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## EUROPE'S TRANSPORT DECARBONISATION

EVENT REPORT | JUNE 2019  
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*The Green Energy Platform, led by think-tank Farm Europe, organised a workshop in Brussels on Wednesday (12 June) to present the results of the '2030 Transport Decarbonisation Options' study, conducted by consultancy firm Navigant.*

*The final versions of the Integrated National Climate and Energy Plans (NECPs) that the member states have to present to the European Commission are expected by the end of the year and the Commission will issue recommendations this week.*

*Will the revised Renewable Energy Directive help the member states meet their transport decarbonisation objectives?*

*According to the United Nations Intergovernmental Panel on Climate Change (IPCC), both electromobility and biofuels will be needed to reach that goal.*

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# Transport decarbonisation targets will be revised if needed, EU official says

By Gerardo Fortuna | EURACTIV.com



According to Navigant's report, all options are needed in combination to achieve overall GHG emission savings. [Shutterstock]

**A**lthough the new renewable energy directive (REDII) set compromise minimum targets helping to decarbonise the transport sector, the EU executive reserves the right to take action on the matter again if necessary, a Commission official has said.

On Wednesday (12 June), the Green Energy Platform led by the think tank Farm Europe organised a workshop in Brussels to present the results of

the '2030 Transport Decarbonisation Options' study, conducted by the consultancy firm Navigant.

The final versions of the Integrated National Climate and Energy Plans (NECPs) that the member states have to present to the Commission are expected in the next months under the Effort Sharing Regulations.

According to the report, the NECPs should also be regarded as a good chance to underline new policy initiatives and present

different solutions to address the decarbonisation of transport, as REDII targets alone are not considered enough to reduce the fossil dominance in the transport sector.

"REDII is not very ambitious with respect to [decarbonisation] targets. And it's no secret that the Commission's original proposal was more ambitious also on biofuels," said Bernd Kuepker at the Commission's

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DG ENER.

On the other hand, he pointed out that the compromise reached in the REDII set a very robust framework, taking into account many methodologies and approaches to addressing different issues, such as the definition of the low or high risks of indirect land use change (iLUC risk factors).

"It might seem not huge but we set a minimum target and now member states can go beyond that in order to achieve other objectives," Kuepker added.

Since the Commission was forced to lower its ambition during the interinstitutional negotiations, EURACTIV asked if it has also considered a sort of a back-up plan with the possibility of taking corrective actions in case the Commission experts realise that the EU would be failing on the broader goal of decarbonisation.

The EU official answered that some midterm reviews have been included in the text of the directive before 2023, as well as a general review.

"We will see. It's just speculation, but I'm sure that, as the Commission has the right of initiative, it will act if it considers necessary to do so," he said.

## CARBON ABATEMENT COSTS

The study presented at the workshop was conducted in nine Central and Eastern European member states and represents an attempt to assess the carbon abatement cost of different technological solutions available to curb greenhouse gas emissions.

The challenge of reducing carbon emissions in road transport is essential for the long-term decarbonisation goals in 2050. "If transport does not achieve its target, other sectors will be asked for more," said Carlo Hamelinck, associate director of Navigant.

According to Navigant's report, all options are needed in combination to achieve overall GHG emission savings. In particular, electrification of mobility and biofuels are both considered essential in order to make the reduction in carbon emissions as cost-effective as possible.

For their modelling, the authors of the study used the estimates for commodity prices that have been provided by the nine member states for their NECPs development.

The study forecasts a fall in the carbon abatement cost by 2030 both for electric cars – from current €800/tonne CO<sub>2</sub> equivalent to roughly €200/tonne – and for biofuels, from €200/tonne to €20/tonne.

"We assumed that the increase in biofuels must be low iLUC," stressed Hamelinck.

The United Nations Intergovernmental Panel on Climate Change (IPCC) has also highlighted the need to push forward both electromobility and biofuels.

Speaking on the sidelines of the COP24 in Katowice in Poland, IPCC's Dr Diana Urge-Vorsatz told EURACTIV.com that switching to electric cars is just one option and there are a number of others, such as biofuels, that should not be discarded.

"There is no doubt that we will have to consider all mobility-related options [...] These do include electromobility, biofuels, shared mobility and several different mobility services in general," she said.

Speaking at the same conference, Zoltán Szabó, a sustainability consultant in the bioenergy industry, said the EU was facing another lost decade in transport decarbonisation.

"Research shows that far-reaching deployment of both electrification and European sustainable biofuels are essential for member states to achieve their NECP targets in transport. There has been little discussion on the cost to governments, consumers and society of carbon abatement costs in

transport," he said.

He added that the European-produced ethanol has been proven to deliver GHG emission reductions at the lowest cost of all available options.

"The Effort Sharing Regulation allows member states the scope to formulate appropriate policies to increase the use of ethanol. CEE countries also have the potential for trading over-compliance from EU countries with good agricultural potential. NECPs will need to be cost-effective if we are to respect sound economic management on climate change mitigation," Szabó said.

The International Energy Agency (IEA) has said in a report that bioenergy is the "overlooked giant" in the renewable energy puzzle and projected that it will represent the largest source of growth in renewable consumption over the period 2018-2023.

"Ethanol is very important because it is part of the solution in terms of reducing the oil import dependence of many countries," IEA's executive director Fatih Birol recently told EURACTIV, adding that ethanol will help reduce CO<sub>2</sub> emissions from the transport sector as well as other sectors.

## INTERVIEW

# Biofuel expert: In Europe, facts don't win over theories

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Europe's demonstrated preference for ideology over science explains why Europe is both the most vocal climate proponent on the world stage and also the most wasteful and ineffective one, Eric Sievers, director of investments at Ethanol Europe, told EURACTIV.com in an interview.

"That's the danger of ideology, a situation in which folks who think they are fighting oil spend an entire decade spreading misinformation about the only actual market threat to oil and so preserving oil's market share," he said.

"In most societies, when facts collide with theories, facts win.

Europe is different. It's really scary that climate activists in Europe still argue against non-palm biofuels on the basis that what they heard in 2008 just felt right and so must be right," Sievers added.

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**How can biofuel usage be increased under the Effort Sharing Regulation of the Clean Energy Package when RED II is designed to reduce biofuel consumption?**

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The Clean Energy Package rules were never thought through in Brussels. The unstated base assumption of legislators (and most NGOs) is and has always been that the transport sector is small and that the power sector is almost synonymous with energy in general. That could not be more wrong. The power sector accounts for less than half of EU energy.

So rules requiring Member States to heavily green the entire energy sector (which is what the Renewable Energy Directive does) or heavily decarbonise their non-EU ETS sectors (which is what the Effort Sharing Regulation does) cannot, in either case, plausibly sidestep the transport sector and still hope to deliver headline results in a cost-effective manner.

Indeed, the Energy Governance Regulation requires member states to make economically sound decisions, and member states that choose extremely expensive carbon mitigation solution may win applause from certain sectors, but when the costs come due, voters are certain to make it clear to governments that carbon budget accountability is no different than education budget accountability, military budget accountability or medical budget accountability. Governments that waste money are bad governments; those that achieve goals cost-effectively are good governments. Conventional biofuels are, by an order of magnitude today, cheaper than electric vehicles or mythical advanced biofuels, and they are scalable now, whereas nothing else in the transport sector will be to 2030.

So, no matter what the RED says or

what pie-in-the-sky fantasies persist among the talking heads in Brussels, conventional biofuels are the primary good governance choice for transport decarbonisation in the next decade.

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**Why should the EU member states consider increasing biofuel use to achieve the NECP targets?**

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Responsible member states should maximise biofuels use immediately because EU sourced conventional biofuels are proven, sustainable, inexpensive and scalable. This action should be complementary to consistent pushing for great gains in e-mobility, modal shift and advanced biofuels. In climate, carbon savings that only appear in 2030 are almost no help to the global climate, compared to savings that appear in 2020 and continue for the rest of the decade. The consensus of the climate scientists is that what happens over the 10 years will be crucial to whether there is any hope of keeping global warming under 1.5 degrees. Accordingly, any Member State policies that defer progress until late in the decade are deeply anti-climate, and any Member State policies that achieve 2030 targets early are climate champions. In context, self-styled visionaries pushing ideal solutions or single solutions (like e-mobility) have become more part of the problem than part of the solution. Many are driven by ideology and not by physical, economic or technological realities. At this point, climate action is really more about good management than ideology. Europe has a troubled history when it allows ideologues to invade governments, and there is simply no difference between ideology in the climate space and ideology in any other public issue.

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**According to you, what level of biofuel use the member states should include in their NECPs?**

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Finland and Sweden already have

biofuel usage rates that are an order of magnitude above those in the rest of the EU and on par with Brazil. These examples make clear that basically all of the arguments about how difficult biofuels are simply cannot be true. Scaremongering about biofuels is remarkable just as much for its prevalence as for the simple fact that doomsday predictions have no empirical merit at all. The only black spot on biofuels is palm oil, and that is solved by banning palm. Banning palm is what opens the door to a sensible biofuels policy in Europe.

So today, the average biofuel inclusion rate in Europe is 5%. We know we can get to 10% without really changing anything. Sweden, Brazil and Finland show that 30% is also a 2020 solution and so hardly pushing the envelope for 2030 ambition. So we'd hope to see the several member states considering at least 20% by 2030 and all Member States getting to 10% as early as possible, hopefully no later than 2022.

After all, the simplest fact about biofuels is that they 1:1 displace oil. You can see directly how biofuels contribute to keeping oil in the ground.

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**What frameworks must governments put in place to ensure strict sustainability?**

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We already have a sustainability system in place, and within Europe, it works. The problem is that the RED was infected from day one with a policy approach that does not work: multiple counting. Introduced to spur innovation, it failed completely to do that, and instead, has resulted in massive and even expanding fraud in biofuel imports. While dozens of countries around the world are looking to first mover countries to design their own biofuels policies as a component of reaching their Paris

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Agreement goals, the RED's multiple counting will never be adopted by anyone outside Europe. To the extent the current sustainability criteria can be improved, getting rid of multiple counting would do more than every other reform combined.

The goal of climate policy is not to solve the problem of high oil prices, but to reduce oil consumption. Oil is massively successful exactly because it has been inexpensive most of the time over the past 100 years. If biofuels were cheaper than oil, we wouldn't need climate policy in the transport sector. One amazing fact about biofuels is that they are from time to time less expensive than their fossil counterparts, and over time the periods when they are less expensive are becoming more frequent, especially in countries like Brazil and the United States where biofuels policies have been strong, unlike Europe.

So the rational starting point for transport policy is not to find something cheaper than oil, but to embrace the most cost-effective alternatives to oil. A well designed 2030 policy will thus result in minimal cost to society and in the case of biofuels can offset greater costs in the transport sector with greater benefits in the industrial and agricultural sectors. Governments can also gain because there is no loss to the Exchequer or major infrastructure costs. Indeed, today in Europe the benefits biofuels bring to sustainable rural development are on par with their price premium over fossil fuels, meaning they really don't cost society anything.

### **How do you explain the EU stance on the biofuels issue?**

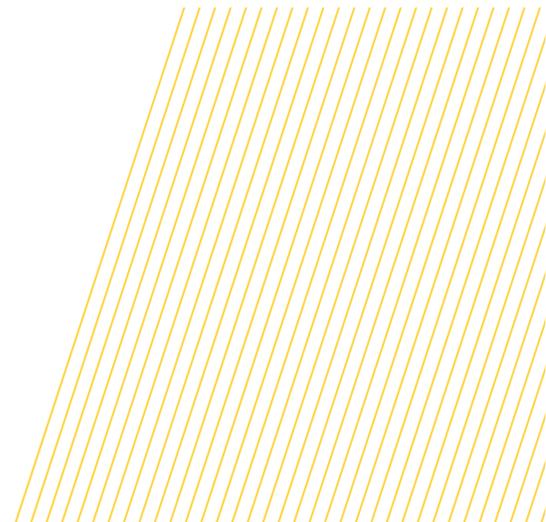
From 2008-2012 there was an onslaught of entirely imagined threats from biofuels: complicated models showing huge increases in crop prices from biofuels in 2020, a supposed six million hectares of African land that would be used to produce biofuels for Europe by the middle of this decade, a supposed lack of farmland and countless other non-empirical, but generally plausible potential outcomes. In retrospect, since biofuels were new in 2010, society can be forgiven for falling for theories and models that contradict basic agricultural economics and industrial realities.

I say in retrospect because it is now 2019, and 2020 is now not so much an imagined future reality. Actual 2020 has zero biofuels coming in from Africa rather than 10 billion litres. Actual 2020 has crop prices that are lower than in 2010 by a good deal, rather than higher. Actual 2020 will have millions of hectares of less farmland in Europe than was the case in 2010 since farmers have been abandoning farming.

All of these facts mean that in any sane world, the biofuels scaremongering theories of 2010 would be tossed out as not only wrong but so dead wrong that all that has happened is that we have documented just how great biofuels are in practice. And in most societies, when facts collide with theories, facts win. Europe is different. It's really scary that climate activists in Europe still argue against non-palm biofuels on the basis that what they heard in 2008 just felt right and so must be right.

That's the danger of ideology, a situation in which folks who think they are fighting oil spend an entire decade spreading misinformation about the only actual market threat to oil and so preserving oil's market share.

Ideology and bad policy are historical bedfellows. Europe's demonstrated preference for ideology over science explains why Europe is both the most vocal climate proponent on the world stage and also the most wasteful and ineffective one.



PROMOTED CONTENT / OPINION

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# Will National Energy and Climate Plans, key to transport decarbonisation, deliver?

By Zoltán Szabó



Zoltán Szabó: "Electric vehicles are all the hype today, but even the most optimistic projections do not forecast that the share of electricity used in transport will exceed one fifth of total energy use in transport in 2030." [Shutterstock]

The EU is facing another lost decade in transport decarbonisation, a difficult process that requires all available measures. The National Energy and Climate Plans (NECPs) are key to decarbonising transport in the next decade and delivering on the EU's climate pledges, writes Zoltán Szabó.

Zoltán Szabó is a sustainability consultant in the bioenergy industry.

The cost of carbon abatement in transport is a material concern for member states. Electrification and biofuels are both essential, far beyond RED II requirements, but overreliance on one solution will unreasonably

increase costs.

The EU is facing another lost decade in transport decarbonisation. Transport Greenhouse Gas (GHG) emissions have been on the rise, and are on track to become the single largest source of climate emissions in

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the EU.

Why is it so hard to decarbonise transport? The answer is simple; there is no silver bullet in transport. Therefore, all available measures are needed and even those will be insufficient to reign in transport GHGs.

The IPCC has made it clear in its 1.5 degrees report that the years until 2030 are critical. It is a make or break opportunity. Although 2050 discussions are important, the timeframe of most relevance is until 2030.

Progress to be achieved today cannot be substituted by GHG reductions achieved between 2030 and 2050. Whether the EU will deliver on its climate pledges will depend on the robustness of National Energy and Climate Plans (NECPs).

NECPs are intended as the blueprint for EU energy and climate action between 2020 and 2030. Draft NECPs have already been submitted to Brussels, and the European Commission has just issued recommendations to countries to amend the draft NECPs.

The Commission calls on member states to step up ambition in NECPs. Member States have until the end of the year to submit the final plans to the European Commission.

There are two major problems with draft NECPs. Firstly, they are insufficiently detailed, lacking coherence or structure. Second, the drafts take little or no account of the costs of proposed actions. Final plans will need to become much more robust, otherwise, member states will not deliver on energy and climate and the EU will be unable to meet its targets.

Recent research carried out by Ecofys/Navigant has shown that electrification and European produced biofuels are the only realistic technologies available for large scale

decarbonisation to 2030. Combined biofuels and electromobility scheme maximises carbon reductions cost-effectively.

Despite strong citizen support, biofuels controversy was often in the focus during the debate on RED II. The EU has recently singled out palm oil as a high ILUC biofuel to be phased out for causing unwanted land use change. It seems sustainable crop-based biofuels will eventually be differentiated from palm oil.

Nonetheless, it is reasonable to ask whether the debate on the sustainability of biofuels will ever end?

Biofuels issues are complex, but it is getting less and less so. The discussion today is very different from a decade ago when data were scant and the world had to rely on models and predictions on the likely impacts of biofuel policies.

Catastrophic projections made a decade ago never came true. In fact, data gathered over the past decade is getting clear, and international organisations are taking notice. The IPCC says that "growth rates projected in [biofuels and electric vehicles] pathways would be unprecedented in a 1.5D scenario and far higher than has been experienced to date".

The FAO states that the food v fuel debate is a "false dichotomy". The IEA chief says that ethanol is "very important because part of the solution in terms of reducing oil import dependence of many countries."

Electric vehicles are all the hype today, but even the most optimistic projections do not forecast that the share of electricity used in transport will exceed one-fifth of total energy use in transport in 2030. In other words, at least every four out of five units of energy used by cars in ten years time will still come from fossil fuels. It is therefore critical that oil is displaced.

The EU may adjust its policy in case RED II does not deliver. Policy

implementation has become critical.

Lesson learnt from the Paris yellow vests movement is that price matters. A climate measure, raising the price of fossil fuels, was rejected by citizens because the cost implications to citizens were neglected. For many, even a small increase in the price of fuel was too much to bear.

After all, it seems climate saving is not much different from other policies on public goods. Governments ignore the cost aspect at their peril. However, the observation that price matters stand in stark contrast with discussions across the EU on transport decarbonisation.

Specifically, where's the discussion on carbon abatement costs in transport? The EU has yet to commission comprehensive research on the cost of transport decarbonisation options. The Ecofys/Navigant report should serve as a model.

There is an emerging consensus that all available measures, including e-mobility, sustainable biofuels produced in Europe (exclude palm oil diesel) are needed, otherwise, targets will be unmeetable.

Cost-effective decarbonisation requires an "and" approach to oil displacement, not "either/or". Furthermore, there is a need to consider costs to society, and NECPs must be cost-effective and cost-benefit analysis including carbon abatement cost is key.

If we want to make NECPs effective in transport, we need to make sure that sustainable biofuels are included and that we have costed our options. Maximising carbon savings in transport at the lowest cost must be a priority. That is the task ahead of us before NECPs are finalised.



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