

EBB response to
**European Commission consultation on the
Amendment of the EU Emissions Trading System (ETS)**



November 2020

The European Commission (EC) recently opened an initial feedback period for stakeholders on its Inception Impact Assessment of the Amendment of the EU Emissions Trading System (ETS). This initiative aims at revising the EU Emissions Trading System to ensure the EU is having a neutral impact on climate change by 2050.

The EC considers that the levels of GHG emissions reductions under the EU ETS need to be increased to achieve the new 2030 target and the climate neutrality objective by 2050. Therefore, the EC is looking into extending the ETS to new sectors of the economy, such as maritime and road transport.

EBB response to the consultation

The EBB welcomes the opportunity to respond to the abovementioned consultation, and to be part of the preparatory process of the amendment of the EU ETS, as well as upcoming EC activities designed to gather further stakeholder input.

This EBB response is focused on principles and main elements for the EC to consider while designing its upcoming proposal.

Reducing GHG emissions and promoting renewables in the transport sector is comparatively more difficult and costly than in any other sector.

Decarbonisation of the European land/road transport is driven by several EU rules, incl. the post-2020 EU Renewable Energy Directive (RED II), Effort Sharing Regulation (ESR), Fuel Quality Directive (FQD) article 7a, and taxation policies. They have proven to be somewhat successful in decarbonising transport ⁽¹⁾, although they could step-up their level of ambition.

The RED II has the intention to drive the adoption of emerging new feedstocks and advanced biofuels based on raw materials listed on RED II Annex IX, part A. A cross-sectoral ETS approach would eliminate

¹ With more than 11 million tonnes of biodiesel produced per year, the EU is the world leader in the production and use of biodiesel for transport. Sustainable biodiesel (both crop and waste-based) is delivering today significant GHG emissions savings and constitutes an essential tool for the decarbonisation of the European road transport sector. Thus, it should continue to be part of Europe's decarbonisation path towards carbon neutrality. The production of this "made in Europe" green diesel helps to reduce a yearly EU diesel deficit of around 25-35 million tonnes of imported fossil diesel. Biodiesel avoided costs of imported fuels of € 7.6 billion in 2010 by using domestically produced biofuels, of which biodiesel alone amounted to as much as € 5.8 billion of savings

the incentive to invest in first-of-their-kind production units, as ETS allowance price levels are very unlikely to provide the economic attractiveness needed to operate these units profitably.

Whereas this inception impact assessment states that *"covering road transport emissions by the emissions trading would provide a more level playing field in terms of carbon pricing of fossil-fuelled road transport"*. Such inclusion, given present and future levels of ETS allowance prices, would be very unlikely to trigger the necessary efforts that should be made to decarbonise the EU transport sector.

This would also mean that, under the same emission cap, other ETS sectors would have to reduce more their emissions as well as pay more for emissions allowances that they would need. Transport sector would continue to use fossil fuels instead of further reducing their emissions with existing tools such as biofuels.

Therefore, a **proposal for including EU road transport sector in the existing EU ETS should be rejected**.

Moreover, **the EBB notes the EC's current intention of including road transport in the existing EU ETS, it would not contribute to achieving the 2030 climate targets**. On the contrary, it could undermine the efforts that have been made to decarbonise the road transport sector.

The EBB is fully committed to work with the EC to ensure a successful framework for the regulation setting EU Emissions Trading System (ETS) in the context of the new baseline scenario of the European Green Deal, and to achieve climate neutrality by 2050.

The **European Biodiesel Board (EBB)** is a non-profit organisation established in January 1997. Today, the EBB gathers 65 members across 21 Member-States, which represents 75% of the European output. Biodiesel is the main European solution to reduce emissions from transport and dependence on imported oil. EBB aims to promote the use of biodiesel in the European Union and is committed to fulfil International standards for sustainability in GHG emissions and sustainable feedstock. The EBB is constantly working towards the development of improved and greener technologies.