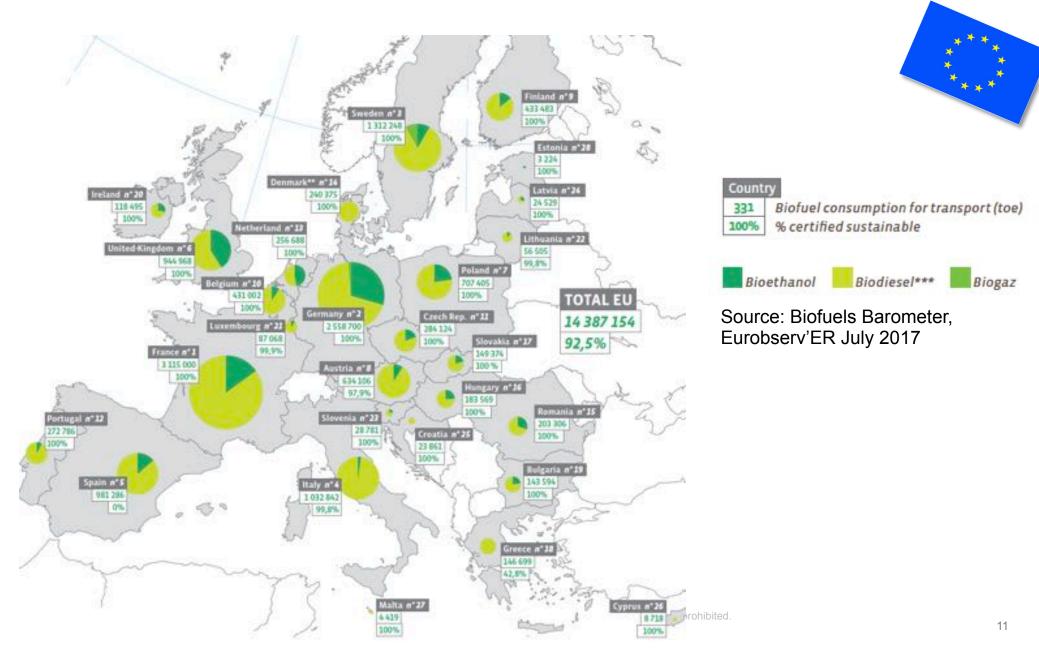
 Decarbonization strategy: Obligation for mineral oil companies to gradually reduce life cycle greenhouse gas emissions by a minimum of 6% by 2020



The EU has a well-established biofuels market despite all political insecurities in recent years



The EU market is dominated by biodiesel in all Member States



The RED/ FQD Amendment 2015/1513/EC published in October 2015 will affect biofuel policy until 2020

Renewable Energy Directive (RED)

2015/1513/EC from 2015

Fuel Quality Directive (FQD)

2015/1513/EC from 2015

- 7% cap on food/feed crop biofuels
- Reference value for national targets: 0.5% for advanced biofuels
- Annex IX: feedstocks and fuels which can be double counted towards national quotas
- Adjusted GHG methodology
- Minimum GHG savings for biofuels:
 - 35 % for existing installation until Dec 2017
 - 50 % from 1 Jan 2018
 - 60% for new installations* directly

* New installation: Physical production of biofuels/-liquids started after October 2015



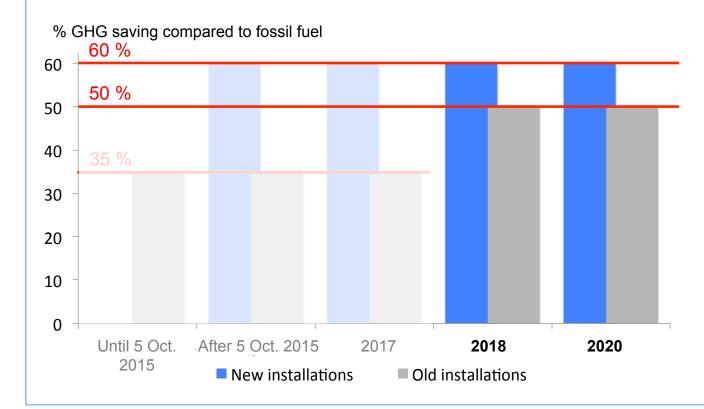
The Amendment 2015/1513/EC includes changes in GHG saving thresholds for biofuels

Renewable Energy Directive (RED)

2015/1513/EC from 2015

Fuel Quality Directive (FQD)

2015/1513/EC from 2015



GHG saving requirements for biofuels:

- 35 % for existing installation until Dec 2017
- 50 % from 1 Jan 2018
- 60% for new installations directly

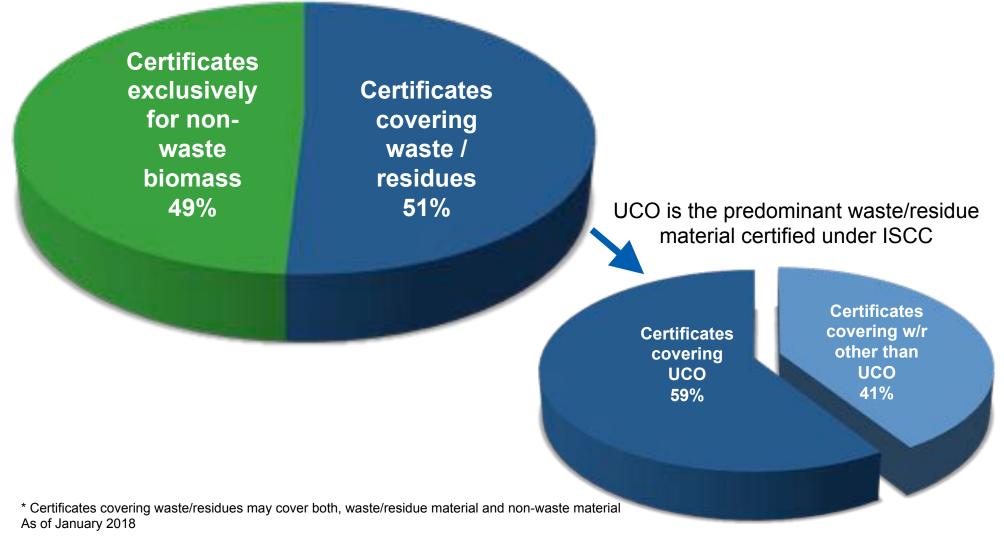


RED II proposal for post 2020. Trilogue negotiations started on 27 February 2018

	European	Council of the	European
	Commission	European Union	Parliament
	(Feb 2017)	(Dec 2017)	(Jan 2018)
Energy from Renewable Sources	27 %	27 %	35 %
Renewables in the	n/a	14 %	12 %
Transport Sector		(trajectory set by MS)	(for each MS)
Blending Obligation for Low-Emission and Renewable Fuel	6,8%	To translate the 14%, in energy, volume or GHG reduction	10%
Cap on Food/Feed	7 % (2021)	7 %	7 % (2017)
Crop Based Biofuels	3,8 % (2030)		0 % for palm oil (2021)
Target for Annex IX	0,5 % (2021)	1 % (2025)	0,5 % (2021)
Part A (advanced)	3,6 % (2030)	3 % (2030)	3,6 % (2030)
Limit for Annex IX Part B	Limit of 1.7%	Limit of 1.7%, which can be modified by MS if approved by Commission	No 1.7% limit, but the possibility for MS to define limit



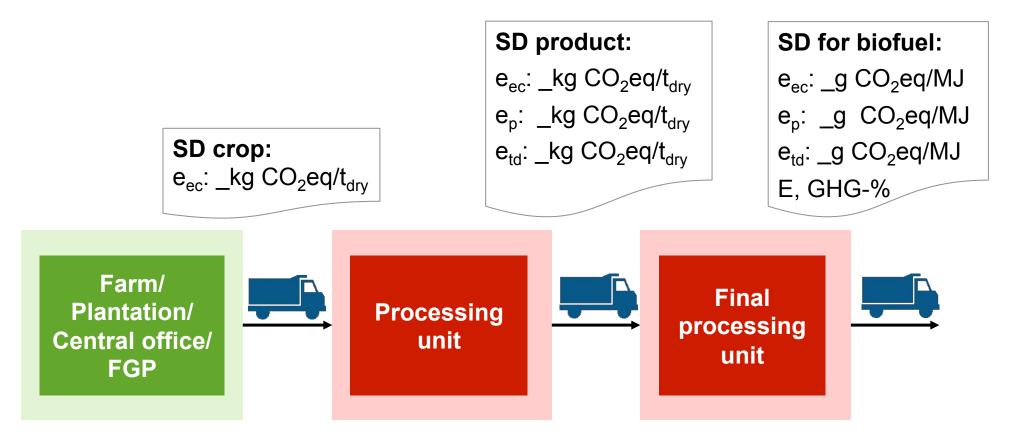
ISCC is a leading certification scheme also for waste, residues and advanced low carbon fuels*





Biofuels lead the way – GHG calculations for global supply chains

ISCC established certified GHG calculations for all stages of supply change



SD: Sustainability Declaration



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ISCC covers most requirements in the different biofuels programs and is working on recognitions in respective markets

ISCC active at ICAO (Montreal) in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)*

Poland: Recognition by the ARR in 2016

Recognition by the EC for all European Member States in 2011 and rerecognition in 2016

Germany: Recognition in 2010

Indonesia and Malaysia: ISCC is in close cooperation with national and local authorities

California (USA): ISCC is considered for CI pathway verification

Colombia: ISCC is used to determine GHG emissions and reductions of biofuels

Australia (Queensland): ISCC is recognised as certification standard for biofuels



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Thank you for your attention!

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