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## **Proposal on indirect land-use change: Council reaches agreement**

Today's Energy Council reached a political agreement on the draft directive on indirect land-use change (ILUC) amending the fuel quality (98/70/EC) and renewable energy (2009/28/EC) directives ([10300/14](#) + [10300/14 COR 1](#)).

The aim of the proposed directive is to start a transition to biofuels that deliver substantial greenhouse gas savings when provisional estimated indirect land-use change emissions are also reported, while existing investments should be protected.

In December 2013, the Energy Council examined a presidency compromise text of this draft directive. However, there were still some outstanding issues. Therefore, the Council's preparatory bodies continued to work further on the proposal, with a view to facilitating political agreement.

The Hellenic presidency focused on two aspects in its compromise text: a stronger encouragement for advanced biofuels, while leaving flexibility for member states, and some additional elements to reflect considerations on estimated ILUC emissions and the possible impact of EU policies on biofuels as regards the environment and cross-compliance in respect of agriculture and climate policies.

# **P R E S S**

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Rue de la Loi 175 B – 1048 BRUSSELS Tel.: +32 (0)2 281 6319 Fax: +32 (0)2 281 8026  
[press.office@consilium.europa.eu](mailto:press.office@consilium.europa.eu) <http://www.consilium.europa.eu/press>

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The agreement acknowledges and addresses the ILUC phenomenon, starts a transition to biofuels with lower ILUC risks and provides a clearer investment perspective while protecting investments made. It comprises, in particular:

- Mitigation of indirect land-use change emissions through a threshold of 7 % of the final consumption of energy in transport in 2020 for conventional biofuels to count towards the renewable energy directive target;
- encouragement of the transition to second and third generation ("advanced") biofuels, through incentives for advanced biofuels by inviting member states to promote the consumption of such biofuels and requiring them to set national targets for advanced biofuels based on a reference value of 0.5 percentage points of the 10 % target for renewable energy in transport of the renewable energy directive. Member states can set a lower target, based on three categories of objective reasons. However, they have to justify any setting of a lower target than 0.5 percentage points and to report any reasons for non-achievement of their national target. The Commission is to publish a synthesis report on member states' achievements towards their national advanced biofuels targets;
- new Annex IX of the renewable energy directive contains feedstocks for advanced biofuels that count double towards the targets. In addition, advanced biofuels not listed in Annex IX and used in existing installations prior to the adoption of this directive, can be counted towards the national target;
- additional incentives for advanced biofuels by extending the tool of statistical transfers of the renewables directive to cover such advanced biofuels, the double counting of the contribution of these biofuels is extended to the overall renewables energy targets;
- provision of incentives to generate electricity from renewable sources in order to reduce greenhouse gas emissions in transport. In this regard, a multiplication factor of 5 for electricity from renewable sources in electric road vehicles and of 2.5 for electrified rail transport were introduced;
- ILUC reporting on greenhouse gas emission savings from the use of biofuels will be carried out by the Commission on the basis of data reported by member states; for that purpose, provisional estimated ILUC factors are included in new Annexes to the renewables and fuel quality directives;
- a review clause that includes the possibility of introducing adjusted estimated ILUC factors into the sustainability criteria.

## **Background**

The renewable energy directive established mandatory targets to be achieved by 2020 for a 20% share of renewable energy in the EU's energy consumption and a 10% share for renewable energy in the transport sector. At the same time, an amendment to the fuel quality directive introduced a mandatory target of a 6% reduction in the greenhouse gas intensity of fuels used in road transport and non-road mobile machinery to be reached by 2020.

When these directives were adopted, the European Parliament and the Council asked the Commission to review the negative effects on greenhouse gas savings which might result from the conversion of land and, if need be, to present a legislative proposal. The draft directive was presented by the Commission in October 2012 ([15189/12](#)).

The European Parliament adopted its first reading position on 11 September 2013.

## **Next steps**

Political agreement is to be followed by the formal adoption by Council of its position at first reading.

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