



ISCC Update on RED II and (draft) Implementing Act

From July 2021 until 2030: The **RED II** sets the legal framework for renewable energy in the EU

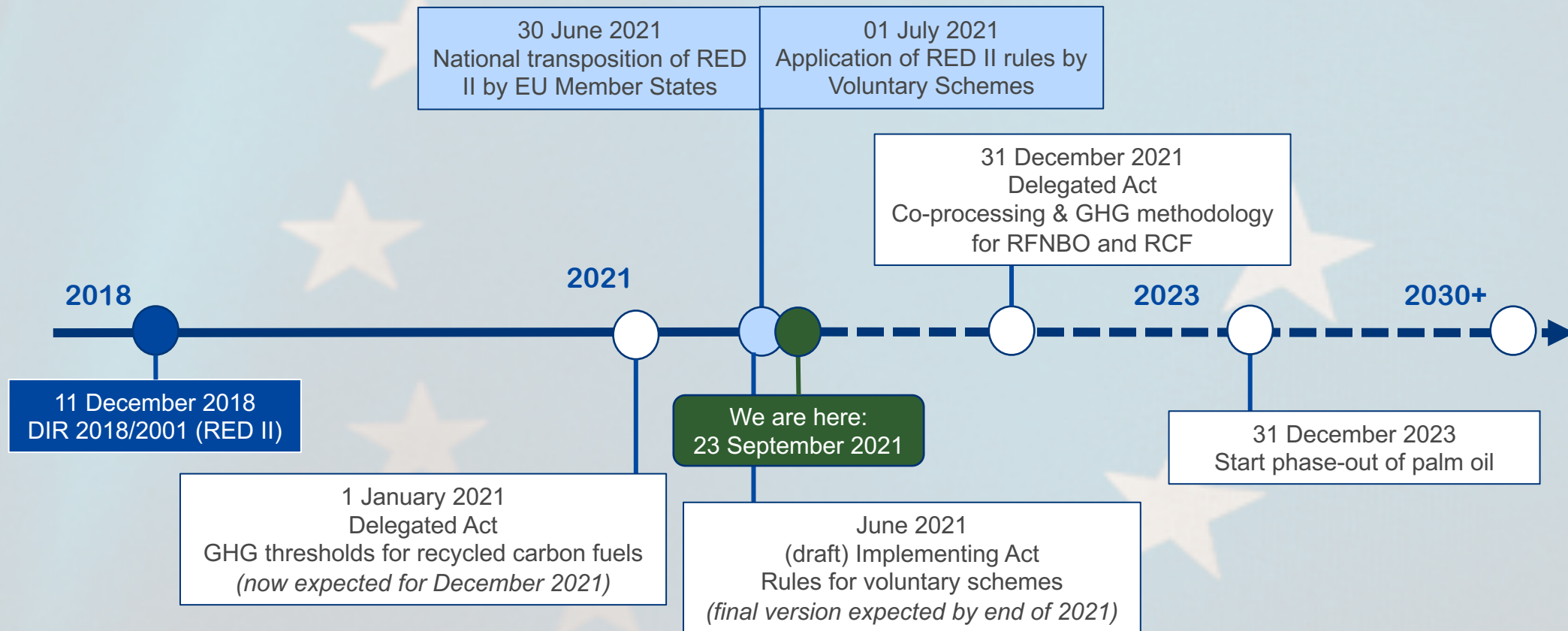
Renewable Energy Directive (EU) (2018/2001)



- 14% mandatory target (2030) for renewable energy in transport in the EU
- Mandatory sustainability criteria for feedstocks for biofuels, bioliquids and biomass fuels
- Mandatory minimum GHG savings for biofuels, bioliquids and biomass fuels
- Use of voluntary certification schemes
- Double-counting options for biofuels produced from waste and residues

The RED II Directive will have a strong impact on fuel markets and the share and type of renewables used in the fuel market

Timeline of RED II Implementation



Summary of major changes introduced with the RED II

<p>New targets</p>	<p>Caps and multipliers</p>	<ul style="list-style-type: none"> ▪ 32% energy from renewable sources until 2030 (EU level) ▪ 14% blending obligation for fuel suppliers until 2030 ▪ 3,5% share of advanced biofuels (Annex IX, Part A) until 2030 (Part B capped to 1,7%) ▪ Road & rail: share of renewable electricity can count 4 x for road & 1,5 x for rail ▪ Maritime & aviation: fuels can count 1,2 x (excl. fuels produced from food/feed crops)
<p>New fuel categories</p>	<p>Advanced Biofuels</p>	<ul style="list-style-type: none"> ▪ Advanced biofuels (Annex IX, Part A) ▪ High iLUC-risk biofuels (palm phase out) & low iLUC-risk biofuels (cap on consumption) ▪ Renewable fuels of non-biological origin (RNFBOs) & recycled carbon fuels (RCF)
<p>New sustainability requirements</p>		<ul style="list-style-type: none"> ▪ Mandatory sustainability criteria for gaseous and solid biomass (e.g. wood pellets) ▪ Criteria for forest biomass regarding monitoring and enforcement systems in place
<p>New GHG emission saving requirements</p>		<ul style="list-style-type: none"> ▪ 65% for installations starting operation after 1 January 2021 ▪ 70% for renewable fuels from non-biolog. origin after 1 January 2021 ▪ New fossil fuel comparator: 94 instead of 83.8 gCO₂eq/MJ
<p>Amendments for Mass Balance & Traceability database</p>		<ul style="list-style-type: none"> ▪ Specification that raw materials and fuels can be mixed in certain sites. "Distribution infrastructure" includes the gas network ▪ Mixing of raw materials with differing energy content is explicitly allowed ▪ Establishment of a Union database to enable full traceability of transport fuels

RED II transposition by Member States and recognition of Voluntary Schemes

Transposition by EU Member States

- **Transposition of RED II** by Member States (MS) required by 30th June 2021
- Some MS have **already transposed** the RED II (e.g. France, Finland, Denmark, Croatia)
- Other MS are in the **process of transposition** (e.g. Germany, The Netherlands, Austria), transposition may be expected by the end of 2021

Palm phase out

- **High iLUC-risk biofuels** (palm phase out): RED II requires MS to cap high ILUC risk feedstock at 2019 level and phase it out by 2030 the latest
- Some MS have set **earlier dates for phase out**, for example: 2021 – Austria and France; 2023 – Germany; 2024 – Spain and Lithuania

Recognition of Voluntary Schemes

- Voluntary Schemes (VS) have **to apply by EC** to become recognised in the framework of the RED II
- ISCC has applied in a **timely manner** last year
- No VS has been **officially recognised** yet by the EC
- EC has confirmed that ISCC EU and other VS are **technically compliant with the RED II** (i.e. they have passed the preliminary assessment for the formal recognition under RED II)
- MS widely **accept the technically compliant VS**
- EC expects that the official recognition of VS will happen **in the short term**



European Commission: “As of 1st of July 2021 RED II rules apply”*

- Certified economic operators have to comply with the sustainability and GHG saving criteria of the RED II
- Auditors must verify that economic operators have applied the RED II requirements from 1st July 2021 onwards
- **ISCC EU certificates that were issued prior to 1st July 2021 remain valid until their respective expiry date**
 - No immediate re-certification is required
 - Re-certification can be done within the usual interval
- **Sustainable material in the supply chain on 1st July**
 - Certified economic operators can consider all RED I compliant material in stock on this date as **RED II compliant**
 - For all outgoing deliveries physically dispatched on or after 1st July 2021 the sustainability declarations have to **reflect the RED II requirements**

* According to communication from EC to voluntary schemes from June 2021

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The most important updates from the RED II that have to be taken into account by ISCC certified companies since 1st July 2021

▪ Land related sustainability:

- New land category “highly biodiverse forest and other wooded land”
- Update in the assessment of **biodiversity of grassland**
- Monitoring of impacts on **soil quality and soil carbon** for waste and residues derived from agriculture

▪ Traceability and mass balance:

- Sustainability declarations/PoS must reflect RED II requirements (updated templates available)
- Mass balance period for FGPs can be up to **12 months**
- Max balance approach can now also be applied for distribution infrastructure, e.g. the **gas network**

▪ GHG:

- New fossil fuel reference **values***
- New GHG emissions saving **targets**
 - 65% for new installations (after 1 Jan 2021), 70% for RFNBOs
- Application of updated (disaggregated) default values
- **Change in GHG calculation** methodology
 - Element Eee (excess electricity) removed, Eee can be subtracted from Ep (processing emissions)

▪ Waste and residues:

- At the point of origin, auditor has to determine whether a material is a **waste or residue at the point of origin**
- Collecting points have to submit a list to the auditor **prior to the audit** of all points of origin that signed a self-declaration indicating the volume of w/r they can supply
- Mandatory surveillance audits for newly certified operators


* 94 instead of 83.8 gCO₂eq/MJ)

New ISCC EU system documents are valid since 1st July 2021. They can be downloaded from the ISCC website



This version of the documents have been submitted to the EC in the framework of the recognition process of ISCC EU under the RED II. The recognition of voluntary schemes in the framework of the RED II is pending. Documents may be subject to change depending on further legislation and further requirements of the EC

ISCC has prepared documents to support companies and auditors to implement the RED II requirements. Available on the ISCC website

 ISCC EU and ISCC PLUS Audit Procedure Point of Origin (RED II Gap Audit Procedure)

Please read the guidelines carefully before completing the audit procedures!

- This gap audit procedure must be used for audits as of 01st July 2021 to verify compliance with the revised ISCC EU standards (RED II Directive (EU) 2018/2001).
- This audit procedure must be used in addition to the currently applicable audit procedure system (AP1).
- In case of differences between this audit procedure and the currently applicable version of AP1, the requirements and verification procedure prevail and must be verified.

No.	Basic Data
00.00.	Certification Body
00.00.01	Name of Certification Body
00.01.	Operational Unit (Point of Origin that is subject to the audit)
00.01.01	Company Name
00.01.02	ISCC Registration Number
00.02.	Audit Specific Data
00.04.	Point of Origin Requirements

No.	Requirements	Verification guidance	Evidence/ Documents	Findings	Compliance
01.	Management System				Yes No
01.01.	General Requirements (not applicable for points of origin audited as part of a sample)				
04.	Point of Origin				
04.01.	General Requirements Point of Origin (for main and sample audits)				
04.01.01	It is ensured that the material is eligible for certification under the ISCC EU waste/residue certification procedure!	Verify if the material is listed on the ISCC EU list of materials eligible for certification under the ISCC EU waste residue process.	ISCC EU list of materials		
04.01.02	It is ensured that the material being processed is not a waste or residue according to ISCC EU. The point of origin meets the respective definition of "waste" or "residue" at the point of origin.	Check the material production list to verify if the material is classified as a waste or residue due to its production process or its intended production. Check if the production process involves a bioprocess or a bioprocess to ensure the material is eligible for certification under the ISCC EU Directive 2018/2001 of which Art. 2(2) of the material is not a waste or residue.		Verify the material and the management thereof (i.e. "waste", "residue" or "by-product").	

© ISCC System GmbH | ISCC EU and ISCC PLUS Audit Procedure Point of Origin (RED II Gap Audit Procedure) version 1.0 / Date: 01 July 2021

Gap Audit Procedures: Highlight in detail the RED II changes that have to be applied by certified companies and have to be verified by auditors since 1st July 2021

Proof of Sustainability (PoS) for Bioethanol, Biogas and Biomethane
Applies under the Renewable Energy Directive (EU) 2018/2001 (RED II)

Supplier: [Name] | Recipient: [Name]

Certification System: ISCC EU | Certificate Number: [Number]

Address of dispatching point of the sustainable material: [Address] | Address of receiving point of the sustainable material: [Address]

1. General Information

Type of Product: [Dropdown] | Type of Feed Material: [Dropdown]

2. Scope of certification of raw material

The raw material complies with the relevant sustainability criteria according to Art. 18 (2) - (7) RED II? Yes No

The agricultural biomass was cultivated as intermediate crop (if applicable): Yes No

The agricultural biomass effectively meets the criteria set forth in ISCC EU's benchmarks (if applicable): Yes No

The raw material meets the definition of waste or residue according to the ISCC EU? Yes No

3. Greenhouse Gas (GHG) emission information

Total default value according to RED II applied: Yes No

E = Total GHG emissions from supply and use of the fuel (gCO2eq/MJ): [Value] gCO2eq/MJ

GHG emissions (range):

- 0.0% Bioethanol for transport
- 0.0% Biogas for electricity and production of energy for heating and/or cooling
- 0.0% Biogas for the production of useful heat, as well as for the production of energy for heating and/or cooling
- 0.0% Biomethane fuels for the production of electricity
- 0.0% Biomethane fuels for the production of useful heat, as well as for the production of energy for heating and/or cooling
- 0.0% Biomethane fuels for the production of useful heat, in which a direct physical substitution of coal can be demonstrated

Templates for Sustainability Declarations/PoS: Contain all relevant information that have to be forwarded under the RED II since 1st July 2021

RED II Default Values: Applicable for UCO biodiesel pathway. Other pathways (e.g. biodiesel from POME oil) require individual GHG calculations

RED II

other cereals excluding maize ethanol (forest residues as process fuel in CHP plant (*)	30,7	31,4
sugar cane ethanol	28,1	28,6
the part from renewable sources of ETBE	Equal to that of the ethanol production pathway used	
the part from renewable sources of TAME	Equal to that of the ethanol production pathway used	
rape seed biodiesel	45,5	50,1
sunflower biodiesel	40,0	44,7
soybean biodiesel	42,2	47,0
palm oil biodiesel (open effluent pond)	63,3	75,5
palm oil biodiesel (process with methane capture at oil mill)	46,1	51,4
waste cooking oil biodiesel	11,2	14,9

- Challenge for materials for which System Users have previously applied the default value from RED I (“waste vegetable or animal oil biodiesel“)
- A transitional solution was communicated in an ISCC system update as of 07 September 2021



ISCC System Update

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Content

1. New Guidance Document for the Certification of Algae
2. Clarification on “Place of receipt” on Sustainability Declarations/PoS
3. Temporary Measure for the Application of Default Value “waste cooking oil biodiesel”
4. Updates on ISCC Documents

European Commission

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Law

Sustainable biofuels, bioliquids and biomass fuels – voluntary schemes (implementing rules)

Have your say > Published initiatives > Sustainable biofuels, bioliquids and biomass fuels – voluntary schemes (implementing rules)

In preparation

Draft act

Feedback period
29 June 2021 - 27 July 2021
FEEDBACK CLOSED

UPCOMING

Commission adoption

Planned for
Second quarter 2021

About this initiative

Summary

This initiative will set out detailed rules to encourage the development of voluntary schemes that set standards for the production of sustainable biofuels, bioliquids and biomass fuels and verify that they have been met.

This includes standards on reliability, transparency and independent auditing.

Topic
Energy

Type of act
Implementing regulation

Directive
[OSRD, 12](#)

Draft act

FEEDBACK CLOSED

Type
Draft implementing regulation
[View draft act PDF](#)

Feedback period
29 June 2021 - 27 July 2021 (midnight Brussels time)
[View feedback received](#)

Download

Draft implementing regulation - Annex(2021)4234387
English (174.7 KB) - PDF - 28 pages [Download it](#)

Annex - Annex(2021)4234387
English (1.6 MB) - PDF - 49 pages [Download it](#)

Feedback (140)

27 July 2021 | Comments/answers registered

SK & Wspólnicy (Poland)

SKN @ Wspólnicy (Poland) welcomes the opportunity to provide input to the public consultation on this implementing regulation. Article 18 of the draft implementing regulation on Feasibility and Union database states that all information listed in Annex I shall be documented and passed on from economic operator to economic operator through the supply chain. Since biofuel traders do not always store the materials in their own warehouses and ...

27 July 2021 | Business adoption

Certification Exemption de la Production de Maïs (Belgium)

A draft implementing act (IA) was published by the Commission on 29 June 2021

- Sets detailed rules for voluntary schemes regarding:
 - Scheme governance
 - Audit processes and auditor qualifications
 - Mass balancing, GHG emissions, Co-Processing, **Waste and Residues**
 - Low ILUC risk certification
- IA was open for public consultation until 27 July 2021, i.e. changes to the rules in the draft IA are possible
- Final version of the IA must be implemented by the voluntary schemes, i.e. changes to the current system documents and requirements might be required

- Source: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12723-Sustainable-biofuels-bioliquids-and-biomass-fuels-voluntary-schemes-implementing-rules_en

The draft Implementing Act (IA) specifies the requirements on auditing waste and residues (I)

Requirement from draft IA	Status of implementation
Frequency and intensity of the auditing procedure shall reflect the overall level of risk	Already implemented under ISCC
Voluntary schemes shall define clear rules taking into account risks associated with the type of waste or residue	On-going process
Reduced threshold for sample audits of Points of Origin (PoOs): <ul style="list-style-type: none"> ▪ PoOs supplying one or more tons per month of waste or residue from Annex IX B; ▪ PoOs supplying five or more tons per month of waste or residue from Annex IX A or defined by applying the decision tree presented in Annex IV to the draft IA 	Waiting for final version of IA
Collection points shall submit a list of all PoOs having signed a self-declaration to the auditor prior to the audit of the collection point.	Already implemented under ISCC
Auditor shall verify the existence of a number of points of origin equivalent to at least the square root of all the points of origin on the list	Already implemented under ISCC

The draft Implementing Act (IA) specifies the requirements on auditing waste and residues (II)

Requirement from draft IA	Status of implementation
Amount of waste generated shall be clearly stated on the self-declaration	Waiting for final version of IA
Evidence for all individual deliveries shall be available at the collection point and verified by the auditor	Already implemented under ISCC
Auditors shall verify copies of the sustainability declarations issued by the collecting point based on a random and risk-based sample	Already implemented under ISCC
Mandatory surveillance audits after the first certification audit	Already implemented under ISCC
Auditor shall audit the mass balance of every storage site (in case of multiple sites)	Already implemented under ISCC

The draft Implementing Act (IA) specifies the requirements on auditing waste and residues (III)

Requirement from draft IA	Status of implementation
Waste or residue status shall be determined at the point in the supply chain where the material originates	Already implemented under ISCC
No deliberate modification of production process or materials for the purpose of declaring those materials as wastes or residues	Already implemented under ISCC
Voluntary schemes shall provide instructions and support on how to assess whether raw materials are considered waste and residues. Economic operators shall keep and present to auditors the underlying evidence for their assessments . Voluntary schemes shall establish specific rules for auditing such evidence.	Already implemented under ISCC
Harvesting of agricultural waste and residues shall not have a negative impact on the soil quality and the soil carbon stock	Waiting for final version of IA

MINIMUM REQUIREMENTS ON THE METHOD FOR CERTIFYING WASTE AND RESIDUES

When deciding if a substance can be considered as residue or waste, both economic operators and auditors must use the list set out in this Annex, which is based on the substances/materials included in the revised list in Annex IX to Directive (EU) 2018/2001.

Preliminary list of waste and residues

NB. The list will be updated by adding new feedstock based on the final results of the assessment of the potential for new feedstock for the production of advanced biofuels (contract ENER-C1 2019-417)

1. Food-feed processing residues and waste

- (a) tails;
- (b) tops/leaves;
- (c) stalks;
- (d) husks;
- (e) bean shells, silverskin, and dust; cocoa, coffee, hazelnuts;
- (f) shells/husks and derivatives: nutshells, soy hulls;
- (g) residues and waste from the production of hot beverages: spent coffee grounds, spent tea leaves;
- (h) dairy waste scum;
- (i) food waste oil: oil extracted from waste food from households and industry;
- (j) non-edible cereal residues and waste from grain milling and processing: wheat, corn; (k) barley and rice;
- (l) Olive oil extraction residues and waste: olive stones.

2. Agricultural/forestry residues and waste

- (a) palm harvesting residues: palm mesocarp (only fibre);
- (b) wood processing residues: crude tall oil.

3. Landscape care biomass

- (a) biomass from fallow land: hay, legumes, grass;
- (b) biomass from degraded/polluted land;
- (c) biomass from maintenance operations: roadsides, environmental protection areas, harvesting of invasive species, bush encroachment;
- (d) biomass harvested from mixture meadow (cellulosic part): Timothy grass, tall fescue and clover/legumes;

„Preliminary list of waste and residues“ (Annex IV to the draft Implementing Act)

- List must be used to decide if a substance can be considered as residue or waste
- List is „based on the substances/materials included in the revised list in Annex IX“ and “will be updated by adding new feedstock“ based on the update of Annex IX
- List is not fully aligned with the current Annex IX to the RED II (e.g. some residues from forestry or related industries are not included)
- Raw material that is not listed shall be assessed individually, applying the criteria laid down in the decision tree set out in that Annex



Assessment of the potential for new feedstocks for the production of advanced biofuels

(Renewable Energy Directive – Annex IX)

1st Stakeholder Consultation Results
Updated Shortlist



April 2020



The update of RED Annex IX expected for 2021 is still pending

- A consortium assists the European Commission in the evaluation of further advanced biofuel feedstocks
- Project is divided into three tasks:
 1. Establishment of a **short list of potentially advanced biofuel feedstocks for inclusion in Annex IX**
 2. Detailed **assessment of each feedstock in the short list**
 3. **Analysis of the risk of fraud** associated with new and existing Annex IX feedstocks, establishment of a set of **fraud risk indicators** and consideration of **options to mitigate identified fraud risks**
- The Commission can add, but not remove, feedstocks to Annex IX A and B
- Feedstock that can be processed only with advanced technologies shall be added to Part A
- No specific criteria to distinguish between “advanced” and “mature” technologies



The European Commission has started the development of a "Union database" for biofuels and bioliquids

“The Commission shall ensure that a Union database is put in place to enable the tracing of liquid and gaseous transport fuels that are eligible for being counted towards the [biofuel quota].”

Art. 28 (2) RED II

- The details and the concept of the Union database are currently under discussion
- Pilot testing is planned to start at the end of 2021, database is planned to "go live" end of 2022
- ISCC engages in the stakeholder process to support the development of a pragmatic solution for system users, e.g. via existing solutions such as the Trace Your Claim (TYC) database



Even though several Member States have not transposed RED II yet, a revision of RED II already on its way

- In December 2019 the EC launched the European Green Deal
- Under the “Fit for 55” package the EU will implement climate policies to reduce emissions by 55%* by 2030
- One part will be the revision of the RED II that has already started
- A proposal to amend RED II was published in July 2021. Key adjustments from this proposal include:
 - 40% new renewable energy target for 2030 (previously 32%)
 - 13% GHG intensity reduction target (previously 14% minimum share of renewable energy in the transport sector)
 - No more multipliers (previously e.g. double-counting for Annex IX)
 - Introduction of a sub-target for RFNBOs of 2.6%
 - GHG savings threshold of at least 70% for recycled carbon fuels
 - The existing land-related sustainability criteria (e.g. no-go areas) for agricultural biomass will be extended to forest biomass

* Compared to 1990 levels



Next steps

- Official recognition of ISCC EU and other voluntary schemes by the European Commission
- Publishing of the final version of the Implementing Act
- ISCC to revise ISCC EU system documents to incorporate requirements from the Implementing Act
- Update of Annex IX and Delegated Acts on Co-Processing, Renewable Fuels of Non-Biological Origin and Recycled Carbon Fuels
- Transposition of RED II by EU Member States



Thank you for your attention!

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