

# EUROPEAN PARLIAMENT

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*Committee on the Environment, Public Health and Food Safety*

PROVISIONAL  
2007/0019(COD)

19.7.2007

**\*\*\*I**

## **DRAFT REPORT**

on the proposal for a directive of the European Parliament and of the Council amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and the introduction of a mechanism to monitor and reduce greenhouse gas emissions from the use of road transport fuels and amending Council Directive 1999/32/EC, as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC  
(COM(2007)0018 – C6-0061/2007 – 2007/0019(COD))

Committee on the Environment, Public Health and Food Safety

Rapporteur: Dorette Corbey

***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission.)

***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION .....	5
EXPLANATORY STATEMENT .....	24



## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a directive of the European Parliament and of the Council amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and the introduction of a mechanism to monitor and reduce greenhouse gas emissions from the use of road transport fuels and amending Council Directive 1999/32/EC, as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC  
(COM(2007)0018 – C6-0061/2007 – 2007/0019(COD))**

**(Codecision procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to the European Parliament and the Council (COM(2007)0018)<sup>1</sup>,
  - having regard to Article 251(2) and Articles 95 and 175(1) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C6-0061/2007),
  - having regard to Rule 51 of its Rules of Procedure,
  - having regard to the report of the Committee on the Environment, Public Health and Food Safety and the opinions of the Committee on Agriculture and Rural Development and the Committee on Industry, Research and Energy (A6-0000/2007),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1  
RECITAL 2

(2) The Communication from the Commission to the Council and the European Parliament – Thematic Strategy on Air Pollution<sup>2</sup> established goals to reduce emissions of pollutant emissions until 2020. These goals flowed from an

(2) The Communication from the Commission to the Council and the European Parliament – Thematic Strategy on Air Pollution<sup>2</sup> established goals to reduce emissions of pollutant emissions until 2020. These goals flowed from an

<sup>1</sup> Not yet published in OJ

<sup>2</sup> Communication from the Commission to the Council and the European Parliament: Thematic strategy on air pollution - COM(2005)0446

extensive analysis of costs and benefits. In particular goals are set to reduce SO<sub>2</sub> emissions by 82%, NO<sub>x</sub> emissions by 60%, volatile organic compounds (VOCs) by 51% and primary PM<sub>2.5</sub> by 59% relative to emissions in 2000. The consequences of the amendments of Directive 98/70/EC on VOC emissions from petrol stations should be addressed in future legislation.

extensive analysis of costs and benefits. In particular goals are set to reduce SO<sub>2</sub> emissions by 82%, NO<sub>x</sub> emissions by 60%, volatile organic compounds (VOCs) by 51% and primary PM<sub>2.5</sub> by 59% relative to emissions in 2000. **However, in its resolution of 26 September 2006 on the thematic strategy on air pollution<sup>1</sup>, the European Parliament called for more ambitious reduction targets, namely 65% for NO<sub>x</sub> emissions, 55% for VOC emissions and 61% for primary PM<sub>2.5</sub>. This ambition should be reflected in this Directive.** The consequences of the amendments of Directive 98/70/EC on VOC emissions from petrol stations should **also** be addressed in future legislation.

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<sup>1</sup> OJ C 306 E, 15.12.2006, p. 176.

#### *Justification*

*The European Parliament has called for a more ambitious policy to combat air pollution. All legislation on air pollution must accord with this ambition.*

#### Amendment 2 RECITAL 3

(3) The Community has committed itself under the Kyoto protocol to *Greenhouse Gas* emission targets for the period 2008-12. Inland transport currently accounts for almost 20% of these emissions. The Community **is considering what level of Greenhouse Gas savings should be sought beyond the Kyoto commitment.** All sectors will need to contribute to **the future** goals.

(3) The Community has committed itself under the Kyoto protocol to *greenhouse gas* emission targets for the period 2008-12. Inland transport currently accounts for almost 20% of these emissions. The Community **also committed itself to a 30% reduction in greenhouse gas emissions by 2020 in the context of a global agreement and a 20% reduction unilaterally.** All sectors will need to contribute to **these** goals.

#### *Justification*

*The post-2012 objective of 30% or 20% proposed by the Commission is supported by both the Council and Parliament. All legislation on reducing greenhouse gases must accord with this ambition.*

Amendment 3  
RECITAL 6

(6) Directive 2003/30/EC of 8 May 2003 of the European Parliament and of the Council on the promotion of the use of biofuels or other renewable fuels for transport aims at promoting the use of biofuels within the Community. The Community Strategy on Biofuels has been further elaborated in the Communication from the Commission of 2006 - An EU Strategy for Biofuels. While indicating the willingness to further develop biofuels and biofuel technology, the Communication makes clear that the growth of biofuels should not lead to an increase in environmental damage and emphasised the need for improving the greenhouse gas saving. The Communication also recognises the need to encourage further development of biofuel technology.

(6) Directive 2003/30/EC of 8 May 2003 of the European Parliament and of the Council on the promotion of the use of biofuels or other renewable fuels for transport aims at promoting the use of biofuels within the Community. The Community Strategy on Biofuels has been further elaborated in the Communication from the Commission of 2006 - An EU Strategy for Biofuels. While indicating the willingness to further develop biofuels and biofuel technology, the Communication makes clear that the growth of biofuels should not lead to an increase in environmental damage and emphasised the need for improving the greenhouse gas saving. The Communication also recognises the need to encourage further development of biofuel technology. ***It is desirable to introduce not only biodiversity criteria for the production of biofuels but also social criteria.***

*Justification*

*Blending of biofuels which perform well in terms of greenhouse gases with other fuels should be promoted, but this must not be done at the expense of biodiversity and must not have a substantial adverse social impact in the producing countries.*

Amendment 4  
RECITAL 15

(15) Blending ethanol in petrol results in a non-linear change of the vapour pressure of the resulting fuel mixture. To ensure that the vapour pressure of the petrol resulting from ***blending any two legal petrol-ethanol blends remains within the legal vapour pressure limit***, it is necessary to define ***the permitted vapour pressure waiver for such mixtures so that it corresponds to the actual increase in vapour pressure that results from adding a given percentage of ethanol to petrol.***

(15) Blending ethanol in petrol results in a non-linear change of the vapour pressure of the resulting fuel mixture. To ensure that the ***increase in*** vapour pressure of the petrol resulting from ***the percentage to be blended in is not disproportionately high***, it is necessary to define ***a minimum percentage to be blended in as a condition for allowing a*** waiver for such mixtures.

*Justification*

*Blending ethanol can result in increased vapour pressure. It is important to ensure that this legislation does not result in an increase in the maximum permitted vapour pressure.*

Amendment 5

RECITAL 16

(16) In order to encourage the use of low-carbon fuels while respecting air pollution targets, petrol refiners should *ideally* make available low vapour pressure petrol in the volumes required. As this is not for the moment the case, the vapour pressure limit for ethanol blends is increased in order to allow the biofuels market to develop.

(16) In order to encourage the use of low-carbon fuels while respecting air pollution targets, petrol refiners should make available low vapour pressure petrol in the volumes required. As this is not for the moment the case, the vapour pressure limit for ethanol blends is increased in order to allow the biofuels market to develop. ***The waiver must not lead to an overall increase of VOC emissions. Therefore it is necessary to lower the maximum vapour pressure levels.***

*Justification*

*Blending ethanol could result in increased vapour pressure. It is important to ensure that the waiver proposed by the Commission does not result in an increase in the current maximum permitted vapour pressure.*

Amendment 6

RECITAL 19

(19) In the framework of setting a new mechanism for monitoring greenhouse gas emissions, power should be conferred on the Commission to establish the methodology to be used in reporting on the lifecycle greenhouse gas emissions from road transport fuel and fuel used for non-road mobile machinery. Since those measures as those for the adaptation of the permitted analytical methods provided for in Article 10 of Directive 98/70/EC, are of general scope and are designed to supplement this Directive by the addition of new non-essential elements, they should be adopted in accordance with the regulatory procedure with scrutiny provided for in Article 5a of Decision

(19) In the framework of setting a new mechanism for monitoring greenhouse gas emissions, power should be conferred on the Commission to establish ***on the basis of the guidelines defined by the European Parliament and the Council*** the methodology to be used in reporting on the lifecycle greenhouse gas emissions from road transport fuel and fuel used for non-road mobile machinery. Since those measures, as those for the adaptation of the permitted analytical methods provided for in Article 10 of Directive 98/70/EC, are of general scope and are designed to supplement this Directive by the addition of new non-essential elements, they should be adopted in accordance with the

*Justification*

*The Commission proposes monitoring greenhouse gas emissions throughout the life cycle of fuels and then reducing them. From a democratic point of view, it is important that the European Parliament and the Council should determine the direction to be taken by the methodology used for monitoring rather than leaving this entirely to committee.*

Amendment 7  
RECITAL 22 A (new)

***(22a) New, cleaner engine technologies have been developed for inland waterway vessels. These engines can only be fuelled with very low-sulphur fuel. The sulphur content of inland waterway vessel fuels will be reduced as soon as possible in a single step.***

*Justification*

*Modern, clean ships' engines with advanced filtering techniques to combat air pollution are only compatible with fuels with a very low sulphur content. The Commission proposes reducing the sulphur content of fuels used in inland shipping in two stages. However, it would be better to accelerate the introduction of low-sulphur fuel and combine the two stages.*

Amendment 8  
ARTICLE 1, POINT -1 (new)  
Article 1 (Directive 98/70/EC)

***-1. Article 1 is replaced by the following:***

***"Article 1***

***Scope***

***This Directive sets technical specifications on health and environmental grounds for fuels to be used for vehicles equipped with positive-ignition and compression-ignition engines and other vehicle engine technologies."***

### *Justification*

*So far, the fuel quality directive has only regulated the quality of fuels; under the proposed amendment, a greenhouse gas emission reduction requirement would in addition be introduced for fuels. Fuel suppliers should be able to comply with this requirement, inter alia, by producing different fuels, such as hydrogen, with a good greenhouse gas balance. To make this option possible, it is necessary to extend the scope of the directive.*

### Amendment 9

#### ARTICLE 1, POINT 1 A (new)

Article 2, paragraph 1, point 5 a (new) (Directive 98/70/EC)

***1a. In the first paragraph of Article 2, the following point 5a is added:***

***"5a. 'Greenhouse gas performance' means the amount of greenhouse gases in the fuel, measured in CO<sub>2</sub> equivalents, plus the amount of CO<sub>2</sub> equivalents emitted due to the extraction and production process, transport, distribution and changes of land use, minus emission savings of CO<sub>2</sub> equivalents due to capture and storage or sinks related to the production of fuels."***

### *Justification*

*Fuel suppliers must improve the greenhouse gas performance of fuels by 10% by 2020. It is necessary to define exactly what this concept means.*

### Amendment 10

#### ARTICLE 1, POINT 2 (C)

Article 3, paragraph 3 (Directive 98/70/EC)

3. Fuel meeting the specification set out in Annex III shall be marked in the national language or languages "***Low biofuel petrol***".

Fuel meeting the specification set out in Annex V shall be marked in the national language or languages "***High biofuel petrol***".

3. Fuel meeting the specification set out in Annex III shall be marked in the national language or languages "***Petrol***".

Fuel meeting the specification set out in Annex V shall be marked in the national language or languages "***Low biofuel petrol***".

### *Justification*

*In order to make things clear to the consumer, the term 'high biofuel petrol' should be reserved for petrol which genuinely contains a high percentage of biofuels. Petrol containing 0% to 5% biofuels should therefore be called 'petrol' and petrol containing between 5% and 10% biofuels should be called 'low biofuel petrol'.*

### Amendment 11

#### ARTICLE 1, POINT 3 (C)

#### Article 4, paragraph 5 (Directive 98/70/EC)

5. Member States shall ensure, that gas oils intended for use by non-road mobile machinery and agricultural and forestry tractors marketed within their territory after 1 January 2008 contain less than 1000mg/kg of sulphur. By 31 December 2009 at the latest, the maximum permissible sulphur content of gas oils intended for use by non-road mobile machinery and agricultural and forestry tractors, excluding inland waterway vessels, shall be 10 mg/kg.

5. Member States shall ensure that gas oils intended for use by non-road mobile machinery and agricultural and forestry tractors marketed within their territory after 1 January 2008 contain less than 1000mg/kg of sulphur. By 31 December 2009 at the latest, the maximum permissible sulphur content of gas oils intended for use by non-road mobile machinery and agricultural and forestry tractors, excluding inland waterway vessels, shall be 10 mg/kg.

***Member States shall also ensure that, by 31 December 2009 at the latest, gas oils intended for use by non-road mobile machinery and inland waterway vessels are aligned with on-road diesel fuel quality as specified under Annex IV.***

### *Justification*

*The Commission proposes that the sulphur content of fuel for non-road mobile machinery and agricultural tractors and forestry machinery should be reduced. However, it does not make any proposals concerning other pollutants such as PACs. It is important that fuels for these vehicles should meet all the requirements which apply to road vehicles, as laid down in Annex IV.*

### Amendment 12

#### ARTICLE 1, POINT 3 (D)

#### Article 4, paragraph 6 (Directive 98/70/EC)

6. Member States shall ensure that, by 31 December 2009 at the latest, the maximum permissible sulphur content of gas oils intended for use by inland waterway vessels is **300** mg/kg. ***Member States shall***

6. Member States shall ensure that, by 31 December 2009 at the latest, the maximum permissible sulphur content of gas oils intended for use by inland waterway vessels is **10** mg/kg.

*ensure that this is reduced to 10mg/kg by 31 December 2011 at the latest.*

***Member States shall ensure that, by 31 December 2009 at the latest, gas oils intended for use by non-road mobile machinery and inland waterway vessels are aligned with on-road diesel fuel quality as specified under Annex IV.***

*Justification*

*Modern, clean ships' engines with advanced filtering techniques to combat air pollution are only compatible with fuels with a very low sulphur content. The Commission proposes reducing the sulphur content of fuels used in inland shipping in two stages. However, it would be better to accelerate the introduction of low-sulphur fuel and combine the two stages. The extra CO<sub>2</sub> emissions which would result from this at the refinery would be amply compensated by the more efficient engines, which emit less CO<sub>2</sub>. In addition, it is important that the fuels used in inland shipping should meet all the requirements which apply to road vehicles, as laid down in Annex IV.*

Amendment 13

ARTICLE 1, POINT 5

Article 7 a, paragraph 1 (Directive 98/70/EC)

1. From 1 January 2009, Member States shall require suppliers of fuels for road transport and non-road mobile machinery that are placed on the market, to monitor and report the life-cycle greenhouse gas emissions from those fuels.

1. From 1 January 2009, Member States shall require suppliers of fuels for road transport and non-road mobile machinery that are placed on the market to monitor and report the life-cycle greenhouse gas emissions ***per unit of energy*** from those fuels.

*Justification*

*See justification of Amendment 15.*

Amendment 14

ARTICLE 1, POINT 5

Article 7 a, paragraph 2 (Directive 98/70/EC)

2. From 1 January 2011, Member States shall require suppliers of fuels for road transport and non-road mobile machinery that are placed on the market, to reduce the *emissions of* greenhouse gas emissions from those fuels. The reduction shall equal an additional ***1%*** of the emissions in 2010

2. From 1 January 2011, Member States shall require suppliers of fuels for road transport and non-road mobile machinery that are placed on the market to reduce the greenhouse gas emissions from those fuels. The reduction shall equal an additional ***2%*** of the emissions in 2010 ***for every two***

*per year for each* calendar *year* up to and including 2020. The level of life-cycle greenhouse gas emissions per unit of energy reported in 2020 shall be no greater than 90% of the level reported in 2010.

calendar *years* up to and including 2020. The level of life-cycle greenhouse gas emissions per unit of energy reported in 2020 shall be no greater than 90% of the level reported in 2010.

*Justification*

*See justification of Amendment 15.*

Amendment 15

ARTICLE 1, POINT 5

Article 7 a, paragraph 3 (Directive 98/70/EC)

3. The measures necessary for the implementation of the monitoring, reporting and verifying of the *lifecycle* greenhouse gas emissions based on a precise definition of the elements to take into account for the calculation of these emissions to meet the obligations in paragraphs 1 and 2 of this Article, designed to amend non-essential elements of this Directive by supplementing it, shall be adopted in accordance with the procedure referred to in Article 11(2).

3. The measures necessary for the implementation of the monitoring, reporting and verifying of the *life-cycle* greenhouse gas emissions ***per unit of energy*** based on a precise definition of the elements to take into account for the calculation of these emissions to meet the obligations in paragraphs 1 and 2 of this Article, designed to amend non-essential elements of this Directive by supplementing it, shall be adopted in accordance with the *regulatory* procedure *with scrutiny* referred to in Article 11(2) ***on the basis of the guidelines as outlined in Annex VIa.***

*Justification*

*The Commission proposes to leave the establishment of the methodology for measuring greenhouse gases from well to wheel to committee. But some very political issues are attached to the question as to which methodology should be used. Therefore the Parliament should give some guidelines on which the committee process shall be based. Concerning the greenhouse gas reductions, it would be better to take 5 steps of 2% reductions rather than 10 yearly reductions of 1% because it is easier to implement a 2% reduction per 2 years.*

*Article 7ba*

*Sustainability criteria for biofuels*

***1. Only those biofuels that meet the criteria for sustainability of production and greenhouse gas performance on a life-cycle basis set out in Annex VIb shall be counted as contributing to the objective of Article 7a.***

***2. Member States shall accept bilateral and multilateral agreements between the Community and third countries as proof that the conditions specified in Annex VIb have been met.***

***3. Member States shall accept evidence of compliance with voluntary international schemes setting standards for the sustainable production of agricultural or forest products as proof that the conditions specified in Annex VIb have been met, provided that these schemes have been accredited as meeting adequate standards of reliability, transparency and independent third party auditing. A list of schemes that fulfil these criteria will be published and periodically updated.***

***The sustainability criteria as outlined in Annex VIb shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 11(2).***

*Justification*

*Biomass production can lead to serious biodiversity and social issues. The revised fuel quality directive stimulates the production of biomass with a relatively low greenhouse gas content, but in addition to this, biodiversity and social criteria are necessary. It is important that the Parliament formulates guidelines for these criteria instead of leaving it for committee to decide.*

Amendment 17  
ARTICLE 1, POINT 6  
Article 8 a (Directive 98/70/EC)

The Commission shall *continue to* develop a suitable test methodology concerning the use of metallic additives in fuel.

***Use of the metallic additive MMT in fuel shall be prohibited from 1 January 2010 onwards.*** The Commission shall develop a suitable test methodology concerning the use of metallic additives in fuel ***other than MMT.***

*Justification*

*In some Member States, MMT is added to petrol in order to improve the poor quality of petrol imported from Russia. The use of this and other metallic additives is very damaging to the environment. MMT can easily be replaced with less damaging substances, and the use of this additive should therefore be banned from 2010. As regards other metallic additives, the Commission will devise a suitable test methodology.*

Amendment 18  
ARTICLE 1, POINT 7  
Article 9, point c a (new) (Directive 98/70/EC)

***(ca) the definition of Arctic or severe winter conditions with the aim of restricting the definition to include only those areas where conditions justify a higher maximum vapour pressure level.***

*Justification*

*Member States where Arctic conditions apply or winters are very severe are entitled to a higher maximum vapour pressure. The Commission's proposed definition of 'Arctic conditions' or 'severe winters' is very broadly formulated. Consideration should therefore be given to whether the definition could not be confined to those regions which genuinely ought to be eligible for the higher maximum vapour pressure.*

Amendment 19  
ARTICLE 1, POINT 7  
Article 9, point (f) (Directive 98/70/EC)

(f) the use of metallic additives in fuels.

(f) the use of metallic additives in fuels ***except MMT.***

*Justification*

*See explanatory statement for Amendment 20.*

Amendment 20  
ARTICLE 1, POINT 7  
Article 9, point (f) a (new) (Directive 98/70/EC)

***(fa) the total volume of components used in petrol and diesel having regard to EU environmental legislation including the objectives of the Water Framework Directive and its daughter directives.***

*Justification*

*There is evidence that bodies of water are sometimes polluted with components used in diesel or petrol, such as MTBE or ETBE, or other components such as benzene. This should be investigated in the light of the Water Framework Directive and other EU environmental legislation.*

Amendment 21  
ARTICLE 1, POINT 12, PARAGRAPH - 1 (new)  
Annex III, table (Directive 98/70/EC)

***In the row for "Vapour pressure, summer period", the entry in the column "Maximum" is replaced by "56,0 (δ)".***

*Justification*

*Annex III applies to petrol with an admixture of biofuels of between 0% and 5%. As petrol containing between 5% and 10% biofuels is called 'low biofuel petrol', it is appropriate to continue to refer to the 0% to 5% category simply as 'petrol', as is the case in the current unamended Directive 98/70/EC.*

Amendment 22  
ARTICLE 1, POINT 12  
Annex III, footnote 5 (Directive 98/70/EC)

Footnote 5 is ***modified*** by ***adding*** the following text: "Where fuel contains ***ethanol***, the maximum summer vapour pressure may exceed ***60kPa*** by ***the amount shown in the table in Annex VI.***"

Footnote 5 is ***replaced*** by the following text: "***For Member States with arctic or severe winter conditions the maximum vapour pressure shall not exceed 66,0 kPa.*** Where fuel contains ***biofuels***, the maximum ***permitted*** summer vapour pressure may exceed ***56kPa*** by ***4 Kpa*** (see ***Annex VI***) if a minimum bio content of ***3% is met.***"

### *Justification*

*Annex III applies to petrol with an admixture of biofuels of between 0% and 5%. As petrol containing between 5% and 10% biofuels is called 'low biofuel petrol', it is appropriate to continue to refer to the 0% to 5% category simply as 'petrol', as is the case in the current unamended Directive 98/70/EC.*

### Amendment 23

#### ARTICLE 1, POINT 13 (a)

Annex IV, table (Directive 98/70/EC)

(a) in the row for "Polycyclic Aromatic Hydrocarbons", the entry in the column "Maximum" is replaced by "8".

(a) in the row for "Polycyclic Aromatic Hydrocarbons", the entry in the column "Maximum" is replaced by "6".

### *Justification*

*It is desirable to reduce emissions of damaging Polycyclic Aromatic Hydrocarbons (PACs) to the absolute minimum. The Commission wishes to reduce the maximum permitted PAC content from 11% to 8%. On average, however, fuel in the EU contains approximately 3% PACs, and only in a few exceptional cases does it contain more than 6%. The maximum percentage laid down can therefore be further reduced to 6%.*

### Amendment 24

#### ARTICLE 1, POINT 15 A (new)

Annexes VI a and VI b (new) (Directive 98/70/EC)

***15a. Annexes VIa and VIb as set out in the Annex to this Directive are added.***

### *Justification*

*It is necessary to define more clearly the exact way in which the greenhouse gas performances of fuels are to be monitored and reduced. Two new annexes are inserted for this purpose.*

### Amendment 25

#### ANNEX

Annex V, subtitle (Directive 98/70/EC)

Type: **High** biofuel Petrol

Type: **Low** biofuel Petrol

### *Justification*

*Annex V contains provisions applicable to petrol containing 0% to 10% biofuels. It is misleading to refer to petrol which contains such a proportion of biofuels as 'high biofuel petrol'. This term should be reserved for petrol containing substantially more biofuels. In addition, it is better to*

have one category comprising 0-5% biofuels and another category comprising 5-10%.

Amendment 26

ANNEX

Annex V, table, row 3, column 4 (Directive 98/70/EC)

Vapour pressure, summer period  
**60,0 (1)**

Vapour pressure, summer period  
**56,0 (1)**

*Justification*

*See justification of Amendment 25.*

Amendment 27

ANNEX

Annex V, table, row 7, indent 2 (Directive 98/70/EC)

- **Ethanol** (stabilising agents may be necessary) %v/v **10**

- **Biofuel** (stabilising agents may be necessary) %v/v **5-10**

*Justification*

*See justification of Amendment 25.*

Amendment 28

ANNEX

Annex V, footnote 4 (Directive 98/70/EC)

(4) For Member States with arctic or severe winter conditions the maximum vapour pressure shall not exceed **70,0** kPa. Where fuel contains ethanol, the maximum permitted summer vapour pressure may exceed 60kPa by the amount shown in the table in annex VI

(4) For Member States with arctic or severe winter conditions the maximum vapour pressure shall not exceed **66,0** kPa. Where fuel contains ethanol, the maximum permitted summer vapour pressure may exceed 60kPa by the amount shown in the table in annex VI

*Justification*

*See justification of Amendment 25.*

Amendment 29

ANNEX

Annex VI (Directive 98/70/EC)

VAPOUR PRESSURE WAIVER  
PERMITTED FOR PETROL  
CONTAINING **ETHANOL**

VAPOUR PRESSURE WAIVER  
PERMITTED FOR PETROL  
CONTAINING **BIOFUELS**

<i>Ethanol content (%v/v)</i>	<i>Vapour pressure waiver permitted (kPa)</i>
<b>0</b>	<b>0</b>
<b>1</b>	<b>3.65</b>
<b>2</b>	<b>5.95</b>
<b>3</b>	<b>7.20</b>
<b>4</b>	<b>7.80</b>
<b>5</b>	<b>8.0</b>
<b>6</b>	<b>8.0</b>
<b>7</b>	<b>7.94</b>
<b>8</b>	<b>7.88</b>
<b>9</b>	<b>7.82</b>
<b>10</b>	<b>7.76</b>

*The permitted vapour pressure waiver for intermediate ethanol content between the values listed, shall be determined by a straight line extrapolation between the ethanol content immediately above and that immediately below the intermediate value.*

*A waiver of 4kPa will be granted only where between 3% and 10% biofuels are blended in.*

*Justification*

*The waiver as proposed would lead to an increase of the vapour pressure up to 68kPa and would deteriorate air quality due to increased VOC emissions. However the blending of ethanol or other biofuels can be an important instrument for suppliers to improve the GHG performance of their fuels. Therefore, in order not to deteriorate air quality, the overall maximum vapour pressure has to be lowered to a level of 56kPa. In addition, a waiver with a maximum of 4kPa can be allowed. With this approach, even with the waiver the maximum vapour pressure will not exceed the 60kPa and air pollution will not increase.*

**ANNEX VI A**

**METHOD TO MEASURE LIFE-CYCLE  
GREENHOUSE GAS EMISSIONS  
FROM ALL FUELS**

***1. In the reporting on the life-cycle greenhouse gas emissions from all fuels, the following elements will be taken into account:***

***(a) Extraction/production of raw materials, including:***

- the way in which the extraction took place, measured or estimated per extraction site;***
- an estimate of the amount of energy used during extraction including flaring, leakages and other forms of process-related energy-use;***
- the impact of land-use changes including displacements of agricultural activity;***
- the amount of energy used by the production and application of agrochemical substances per unit of energy;***
- the impact of by-products;***
- use of production machinery fuel per unit;***

***(b) Transport and distribution, including:***

- transport from well to first refining/transfer location on the basis of average CO<sub>2</sub> equivalents per unit of energy;***
- the number of transportation kilometres from well to refining/transfer location;***
- the number of transportation kilometres from refining/transfer location to selling point on the basis of average CO<sub>2</sub> equivalents per unit of energy;***

***(c) Conversion/refining, including:***

***- the amount of energy used in the conversion/refining process per unit of energy;***

***- the amount of CO<sub>2</sub> equivalents emitted per unit of energy;***

***(d) Final product:***

***- the carbon content per unit of energy.***

***2. Before 1 January 2011, fuel baseline standards will be formulated for fuels based on the life-cycle greenhouse gas emissions as measured pursuant to paragraph 1 of this Annex. The standards will consist of the measuring results of the fuel supplier with the best overall performance or the average of the best three suppliers. If appropriate a distinction between light and heavy conventional crude may be made.***

***3. From 1 January 2011 onwards, the CO<sub>2</sub> equivalents reduction as outlined in Article 7a(2) could be based on default values per extraction site, or a fixed content of CO<sub>2</sub> equivalents on a well-to-wheel basis. Fuel suppliers may deviate from this value in a positive way if they can prove that their product has a lower greenhouse gas performance when compared to the default value.***

*Justification*

*This Annex gives methodology guidelines for measuring CO<sub>2</sub> from all fuels (incl. fossil fuels, biofuels, hydrogen). If suppliers can reach their carbon reduction target set in art. 7a by using new fuels such as hydrogen, this would lead to a great increase of investment in new vehicle technologies.*

*The methodology is divided into 3 parts: the first one describes the monitoring process of GHG emissions in the whole chain. The second one sets the baseline standards for GHG emissions reduction. The last one describes the reduction phase and introduces the possibility of using default values.*

**ANNEX VI B**

**SUSTAINABILITY CRITERIA FOR  
THE PRODUCTION OF BIOFUELS**

***Biodiversity***

***Biodiversity criteria will be based on a system in which biomass is at least partly traceable to its source, certified biomass may be mixed with non-certified biomass and all companies in the sustainable biomass production chain are certified. This system will have to ensure that:***

- no production of biomass takes place in proximity to valuable nature or government protected areas, unless consisting of waste streams or wood rests;***
- no deforestation occurs due to biomass production;***
- international conventions and regulations are complied with;***
- no water shortages occur due to biofuels production.***

***Social criteria***

***Social criteria for the production of biofuels will include the following elements:***

- an obligation to report about the social consequences of bio feedstock production, notably on food prices;***
- a declaration of consent by a representation of local communities/population.***

***Justification***

***Biomass production can lead to serious biodiversity and social issues. The revised fuel quality directive stimulates the production of biomass with a relatively low greenhouse gas content, but in addition to this biodiversity and social criteria are necessary. The proposed verification system provides an effective verification of the origin of biomass as to ensure there is no loss of biodiversity, but also makes implementation on a large scale possible. Social criteria should be***

*based on good information and local consent.*

## EXPLANATORY STATEMENT

The revision of the Fuel Quality Directive has two purposes. Firstly, to improve air quality by reducing emissions, inter alia, of sulphur and PACs. A second aim is to help combat climate change by reducing greenhouse gases from transport fuels. This second aim represents a remarkable political decision. Emissions of greenhouse gases must first be measured throughout the life cycle: the extraction and production phase, transport and distribution and ultimate use. The next step is to reduce emissions. This is the first time that a specific product (fuel) has been set a reduction target on the basis of a life cycle analysis. It is interesting to note that in the USA the State of California has more or less simultaneously announced a similar initiative, as a result of which the prospect of productive cooperation with the USA has arisen. In order to prepare for the political debate, the coordinators in the European Parliament's Environment Committee have requested a study. This study, *Inclusion of sustainability criteria in the Fuel Quality Directive*, was published at the beginning of July. On 5 July, the ENVI Committee and the policy department organised a workshop at which experts stated their opinions, while interested parties were invited to attend. Some 50 people took part in the discussion, including representatives of the Commission, the ESC, Member States, the Council Presidency, the oil industry, the environmental movement and biofuel producers. In recent months, your rapporteur has held many talks, both with interested parties and with experts. In May she attended a symposium in California on this subject. Certain decisions on the choice of options, regarding both air quality and the climate change objective, require elucidation.

### 1. Air quality

The Fuel Quality Directive lays down new standards for sulphur dioxide and polycyclic aromatic hydrocarbons. As regards the sulphur content of fuel for inland shipping, the Commission proposes a reduction to be implemented in two stages: on 31 December 2009 to 300 mg/kg and on 31 December 2011 to 10 mg/kg. The Commission justifies this two-stage approach by reference to the extra energy consumption required in order to reduce the sulphur content of fuels. However, it may be objected to this that low-sulphur fuel makes more efficient ships' engines possible. The extra energy consumption at the refinery is amply compensated by reduced fuel consumption by ships. The more efficient ships' engines are already available.

The Commission proposes that the maximum permitted polycyclic aromatic hydrocarbon content of fuels should be reduced from 11% to 8%. However, the mean level in the EU is between 3% and 4%, while 6% is exceeded in only a few exceptional cases. A further reduction of the ceiling from 8% to 6% could therefore be achieved without much extra cost.

#### *Vapour pressure and ethanol*

Another point is vapour pressure. The higher the vapour pressure, the greater the emissions of Volatile Organic Compounds (VOCs). VOCs play an important part in the formation of ozone. Particularly in warm conditions, ozone formation can be a serious health problem. In its resolution on the thematic strategy for air quality, Parliament called for a more ambitious approach, precisely on account of the damage caused to health by VOC emissions. The Commission does not propose any further reduction and wishes to retain a figure of 60kPa for the maximum permitted vapour pressure, with the possibility of increasing it to 70kPa in Arctic conditions, so that cars can also be started in Arctic regions. In addition, the Commission

actually proposes an increase where ethanol is blended with fuel. Where ethanol is blended with fuel, one side-effect is to increase the vapour pressure, which results in more VOCs being emitted into the atmosphere. The increase in the vapour pressure is not directly proportional to the quantity of ethanol used for blending. It reaches a maximum with a 5% blend, beyond which figure it gradually declines again.

In order to make a balanced proposal, your rapporteur has studied the situation in the USA. In most states in the USA, the maximum permitted vapour pressure is considerably lower, namely 48 kPa. No increase is provided for in the event of blending with ethanol, although states where the air quality permits it do take advantage of this option. There are no technical obstacles to likewise imposing a lower vapour pressure in the EU. A vapour pressure of 56 kPa is possible. In addition, it is open to question to what extent an exception for ethanol is necessary. In view of the rapid increase in vapour pressure when a small proportion of ethanol is blended, to allow an increase in vapour pressure where only a small percentage is blended would provide the wrong incentive. In that case, a small contribution to reducing greenhouse gas emissions would result in a disproportionate deterioration of air quality. Your rapporteur therefore proposes a limited waiver of 4kPa if at least 3 per cent biofuels are blended with fuel.

### ***Proposals***

To sum up, your rapporteur proposes:

- accelerating the reduction of sulphur in fuels for inland shipping
- reducing the maximum permitted quantity of PACs
- prohibiting the damaging additive MMT
- reducing the vapour pressure and only permitting an exception if between 3% and 10% biofuels are blended.

## **2. Greenhouse gases**

Road transport causes approximately 20% of greenhouse gas emissions in the EU. In order to achieve a CO<sub>2</sub> reduction of 30% by 2020, cars must become considerably more efficient, but CO<sub>2</sub> emissions caused by fuels must also be reduced. The Commission proposes first measuring emissions of greenhouse gases and then between 2011 and 2020 reducing them by 1% per annum. Around 85% of greenhouse gas emissions from fuel occur upon combustion in the car and 15% in the overall production and refining process, including fuel transport and distribution. The Commission's proposal to reduce emissions deserves every support. In order to achieve the reduction, fuel suppliers may opt to render the extraction and refining processes more efficient so that less energy is used to obtain oil and turn it into petrol or diesel. Comparative research, for example by Kristina Holmgren of *IVL Swedish Environmental Research Institute*, indicates that refineries within the EU differ – and that many opportunities to save energy are not yet being exploited. Another option is the production and marketing of alternative fuels, such as natural gas, hydrogen or LPG. Naturally, the production these alternative fuels must be subjected to the same *Well to Wheel* analysis. A third possibility is blending with biofuels. Here too, the *Well to Wheel* approach must be applied, which will lead to a preference for biofuels which have a better greenhouse gas balance than fossil fuels. This proposal gives fuel suppliers enough options to make choices in the light of their own judgment and supply those fuels which have a better carbon balance. The proposal deserves our full support. However, there are a few remarks which should be made about the Commission proposal:

### *1. Determination of the method*

The Commission proposes determining the *Well to Wheel* approach by means of commitology. As a number of important political choices have to be made in this context, Parliament must have a say in deciding a number of guidelines. This can be ensured by formulating guidelines in a new annex, which can be fleshed out later by means of the commitology procedure. These guidelines can, inter alia, include decisions about the base year and the standard.

### 2. *The base year and the standard*

Oil companies have invested to differing extents in improved efficiency. Under the Commission proposal, every supplier must supply data on greenhouse gas emissions, which will then become the standard. This would mean that a different standard applied to each company, which is contrary to the logic of the internal market. It is also contrary to the sense of justice, because companies which have invested in improvements would suffer by having to comply with stricter standards than their competitors who had invested less in efficiency. In order to guarantee a level playing field, a common standard is needed. Ideally, the base year should lie in the past in order to ensure that behaviour is not influenced by strategic motives. In that case, use must be made of existing studies. Because many data are lacking, and because not every fuel supplier and biofuel producer clearly endorses the results, it would be better for the base year to lie in the future, namely as soon as possible after the adoption of this directive. In that way, every supplier can supply data and will have to do so.

### 3. *The target*

The proposed target is 1% per annum. In order to achieve this level of ambition, experts say that a considerable effort is necessary, but this of course depends very much on the starting point or the basic standard. The question is, naturally, how the standard is to be chosen from the data supplied by fuel producers. It would be advisable, certainly, not to take the lowest standard, and not the average either. In order to ensure an adequate level of ambition, a top-runner approach is the obvious choice: in that case, the best company (or, for example, the average of the top three companies) would set the standard for the rest. But there is one qualification to be made here. It is likely that the best company will be operating with light oil, as that requires less processing and refining. If the best company sets the standard, this will give all European fuel suppliers a strong incentive, or even compel them, likewise to use as much light oil as possible. This will mean a price rise for light oil and will result in heavy oil going to such countries as China and India. That would not necessarily be better for worldwide emissions of greenhouse gases: it would merely relocate emissions from European companies to other companies. In order to ensure that a genuine reduction is achieved, it may be necessary to introduce two standards: one for heavy oil and one for light oil. However, the need for this can only be ascertained on the basis of data on actual emissions by fuel producers. In addition, the proposed reduction of 1% per annum will be difficult to enforce. A reduction of 2% per two years is easier and will bring about the same emission reduction by 2020.

### 4. *The whole chain*

The Commission proposal specifically mentions a *Well to Wheel* approach. This means that emissions throughout the chain are taken into account. For fossil fuels, the chain comprises oil extraction, flaring, initial processing, transport, refining, distribution and emission upon combustion in the engine. For biofuels, the same applies, but there the emphasis is more likely to be on the use of production inputs (such as artificial fertiliser) and changes in land use.

The annex lists these criteria in such a way as to render them applicable to oil, gas, hydrogen and biofuels. An alternative would be to describe a different method for each biofuel, but this

approach guarantees that the method is technology-neutral and that there is no concealed stimulus for one of the fuels. The fuel supplier can himself decide on the option which is optimal for him.

#### *5. Scope*

The Commission proposal does not refer to hydrogen. However, it is important to give fuel suppliers optimal choices and not exclusively back the use of biofuels. It is therefore necessary to amend Article 2 defining the scope.

One difficult point is electricity. Of course it would be good if cars operated on sustainably produced electricity. Some car manufacturers foresee the rise of plug-in cars whose batteries will be recharged at home. In many cases, the present fuel suppliers are not involved in this. Including electricity in the scope would in principle be desirable, but fuel suppliers do not generally supply electricity. A trade system would overcome this problem, but that would make the directive complex again.

#### *6. Sustainability criteria*

Even if fuel suppliers have various ways of complying with reduction obligations, it is undeniable that this objective creates a strong incentive to use biofuels. It goes without saying, in this connection, that blending fuels with biofuels which, on the basis of a well-to-wheel analysis, emit even more greenhouse gases or very little less will achieve little. Inclusion of a criterion which explicitly lays down a minimum requirement regarding greenhouse gas performance is therefore not necessary: fuel suppliers have no reason to use biofuels for blending whose carbon dioxide efficiency is poor.

It is a different matter when it comes to sustainability criteria. There is justified concern about the impact of a large-scale use of biofuels on biodiversity, the environment and social relations. It is not easy to formulate criteria which accord with the rules of the World Trade Organisation. Some European countries have already made a first move. On the basis of the positions of the UK, Germany and the Netherlands, or at least their provisional positions, Annex [VIb] lists a number of criteria dealing with the concerns about biofuels. In the case of the social criteria, the response primarily lies in an obligation to monitor social impact and to obtain the consent of the local population. In the case of biodiversity, concerns include water use and the proximity of areas of natural interest.

#### *7. Compatibility with other legislation: ETS and biofuel objective*

There is much debate about compatibility with other legislation and initiatives. The European Council has agreed to a binding objective of 10% admixture of biofuels on two conditions. The biofuels must be sustainable, and 2nd generation technology must be sufficiently developed. It goes without saying that the sustainability objectives in the annex to this directive must not be incompatible with the general condition for sustainability formulated by the Council. The Commission is currently drawing up criteria. At a later stage, it may be possible in Annex VIb to make do with a reference to an established list of criteria.

There is a second compatibility aspect, namely that relating to emissions trading. Refineries fall under the ETS system and must report their emissions and purchase additional rights if they emit more than they already have the right to. According to some commentators, this provides a sufficient guarantee that refineries will act responsibly in their carbon dioxide emissions, which means that refineries do not need to submit compulsory reports. On the other hand, there is a

view that the ETS only provides an incentive to reduce carbon dioxide and does not impose any absolute obligation. Oil companies can, after all, decide to purchase emission rights on the commercial market. Both the ETS and the directive now under consideration provide incentives: neither of them actually imposes a requirement to improve efficiency at refineries. In other words, they reinforce each other and at least do not conflict.

#### 8. *Conclusion*

Your rapporteur's amendments are designed to ensure maximum flexibility, a level playing field and ambitious but responsible objectives. In addition, it is important that the directive should be technology-neutral in the sense that it should not provide extra incentives for a particular fuel or technology. In sum, this involves the following proposed amendments:

- Annex VIa: guidelines for measuring methods, including the possibility of using standard values (default values), a top-runner approach and, if necessary, different standards for light and heavy oil
- Annex VIb: sustainability criteria: biodiversity and social obligations
- extending the scope of the directive: the use of hydrogen to reduce CO<sub>2</sub> is made possible
- greater flexibility: emission reduction of 2% per 2 years up to and including 2020 rather than 1% per annum
- guarantees of sustainability in a new Article 7c.