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FAQs on Biofuel Sustainability Certification in Germany

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Report Highlights:

This report provides answers to some frequently asked questions (FAQs) regarding sustainability certification for biofuels and their feedstock in Germany, including costs, participation by German farmers, and impact on U.S. soybean and biofuel exports.

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FAQs:

What is the background for Biomass Sustainability Certification in Germany?

The EU Renewable Energy Directive 2009/28/EC (RED) stipulates that only certified sustainable biofuels are eligible for tax benefits or may be counted against biofuel use mandates.

Since when are the sustainability criteria applied?

The RED required Member States to transpose into national legislation by December 5, 2010. Germany implemented the requirements into national law in July and October 2009 and applies sustainability criteria since January 1, 2011.

What are some of the criteria for sustainability?

The RED names certain criteria that define ‘sustainable’, for example:

- **Minimum greenhouse gas (GHG) saving** of 35 %, increasing to 50 % in 2017, and 60% for new installations in 2018.
Installations that went into production prior to January 23, 2008, and did not undergo any enlargements or other major technical changes are grandfathered and only have to apply this starting April 1, 2012.
- **Prohibition** of biomass that was produced on **peat land**

- **Prohibition** of biomass that was produced on land with **high biodiversity** such as:
 - Primary forest,
 - wooded land,
 - areas under nature protection,
 - highly biodiverse grassland
- **Prohibition** of biomass that was produced on land with **high carbon stock**
 - Wetlands
 - Continuously forested areas

The cut-off date for land use change is January 1, 2008.

However, these criteria remained rather general. They were further specified in the national German implementation laws, the ordinances on sustainable production of bioliquids for electricity or biofuels production. However, these laws only state criteria and not how compliance is verified. The latter is done with the certification systems.

The EU set the default value for GHG savings for soybeans at 31 %. What does that mean for soybean/soybean oil use as feedstock?

Until April 1, 2012, soybean oil can still be used for biodiesel production in biodiesel plants that went into production prior to January 23, 2008, and did not undergo any enlargements or other major technical changes. However, all other requirements (e.g. self declaration of farmers, registration and certification of handlers, crushers and biodiesel manufacturers) still need to be met.

Plants that went into operation after January 23, 2008, can also use soybean oil but only if they calculate actual GHG saving values and these remain above the 35 %/50%/60% threshold.

What is the difference between a certification system und a certification body?

Certification systems:

- Stipulate detailed standards regarding compliance with the requirements of sustainability criteria;
- Specify how to assess compliance;
- Are developed by the industry (could be an industry association, a group of industry associations, but also individual companies);
- Have to be recognized/approved by the Member States or by the European Commission. The responsible agency in Germany is the German Agency for Agriculture and Nutrition (BLE). Certifications systems that are approved by other EU member states but not by the European Commission will not be valid in Germany.

Certification bodies

- Are companies or individuals that certify compliance with the standards according to a certification system.
- Have to be recognized by the EU member states; in Germany by the BLE. BLE will also audit the work of the certification bodies.

- Can certify according to several certification systems (i.e. the same certification body could certify according to ISCC or REDcert)

How many certification systems are in place?

Currently, Germany has two approved certifications Systems: **ISCC** (International Sustainability and Carbon Certification) and **REDcert**. Both systems have applied for approval with the European Commission.

In addition, a third system has received preliminary approval until March 17, 2012. This system Roundtable for Sustainable Biofuels (**RSB**) was developed by the Lausanne (Switzerland) based Energy Center.

How many certification bodies are approved?

Germany has currently approved 30 certification bodies (for example TueV Sued, SGS control).

What do companies that want to sell sustainable products have to do?

Every company or **interface** needs to

- Register with BLE;
- Decide on the certification system they want to us;
- Ensure that documentation and procedures are in line with the requirements of the respective certification system;
- Have a certification body audit them.

How often does the certification audit have to be renewed?

After the initial certification, a first follow-up check is done after 6 months, and then renewal audits every 12 months.

What are Costs for Certification?

1) Farm level

The system starts with the so-called “*first enterer*”, which is any company that buys directly from the farmer and goes all the way up the production chain to the “last interface”, which is the company that sells the final biofuel.

Farmers themselves are not certified but have to sign a “self declaration” and give proof that their production area was not converted from a prohibited area into crop land after January 1, 2008.

On an annual basis five percent of the farmers delivering to a ‘first enterer’ (e.g. a cooperative, elevator, oil mill, bioethanol plant) will be audited.

The farmer has to bear the internal costs for documentation and preparation for the audit only. The costs for the audit are picked up by the first enterer.

Costs for farmer audit

Approx. 150 -500 € per farm depending on certification body and distance between farms.

2) First enterer and processor levels

Costs for certification include a number of components:

- A. Costs for participation in one of the certifications systems;
- B. Internal costs for documentation, change of procedures, and preparation for audit;
- C. Costs for audit;
- D. Costs for farm audit.

A) Costs for certification system

The certification systems charge a fee for participation in their system. For example, the ISCC calculates its fees according to the following principle:

- i. Basic charge: 150 - 250 €, depending on size of the company
- ii. Charge per registered site: 50 € per subsidiary for the first 3 subsidiaries, 45 € for subsidiary 4-10, etc
- iii. Volume based charge (based on volume sold),
 - 35 € per 1000 MT plant oil
 - 27 € per 1000 MT bioethanolsolid biomass is converted to liquid according to the following conversion factors:
 - oilseeds: MT x 0.5
 - grains: MT x 0.6
 - sugarbeets: MT x 0.175
 - other: tbd

Examples:

- Oil mill selling 400 MT plant oil per year, one site only
 - 200 € basic charge
 - 50 € site charge
 - 14 € volume charge
 - Total: **264 €**
- Oil mill, 4 sites, 500,000 MT oil per year
 - 250 € basis charge
 - 195 € site charge (3x50 + 1x 45)
 - 3500 € volume based charge
 - Total: **3945 €**
- Grain elevator 11 sites, 1 million MT of grains per year

250 € basic charge
510 € site charge (3x 50 + 7 x 45 + 1 x 40)
16200 € (1,000,000 MT *0.6 conversion factor * 0.027 per MT)
Total: **16,960 €**

B) Internal costs for documentation, change of procedures, etc.

Depending on existing practices of the company. For example, does the company already document production according to ISO/HACCP/sustainability rules/handbooks; does it have a mass balance system in place; etc.

C) Costs for certification by certification body

Depending on the time required, daily rate between 750- 1000 € plus 19% VAT

D) Costs for farmer audit

Approx. 150 -500 € per farm depending on certification body and distance between farms.

To Which Extent do German Farmers Participate in Certification and What is the German Farmers' Union's View on the Issue?

The German Farm Cooperate Association (DRV), and the German Oilmillers Association (OVID) estimate that farmers have signed self declarations for more than 95 % of the German 2010 rapeseed production. This would translate into roughly 5.1 million MT of sustainable rapeseed or two million MT of rapeseed oil.

The German Farmers Union (DBV) and the German Farm cooperative association encouraged their members to sign the self declaration (if they fulfill the criteria) in order to ensure the marketability of the products.

What is the Market Impact ?

Currently, there is little sustainable oilseeds available from other countries, yet. As a result, the entire 2010 German domestic rapeseed production will likely go into biofuels production, while rapeseed for food use will have to be imported.

U.S. biodiesel and bioethanol will only find a market in Germany if they have a sustainability certification or are offered at such a discount that compensates the disadvantages of not being eligible for tax credit or mandate fulfillment.

U.S. soybeans

- Until early 2012, soybeans will need farmers' self declaration but are not hampered by the GHG default value if sold to biodiesel plants that were in operation prior to January 23, 2008, and that have not undergone major technical changes or enlargements since. This would apply to roughly 2/3 of the German capacity;

- For all other plants, soybean oil can be used if the company calculates actual GHG saving values. However, as this requires additional bureaucracy, biodiesel producers will likely only consider using

soybean oil when it is offered at a discount that compensates for the additional costs.
- Soybeans without self declaration can only be used in the food sector.

Will sustainability criteria also be applied in the food sector?

The law does not require this, yet. However, some NGOs push for broadening the scope to food, too. In addition, some food companies are working on using sustainable palm oil according to Roundtable on Sustainable Palm Oil production (RSPO) standards.

Where can I find additional information?

BLE:

Background, requirements, and application forms

http://www.ble.de/cIn_099/nn_1053330/DE/02_Kontrolle_Zulassung/05_NachhaltigeBiomasseherstellung/SustainableBiomassProduction_node.html?_nnn=true

Approved certification systems and certification bodies

http://www.ble.de/cIn_099/nn_1053330/SharedDocs/Downloads/02_Kontrolle_Zulassung/05_NachhaltigeBiomasseerzeugung/Anerkennung_de.templateId=raw,property=publicationFile.pdf/Anerkennung_de.pdf

Certification Systems:

ISCC: http://www.iscc-system.org/index_eng.html

REDCert: <http://redcert.org/index.php?lang=en>

RSB: <http://rsb.epfl.ch/>

Text of EU Renewable Energy Directive 2009/28/EC

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0016:0062:EN:PDF>

Related Reports:

Germany Extends Transition Period - POS Required for 2010 Harvest | Bio-Fuels, Trade Policy Monitoring | Berlin | Germany | 7/15/2010

Germany has extended the transition period for implementation of the sustainability certification requirement for biofuels and their feedstock from July 1, 2010 to January 1, 2011. Nevertheless, the majority of biofuels and biomass from the 2010 harvest will require a "proof of sustainability certificate" (POS) when exported to Germany. This report also provides links to certification systems.

[Germany Extends Transition Period - POS Required for 2010 Harvest Berlin Germany 7-8-2010](#)

| Status of Biomass Sustainability Certification in Germany | Bio-Fuels, Trade Policy Monitoring | Berlin | Germany | 3/15/2010

As of July 1, 2010, biofuels will need a “proof of sustainability” certificate from an approved sustainability system in order to be eligible for tax incentives or mandates in Germany. In order to be able to certify production, U.S. industry can work with an existing German certification system or develop its own system and have it approved in Germany. Information on requirements for approval of certification systems can be obtained from the German Federal Agency for Agriculture and Nutrition ...

[Status of Biomass Sustainability Certification in Germany Berlin Germany 3-11-2010](#)