WASTE / RESIDUES ISSUES AND NECESSITY FOR ACTION

ISCC EU Stakeholder Committee
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Background - I

- **REDII:** good outcome for waste feedstocks
  - Double counting
  - Highest values in annex V

- **Challenging aspects**
  - Aviation incentives
  - 1.7/3.4% limitation

- **EWABA contacts with national authorities re REDII implementation**
  - Fraud allegations

- **When historically confronted with fraud allegations...**
  - Origin - competitors from industry at large
  - Unsubstantiated claims
  - Last major scandal – Poland in 2016 – Pure vegetable oil
• Disclaimer for today…

Let’s restate the obvious
• Waste is targeted because of its higher sustainability premium
• Fraud is harmful
• Unfounded allegations- great legitimacy damage
• Actual fraud - Companies who cheat unfairly compete against compliant ones

• Allegations or actual fraud – the spotlight is on ISCC
Background- III

- REDII places great emphasis on:
  1. GHG Savings
  2. Multipliers
  3. Enhanced Sustainability

- Therefore:
  1. National authorities
  2. Obligated parties
  3. Value chain

Need to be confident on ISCC

➔ Acute need to improve ISCC
Background IV

• This is **not only about Chinese UCO**
  - Crop-based with implausibly high GHG savings
  - Multiple counting advanced biofuels from Part A Annex IX
  - Multiple counting aviation and maritime fuels

• Confidence in the sector as a whole

→ Measures identified by the ISCC Technical Committee on Wastes and Residues
→ Role and input of EWABA members
More Surveillance Audits

- **NEW ISCC whistle-blowers page**
- **Allegations need to be substantiated**

- Use trade experts; ship brokers, customs, surveyors, analysts → **Understand irregular market flows**

- Targeted & ad-hoc Raids
- **Sense of fear from non-compliance**

- Include checks on live consignments

- Increase ISCC Surveillance budget
Audit Scope

Focus on auditors
Auditors’ objective is to find fraud, not to easily issue certificates
→ Check all volumes, all purchases, all sales of biofuel and feedstock

Physical Checks
• Guidelines for typical products – not conclusive or characteristic, yet a valuable indicator

Extra transparency: adapt ISCC Terms of Use & System Documents to give access to;
• Purchase & Sales Ledgers
• Commercial & Shipping docs - all Contracts, COA, BL, Invoice, Customs
• Stock reporting systems – not just ISCC mass balances
• Corroborate with 3rd parties; Terminals, customers, suppliers, inspectors, other Auditors/CBs.
ISCC Global Mass Balance – Central Database

- Maintain an Annual Mass Balance
- **All volumes produced and consumed yearly / monthly**
- Feedstock & Biofuel production & Consumption
- Audit reports as data source – compiled by ISCC
- Verify whether traded volumes balance
- Identify
  1. **Irregular trade flows**
  2. **Impossible claims**

- Move toward Nabisy / Trace Your Claim
Grimmer consequences of non-compliance

- ISCC should require Company Directors to be named on application, not administrators
- **Fines** for Major and Minor Non-Compliances
- Reasons for withdrawn published online
- Companies with withdrawn certificates:
  - Not allowed to trade under different name
  - Not allowed in other certification schemes
- Automated email to all uses indicated company and Director’s name

- Non-compliance should be **TERRYFYING**!
To conclude

• ISCC’s task is to assure credibility

• Improvements needed immediately – right steps are being taken – need to avoid complacency

• No point in ISCC if national ministries cannot trust whether an ISCC certificate is of waste, pure vegetable or fossil origin

• If Member States become less ambitious on biofuels because of lack of trust on ISCC → whole systemic failure
THANK YOU!

Questions?

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