Verification of Feedstock Claims and Prevention of Double Accounting

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Insufficient policy implementation can increase the risk of false feedstock claims and double accounting

**Feedstock:**

- Non-sustainable feedstock declared as sustainable (e.g. feedstock from former no go areas)
- Wrong feedstock claim leads to wrong CI number
- Special incentives for waste/residue based biofuels (e.g. double counting, quota systems, low CI)

**Double accounting:**

- Deliveries to a biofuel market with a sustainability claim which in reality has already been used for another market or another certification system
Site-specific ISCC certificates are issued by independent certification bodies upon successful audit of the site.

Advantage of site-specific certification:
Instead of auditing an entire value chain each player can source sustainable material from any certificate holder.

Simplified supply chain
*Voluntary individual certification possible
Security of feedstock claims is key for high quality certification and low carbon fuel policies

**Sustainability claims forwarded through the supply chain:**
- Sustainability of the feedstock (sustainable vs. non-sustainable)
- Waste or residue status of the feedstock
- Information on CI
- Country of feedstock origin
- Type of feedstock

Sustainable products and claims can be traced back to their origin in a step by step approach under ISCC
Information to be stated on the ISCC Sustainability Declaration. Verification by the auditor during the audit

General information requirements on an ISCC Sustainability Declaration (SD)

<table>
<thead>
<tr>
<th>Traceability Information</th>
<th>Product Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unique document or batch number</td>
<td>• Type and quantity of sustainable material</td>
</tr>
<tr>
<td>• Name, address, certification scheme and certificate number</td>
<td>• Product-specific claims (e.g. ISCC compliant, RED compliant, Add-on’s)</td>
</tr>
<tr>
<td>• Contract number</td>
<td>• GHG / CI information</td>
</tr>
<tr>
<td>• Name and address of recipient</td>
<td>• Country of feedstock origin</td>
</tr>
<tr>
<td>• Date of dispatch of the sustainable material</td>
<td>• Statement about the waste/residue status of the feedstock</td>
</tr>
<tr>
<td></td>
<td>• Chain of Custody (under ISCC PLUS)</td>
</tr>
</tbody>
</table>
ISCC provides procedures and tools for secure verification. Rapid adaption to innovations, market developments and risks possible

ISCC audit procedures
(Word or PDF format)

Electronic audit procedure
system APS and excel-based procedures

- Automated documents hide criteria which are not applicable
- Non-conformities are automatically counted and added to the list of non-conformities
For biomethane production, crops, manure and other organic wastes as well as landfill gas are relevant feedstocks
ISCC uses audit approaches based on risk assessments. Example: Waste-based supply chain

Specific risk indicators for waste-based supply chains

- Type (e.g. restaurant, food processing plant, landfill site, etc.)
- Size (amount of waste/residue material generated per month)
- Status of the material (recognition of the material as a waste/residue by competent authorities)
- Declaration or labeling of the material (e.g. waste codes)
- Risk of intentional production of waste/residue
- Risk of intentional modification of products to count as waste/residue

Point of Origin

- Claims, declaration or labeling of the material (e.g. waste codes)
- Traceability and (product-specific) Mass Balance
Risk-based audit approach: during the risk assessment a risk factor is determined that drives the audit intensity

**Determination of risk factor:**
- Regular: 1.0
- Medium: 1.5
- High: 2.0

**Sample size to be audited** (if sampling is part of the audit)
- Formula to calculate the sample: \( s = r \times \sqrt{n} \)
  - \( s \) = sample size
  - \( r \) = risk factor
  - \( n \) = total number of group members

**Documentation to be verified during the audit**
- **Regular risk:** Random document samples from three successive months to be verified
- **Medium risk:** Random document samples from three successive months as well as all documents from one complete month to be verified
- **High risk:** All documents of three successive months to be verified completely
A mass balance allows the physical mixing of batches while original sustainability information remain on bookkeeping basis.

### Handling of different batches in a Mass Balance approach

#### Physical

- **UCO**
- **Canola oil**
- **Corn oil**
- **Animal fat**

#### Bookkeeping

**Input**

<table>
<thead>
<tr>
<th>Batch</th>
<th>Material</th>
<th>Amount (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>123</td>
<td>UCO</td>
<td>1000</td>
</tr>
<tr>
<td>124</td>
<td>Canola oil</td>
<td>1000</td>
</tr>
<tr>
<td>125</td>
<td>Corn Oil</td>
<td>1000</td>
</tr>
<tr>
<td>126</td>
<td>Animal fat</td>
<td>1000</td>
</tr>
<tr>
<td>127</td>
<td>Animal fat</td>
<td>1000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>5000</td>
</tr>
</tbody>
</table>

**Company Internal Processes**

<table>
<thead>
<tr>
<th>Batch</th>
<th>Material</th>
<th>CF*</th>
</tr>
</thead>
<tbody>
<tr>
<td>123</td>
<td>UCO</td>
<td>0.89</td>
</tr>
<tr>
<td>124</td>
<td>Canola oil</td>
<td>0.96</td>
</tr>
<tr>
<td>125</td>
<td>Corn oil</td>
<td>0.95</td>
</tr>
<tr>
<td>126</td>
<td>Animal fat</td>
<td>0.91</td>
</tr>
<tr>
<td>127</td>
<td>Animal fat</td>
<td>0.91</td>
</tr>
</tbody>
</table>

**Output**

<table>
<thead>
<tr>
<th>Batch</th>
<th>Material**</th>
<th>Amount (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>128</td>
<td>Biodiesel (UCO)</td>
<td>890</td>
</tr>
<tr>
<td>129</td>
<td>Biodiesel (canola)</td>
<td>960</td>
</tr>
<tr>
<td>130</td>
<td>Biodiesel (corn oil)</td>
<td>950</td>
</tr>
<tr>
<td>131</td>
<td>Biodiesel (animal fat)</td>
<td>910</td>
</tr>
<tr>
<td>132</td>
<td>Biodiesel (animal fat)</td>
<td>910</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4620</td>
</tr>
</tbody>
</table>

* Conversion factors simplified for explanation
** Denomination according the list of materials eligible for ISCC certification
Only independent third party certification systems can securely prevent double accounting in global low carbon fuel markets

- No double selling of sustainability/ CI number/ feedstock characteristics under
  - Multiple certification systems
  - To multiple markets

- Under ISCC this is verified in detail by auditing all sales under all schemes and to all markets
Conclusions

• ISCC offers a global system, operational in more than 100 countries for all types of supply chains, feedstock and liquid and gaseous fuels

• ISCC delivers a level-playing field and security for global low carbon fuels trade and use. Companies should pro-actively use ISCC to secure future low carbon feedstock and fuel supply on a global scale

• ISCC ensures prevention of double accounting, wrong feedstock/ CI claims

• ISCC has more than 10 years of experience in renewable fuels verification in global supply chains

• ISCC has been the first state-recognized certification system for sustainability, traceability and CI globally. More and more regulators and companies recognize ISCC

• ISCC is rapidly reacting to new market requirements and offers a variety of tools that simplify audits

• As a global scheme, ISCC can ensure integrity around the world
Many thanks for your attention!

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