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Dutch Proposal for Biomass Sustainability Criteria

Report Categories:

Biofuels

Wood Products

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Report Highlights:

In December 2014, the Dutch energy sector and NGOs agreed upon the sustainability criteria for biomass but couldn't agree on the time path for complying with these criteria. With the absence of a comprehensive agreement, the responsibility for taking a decision shifted to the Dutch Government.

This report is a brief summary of the sustainability criteria and the conditions they will be implemented. The Dutch Government's proposal is scheduled to be discussed in the Parliament on January 15, 2015.

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. The co-firing of biomass will be funded with the Support Sustainable Energy Production (SDE+) program (NL3001). These funds will be available from 2015 to 2023. U.S. exports are forecast to contribute to about two third of the Dutch industrial wood pellet use, representing an annual export value of about \$460 million.

In the Accord it was also decided that the biomass will have to be subject to sustainability criteria. These criteria had to be developed and agreed upon by the energy sector and NGOs (NL4029). The negotiation was led by the Dutch Social Economic Council (SER). The criteria had to be identified by the end of 2014. On December 12, 2014, the SER informed the Dutch Ministry of Economic Affairs that the energy sector and NGOs agreed upon the sustainability criteria but couldn't agree on the time path for complying with these criteria.

With the absence of a comprehensive agreement between the energy sector and NGOs, the responsibility for taking a decision shifted to the Dutch Government. On December 24, the Dutch Minister of Economic Affairs, Henk Kamp, informed the Dutch Parliament with a letter about the Dutch Government's proposal for the biomass sustainability criteria. The letter is available on the [website of the Dutch Parliament](#). On the website also the letters of the SER, the energy sector and the NGOs to the Ministry of Economic Affairs are uploaded (all letters are in the Dutch language).

In the [letter of the SER to the Ministry of Economic Affairs](#), the agreed sustainability criteria are outlined. The criteria are divided over;

Appendix I: criteria which are not in conflict with international trade agreements and will be put in Dutch law (SDE+) as precondition for receiving funds for co-firing biomass. The criteria are 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:* of which aspects related to the legality of the activities and values related to the ecology, environment and biodiversity of the forest.

-*Criteria for the Chain of Custody:* aspects related the certification / verification of the criteria.

Appendix II: additional requirements intended to be to be laid down in a covenant between the energy sector and the NGOs. These criteria are mainly related to social aspects such as the rights for native communities and labor conditions. The absence of genetic modified organisms (GMOs) is also listed as one of the criteria. Because the energy sector and NGOs didn't reach a comprehensive agreement it is uncertain if this covenant will be established.

For woody biomass from forests larger than 1,000 hectares all the listed criteria in Appendix I are applicable. For woody biomass from forests smaller than 1,000 hectares, the criteria related to ILUC are not applicable, while for waste material from multifunctional forests also the criteria related to GHG savings and carbon debt are not applicable.

Below follows a brief summary of the [letter of Minister Kamp to the Dutch Parliament](#). This letter contains the Dutch Government's proposal on how the criteria must be implemented and verified.

-The energy sector and NGOs agreed upon the sustainability criteria. These criteria are partly based on the Timber Procurement Assessment System (TPAS), which the Dutch Government applies for the purchase of wood products. For the generation of energy, additional criteria are included such as related the carbon debt of the forest. While the letter doesn't mention the sustainability program [NTA8080](#), this program is be the main basis of the criteria.

-The letter further states that both certification and verification are legitimate to demonstrate that the biomass is produced according the criteria.

-The energy sector, NGOs and Dutch Government agreed that the best method to demonstrate the sustainability of woody biomass is on the level of the forest. Another method is on a regional level, also called pellet mill level. The latter is identified as more practicable, but also as offering less certainty.

-Because of the limited quantity of certified forests in the main production regions, the parties agreed that a time path is required for achieving forest level certification. However, the parties didn't reach an agreement on the schedule of this time path.

-The Ministry has the opinion that the Dutch energy sector can have a positive influence on the sustainability of the biomass production and supply chain. But also states that the Dutch companies are not the only buyers of the biomass, and the wood pellets not the only income for the forest owners. Therefor the Ministry will impose the following time path for demonstrating sustainability at the forest level:

Year	Forest Acreage (hectares)
2015	>1,000
2020	>800
2022	>500
2024	All

-The time table will also be imposed for the already granted co-firing subsidy licenses, consequently not the date of issuing but the date of using the license is applicable. For the forest for which no forest level certification / verification is required, proof needs to be given at the pellet mill level.

-Beside woody biomass, also alternative biomass types are eligible for funding with a maximum of ten percent. For these types of biomass, the same sustainability criteria are enforced. Category A and B wood are excluded from SDE+ subsidies.

-For steam production from biomass a separate SDE+ category is specified. For this category the same sustainability requirements and time path are enforced, with the exception that forest level certification for all acreages is extended to 2026.

-The Ministry will not publish the text of the SDE+ regulation before it has been discussed in the Dutch Parliament. The due date for publication of the SDE+ regulation is before the end of January 2015. The

Parliament discussion is scheduled on January 15. In 2015, the State Secretary of Infrastructure and Environment, Wilma Mansveld, will start the procedure to implement the criteria in Dutch law.

-The Dutch Government will develop a benchmark system for comparing the available sustainability programs. It is expected that the system of certification and verification will not be ready before 2016. Companies which already started pellet production will have the obligation to report for the period these systems were not completed.

-The SDE+ licenses will be granted as from the end of 2015. The company must start co-firing latest three year after receiving the license. Plants, which are technically ready for co-firing, are expected to start earliest in 2016. In 2016, the Energy Accord and the implementation of sustainability system will be evaluated by the Dutch Government.

-At the beginning of 2015, the sustainability criteria will be notified to the European Commission (EC). Notification to the WTO will be considered. Possibly the criteria will be altered after these procedures. The Dutch Cabinet will continue to support the enforcement of a harmonized sustainability program. During the EU Energy and Climate 2030 policy discussions, the Dutch Government will propose their system as input for the development of such a harmonized program.