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## Netherlands

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## Legislation on Biomass Sustainability Criteria

### Report Categories:

Biofuels

Wood Products

Trade Policy Monitoring

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### Report Highlights:

On March 18, 2015, the Dutch energy sector and NGOs agreed upon the sustainability criteria for biomass. On March 30, these requirements were laid down in official Dutch legislation. Wood pellets which are used for the subsidized generation of heat or electricity must be produced in compliance with this legislation. This report is a brief outline of the legislation, and includes a link to the translated version.

## ***Introduction***

On September 6, 2013, the Dutch Government, private sector and NGOs signed the Dutch Energy Accord (see FAS GAIN [Report NL3029](#)). In the agreement subsidized co-firing of biomass is capped at annually about 3.5 million MT of wood pellets. These funds, Sustainable Energy Production (SDE+), pay for the cost price difference between renewable and conventional energy. In the Accord it was also decided that the biomass will have to be subject to sustainability criteria (NL4029 and NL5002). A final agreement on these criteria was made on March 18, 2015.

The agreement includes the classification of the biomass, the mandatory sustainability criteria, the chain of custody, and the time table of implementation. On March 30, the details of the agreement were laid down in [official Dutch legislation](#). The agreement also includes a, not yet signed, Covenant of the power sector and NGOs to gradually implement the requirements for the forests smaller than 500 hectares. For more information about this Covenant see GAIN Report NL5010. This report is a brief outline of the legislation, and provides comments on the market implications. Critical is that the chain of custody requires forest level certification. First indications from the U.S. industry are that with this strict requirement, Dutch buyers will not be able to close long term contracts with pellet producers. Important is also that the time path of implementation is set at a slower pace for the production of heat than for power.

## ***Brief Outline of the Legislation***

-In **Article 1** of the legislation a *forest management unit* is defined as: a unit which is managed for specific purposes, in compliance with a long term management plan.

-In **Article 7a** of the legislation the implementation of the sustainability criteria for solid biomass converted in renewable heat is outlined. The subsidy period for this purpose is twelve years. The receiver of the subsidy must show compliance with the sustainability criteria on a regional level or at the forest management unit level. With the exception of biomass:

-Until 2020 originating from a forest management unit larger than 1,000 hectares, for which the sustainability must be shown at forest management unit level.

-This size limit is reduced to 800 hectares between 2020 and 2022, and 500 hectares between 2022 and 2026.

-As from 2026 the sustainability must be shown at forest management unit level.

-In **Article 7b** of the legislation the implementation of the sustainability criteria for solid biomass converted in renewable electricity or combined renewable electricity and heat is outlined. The subsidy period for this purpose is eight years. The receiver of the subsidy must show compliance with the sustainability criteria for biomass originating from a forest management unit larger than 500 hectares on the forest management unit level. For forest management units smaller than 500 hectares, the implementation depends on the moment the generation of renewable energy starts:

- If the generation of renewable electricity starts in 2015 or 2016 the sustainability must be shown at forest management unit level in the last two years of the subsidy period.
- This period is lengthened to three years if production started in 2017 or 2018, to four years if started in 2019, and five years if started in 2020.
- As from 2021 the sustainability must be shown at forest management unit level for the entire subsidy period.
- The time path of implementation for the smaller forests (<500 hectares) as defined above is supplemental to the timetable as agreed upon in the Covenant (GAIN NL5010). It is not yet clear how the ambitions in the Covenant relate to the legal requirements established in the SDE+ legislation.

In **Appendix 4** of the legislation, the biomass is classified and the sustainability criteria and definitions outlined. The translated version of this part of the legislation can be downloaded from the website of the Netherlands Enterprise Agency (RVO):

<http://english.rvo.nl/subsidies-programmes/how-apply-and-receive-sde>

The RVO is part of the Ministry of Economic Affairs, and provides the SDE+ funds to the private sector. The agency supports the receivers to be in compliance with the legislation. The RVO works in the Netherlands and abroad with governments, knowledge centers and international organizations.

-In **Appendix 4.1**, the biomass is classified and linked to the required sustainability criteria: Criteria related to sustainable forest management (SFM), the Greenhouse Gas (GHG) balance, carbon debt, Indirect Land Use Change (ILUC), soil quality, fulfillment of legislation, and chain of custody (CoC).

Biomass categories	Sustainability criteria						
	SFM Criteria	GHG Balance	Carbon Debt	ILUC	Soil Quality	Legality	CoC
1. Woody biomass from big forest units ( $\geq 500$ ha)	X	X	X	X <sup>1</sup>	X	X	X
2. Woody biomass from small forest units ( $\leq 500$ ha)	X	X	X	N.A.	X	X	X
3. By-products from multifunctional forests	N.A.	X	N.A.	N.A.	X	X	X
4. Agricultural by-products	N.A.	X	N.A.	N.A.	X	X	X
5. By-products agro-food and timber industry	N.A.	X	N.A.	N.A.	N.A.	X	X
6. Biological waste	N.A.	X	N.A.	N.A.	N.A.	X	X
7. By-products nature and landscape management	N.A.	X	N.A.	N.A.	N.A.	X	X

N.A. = Not applicable. 1. These only apply for new cultivation systems with a short rotation period aimed at the production of biomass for bio-energy.

-In **Appendix 4.2**, the criteria are specified and subdivided over;

-Criteria related to the climate and bio-energy: of which greenhouse gas (GHG) savings, carbon debt

values and risks related to Indirect Land Use Change (ILUC).

-Criteria for sustainable forest management (SFM): of which aspects related to the legality of the activities and values related to the ecology, environment, and the management and economy of the forest.

-Criteria for the chain of custody: aspects related the certification / verification of the criteria.

Under section III of Appendix 4.2, the requirements for the chain of custody are outlined: A chain of custody must be present from the forest unit up to the bio-energy producer. This chain of custody must link the material in the product with the forest unit from which it originated. The requirements for the mass balance claim are also stated in this Appendix: The sustainability criteria must be linked to the mix as well as to the individual biomass product lines.

In this Appendix also the requirements for group certification are stated: The group must be led by an official entity which is responsible for the group as a whole. The registration must include all incoming and outgoing biomass flows of the separate members.

-In **Appendix 4.3**, the biomass is classified and the compliance with the carbon debt criteria listed.

-In **Appendix 4.4**, the definitions are stated.

-In the **Explanatory Notes** of the legislation it is stated that both certification and verification are legitimate to show that the biomass is produced according the criteria. In the Definitions, verification is defined as: the capability of organizations to show compliance with the sustainability requirements through reporting. This information must be accompanied by a declaration of an independent verifier. In the Explanatory Notes it is further stated that there are no certificates available for the enforcement of the criteria regarding carbon debt, ILUC and GHG balance and the method of verification must be used.