



Sustainable aviation and marine fuel position Dutch biodiesel supply chain

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MVO and NVDB, representing the biodiesel supply chain in The Netherlands, support incentive measures for increasing the use of renewable fuels in the aviation and shipping sector. Incentive policies must provide long-term security on the uptake of renewable fuels by these international sectors and, at the same time, continue the gradual increased use of renewable fuels in road transport. We therefore promote an integrated approach that:

1. secures long-term increased uptake of renewable fuels by all individual transport modes;
2. provides competitive criteria that attract investments in new and existing renewable fuel pathways and stimulate expansion of the sustainable feedstock portfolio for all transport modes;
3. allows free, fair and open trade and protects existing and future investments in renewable fuel pathways for all transport modes.

1. Separate mandates secure uptake of renewable fuels by all individual transport modes

The use of sustainable biofuels is today the most important source for the decarbonization of the road transport sector and accounted for a CO₂-reduction of 2.5 Mton in 2019.¹ For 2030, the National Climate Agreement includes a target to reach 65 PJ renewable fuels, divided over road transport (60 PJ) and the inland shipping (5 PJ) to be fulfilled by means of a mandate for fuel suppliers. More generally, the National Climate Agreement aims for a cost-effective approach and it specifically intends to promote the use of renewable fuels with low CO₂-emissions on a well-to-wheel basis. While maximum support is given to phasing-in new alternative technologies, such as EV's, the road transport sector will continue to rely on existing renewable fuel pathways, especially for heavy-duty vehicles, to realize the agreements made in the National Climate Agreement.

The uptake of renewable fuels by the aviation and shipping sector is at the beginning, but commercial scale production is rapidly evolving. As part of the draft Sustainable Aviation Agreement, the ambition in The Netherlands is to reach at least 14% sustainable aviation fuels by 2030 and to replace the entire demand for fossil kerosene with sustainable alternatives by 2050.² In order to fulfil this target, the Dutch government intends to introduce a separate mandate for the aviation sector, preferably at EU-level, aiming for the introduction per 2023.³ For the (sea) shipping sector, no clear targets or policy instruments are in place yet, but discussions are ongoing within IMO to reach 50% CO₂-reduction by 2050. The importance of biofuels to decarbonize the shipping sector is not in doubt. Since limited viable decarbonization options are available for these international transport modes and the significant fuel consumption by these sectors, the consumption of sustainable biofuels in these international sectors must significantly increase in order to fulfil long-term targets.

- ➔ Decarbonization of the transport sector demands increasing the production of sustainable biofuels for road transport, aviation and shipping. New investments will be attracted only by a regulatory framework that provides long-term stability on the uptake of sustainable biofuels and that protects existing and future investments in renewable fuel pathways for all transport modes. Mandates have shown to be a reliable and effective instrument to secure the uptake of sustainable biofuels. Mandates are accompanied by strict sustainability criteria, that are in place since a long period of time, and are reinforced by the revised Renewable Energy Directive ('RED2'). Furthermore, imposing individual mandates per sector means that the individual sectors are accountable for their own

¹ [Biobrandstof zorgt voor grote daling CO₂-uitstoot](#), Dutch Emissions Authority (NEa), April 2020.

² [Ontwerpakkkoord Duurzame Luchtvaart](#), March 2019.

³ [Kamerbrief ontwikkelingen duurzame brandstoffen luchtvaart](#), Ministry I&W, March 2020.

decarbonization and that related costs are passed-on to the end users. We therefore support the introduction of separate mandates for road transport, aviation and (sea) shipping.

2. Competitive criteria are needed to attract investments and expansion of the feedstock portfolio

Biofuels are produced from a wide variety of sustainably sourced materials that can be converted in sustainable biofuels and other renewable products. While initially biofuels were produced from main products from crops, more and more residual side streams, wastes and other materials have been used. Over 80% of the biofuels supplied to the Dutch market in 2019, was produced from waste-based materials.⁴ The remainder is produced from sustainable crop-based materials, mainly with a low risk to indirect land use changes (ILUC). In order to accommodate growing demand for feedstocks resulting from increasing mandates for road transport, aviation and shipping, the potential of sustainable biomass should be unlocked. The expansion of the feedstock portfolio is essential and this has been acknowledged by the Dutch Environmental Assessment Agency ('PBL') in its recent report 'Beschikbaarheid en toepassingsmogelijkheden van duurzame biomassa'.⁵ There still is a great potential in the mobilisation of existing wastes and residues, such as used cooking oil and tallow, but also new waste and residue materials are explored by the industry. Furthermore, there is a great potential in the use of crop-based materials from agricultural lands with a low risk to indirect land use changes. PBL also highlights opportunities for the cultivation of biomass on marginal, degraded and abandoned agricultural land globally and in the EU. The cultivation of sustainable crops with a low risk to indirect land use changes, also contributes to the sustainable sourcing of proteins for food and feed production, improve soil quality and provide an income for farmers.

→ The Dutch biodiesel supply chain is of the opinion that the expansion of the feedstock portfolio should be based on competitive criteria that allow the responsible mobilisation of existing materials, as well as new materials. Such criteria should not (solely) be based on arbitrary feedstock lists (Annex IX of RED2). Competitive criteria should promote the mobilisation of existing materials and valorisation of new wastes and residues that meet the definitions in RED2. With an agreed approach on the basis of RED2 to mitigate risks related to indirect land use changes, there is no reason to cap the use of biofuels produced from food and feed crops at 2020 consumption levels. In order to unlock the potential of these materials, the limitation on the use of crop-based materials should be revised to allow at least 4% and should not apply to crop-based biofuels from marginal, degraded and abandoned agricultural lands.

3. Free, fair and open trade should be secured and existing investments should be protected

While an international large-scale value chain for sustainable biofuels for road transport has been established, new technologies and value chains are developed to fulfil growing demand in other transport sectors as well as the chemicals and materials sector. Within these regulated markets, a free, fair and open trade should be secured. An integrated approach and monitoring are required to secure the realization of national and international climate agreements, prevent unintended unfair effects and to secure access to a sustainable feedstock portfolio for existing and new renewable fuel pathways for road transport, aviation and shipping, as well as other sectors. When designing any incentive policies, the Dutch government should secure accommodate a gradual increasing uptake of sustainable biofuels by all individual transport modes by providing together with access to the feedstock portfolio and by promoting the acceptance of additional waste and residue feedstocks, as suggested by interviews in a

⁴ [Biobrandstof zorgt voor grote daling CO2-uitstoot](#), Dutch Emissions Authority (NEa), April 2020.

⁵ [Beschikbaarheid en toepassingsmogelijkheden van duurzame biomassa](#), Dutch Environmental Assessment Agency (PBL), May 2020

recent E4tech study commissioned by the Dutch Ministry of I&W⁶. In this integrated approach for designing incentive policies, possible disruptions that outcompete existing biofuels producers and that are assessed in another E4tech study commissioned by EWABA⁷, should also be addressed. Furthermore, the limitations in RED2 on the use of specific materials (i.e. food and feed crops and Annex IX B materials) are expressed as shares of the energy consumption by the road (and rail) sector. Imposing these feedstock limitations in national policy instruments to all transport modes, incl. aviation and shipping, undermines existing investments as well as new investments, even more in those countries with a relatively large fuel consumption by aviation and shipping.

- Free, fair and open trade and the protection of existing and future investments in renewable fuel pathways must be secured within an integrated approach based on separate mandates for road transport, aviation and shipping. Any policy instrument should not cause unintended market distortions and secure access to the sustainable feedstock portfolio for existing and new renewable fuel pathways. Given the international nature of these sectors, it is not fair to include aviation and (sea) shipping under national limitations that are calculated on the basis of the (national) energy consumption by just road (and rail) transport.

⁶ [Study on the potential effectiveness of a renewable energy obligation for aviation in the Netherlands](#), E4tech, December 2019

⁷ [Analysis of aviation fuel demand on waste fats and oils market](#), E4tech, July 2019