

European Biofuels: Market review and outlook

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| A broad topic, but a couple of key takeaways:

Most significant changes for next year in Germany and the Netherlands



HVO expected to carry the weight of higher mandates and end of double counting



Increased focus on advanced feedstocks, leading to increased competition and new pricing benchmarks

RED III: Series of changes required by 2030, but flexible transposition

	RED	REDII	REDIII
Overall target	10pc energy by 2020	14pc energy by 2030	14.5pc GHG reduction by 2030 Or 29pc Renewable energy by 2030
Target transport sectors*	Road and Rail	Road and Rail	All transport sectors
Part A mandate		3.5pc by 2030	5.5pc by 2030 (pc energy) including RFNBO's
RFNBO submandate	-	-	1.0pc by 2030 (pc energy)
Part B cap	-	1.7pc	1.7pc
Crop cap	7pc (post ILUC)	7pc or 1pcp higher than 2020 crop pc (whichever is lower)	7pc or 1pcp higher than 2020 crop pc (whichever is lower)
Double counting	Permitted	Permitted	<u>Not</u> permitted in GHG, permitted for compliance with 29pc renewable energy target
Sector Multipliers	5x electricity in road; 2.5x electricity in rail (post ILUC)	4x for electricity in road; 1.5x for electricity in rail 1.2x for biofuels in aviation/marine (excl. 1G)	4x for electricity in road; 1.5x for electricity in rail In aviation and marine: 1.2x for advanced biofuels ; 1.5x for RFNBOs Not applicable to Part B/C/RCF)

Pressure mounting to soften on 2035 ICE phase-out

The European Commission is set, on 10 December, to present legislation on CO₂ standards for cars and vans

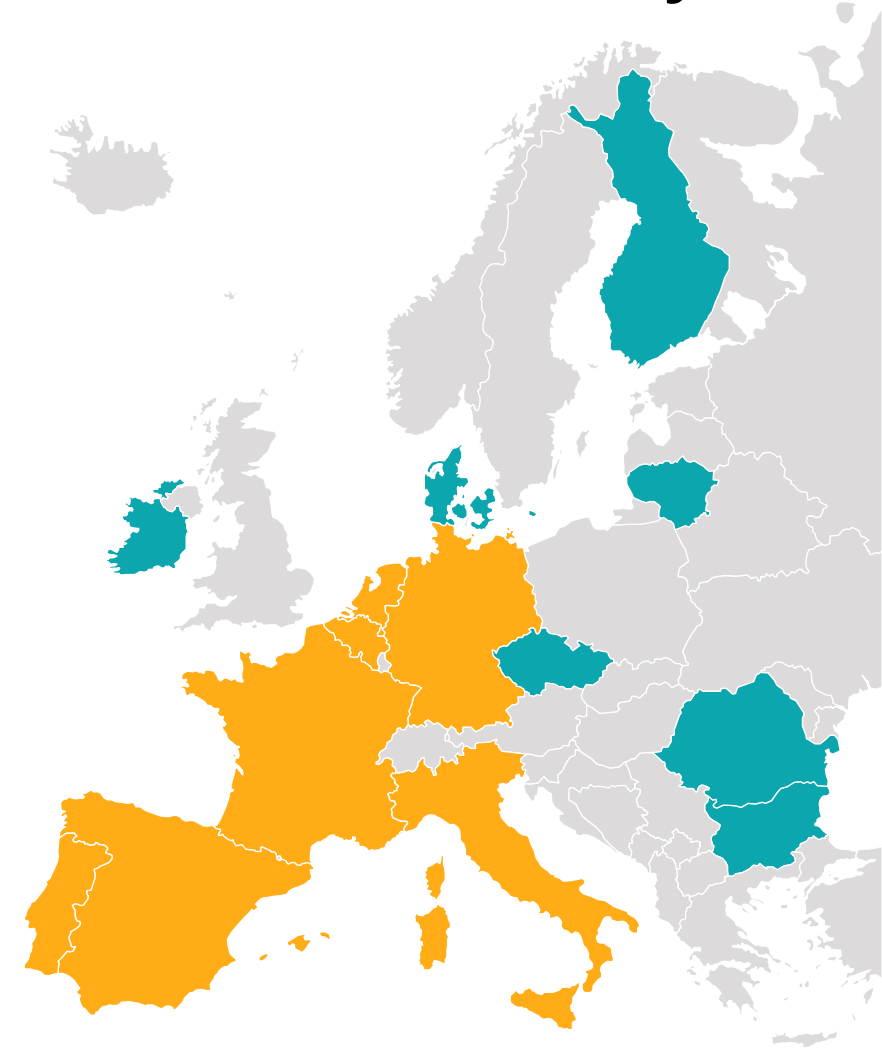
European Parliament, EU states and (some) industry pushing for technological neutrality

The European Parliament and EU states favour legislation that takes account of:
























“The role of zero-, low carbon and renewable fuels in the decarbonisation of transport, including road transport beyond 2030 and concrete measures to assist heavy duty vehicles manufacturers to reach their targets, taking into account European content”

RED III deadline has passed but transpositions are underway

- 23 Dec 2024 ● **Finland** adopts RED III transposition
- 20 Feb 2025 ● **Czechia** adopts RED III transposition
- 13 Mar 2025 ● **Romania** adopts RED III transposition
- 12 May 2025 ● **France** proposes RED III draft
Delayed to 2027 (Aug 2025)
- 13 May 2025 ● **Denmark** adopts RED III transposition
- 13 May 2025 ● **Belgium** proposes RED III draft
- 21 May 2025 ○ **Transposition deadline**
- 19 Jun 2025 ● **Germany** proposes RED III draft: **Expected implementation 1 Jan. 2026***
- 20 Jun 2025 ● **Netherlands** revises RED III draft: **Expected implementation 1 Jan. 2026**
First draft published in Nov 2024
- 25 Jun 2025 ● **Ireland** adopts RED III transposition
- 3 Jul 2025 ● **Spain** proposes RED III draft
- 14 Jul 2025 ● **Lithuania** adopts RED III transposition
- 24 Jul 2025 ○ **European Commission** opens infringement procedures against all member states except Denmark for failing to communicate RED III transposition into national law
- 25 Sep 2025 ● **Portugal** proposes RED III draft
- 17 Oct 2025 ● **Italy** proposes RED III draft



How are member states changing their approach?

Targets		Feedstocks	
Switched from energy to GHG targets	   FR ES NL	Lowered crop cap	   NL CZ IE
Removed of double-counting	    FR ES NL DE	Lowered 9B cap	  NL BE
Introduced maritime target	     FR ES NL BE PT	Increased 9B cap	  DE FR
Introduced aviation target	 FR	Pome oil restriction	   DE* IE PT

The Netherlands is planning sector-driven switch to emissions savings

GHG-savings mandate

- End of double counting
- HBEs to EREs (emission reduction units)

Expansion into maritime, inland waterways

- Maritime separate from road
- Very limited cross sector compliance

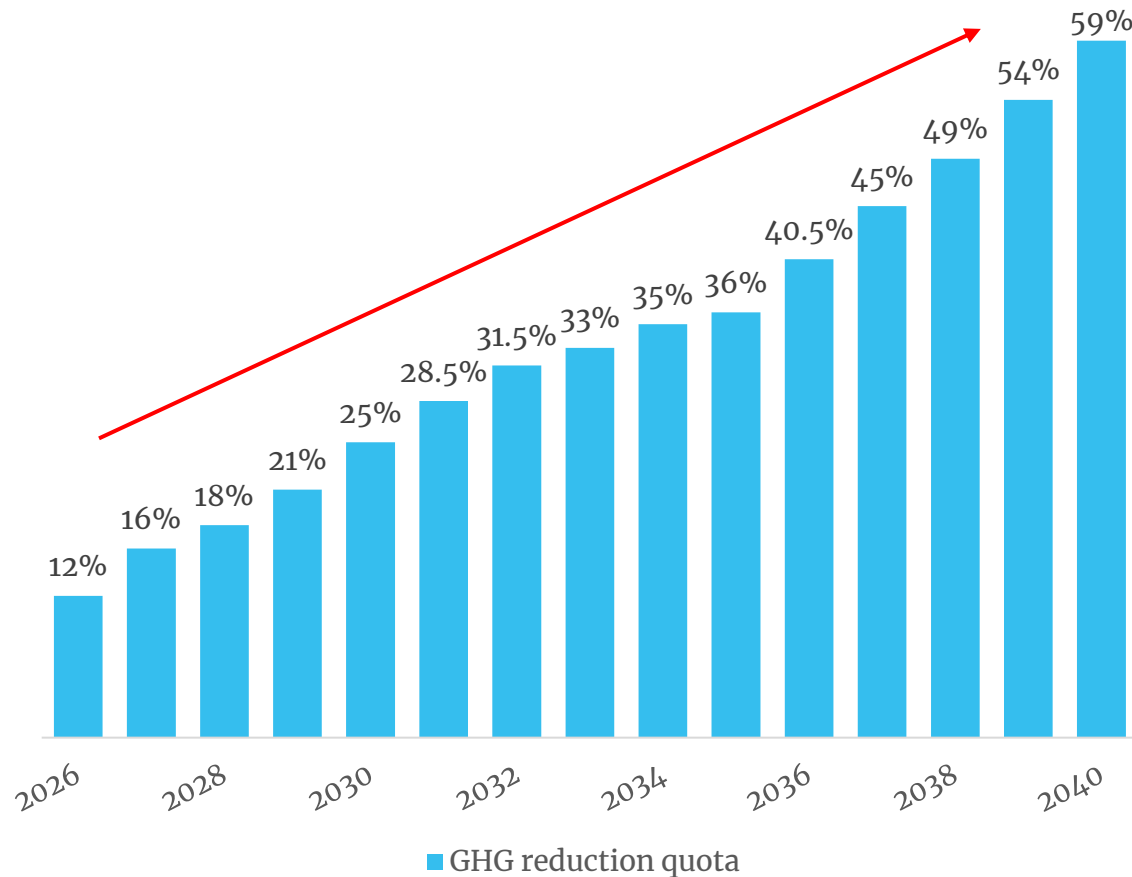
Feedstock restrictions

- Feedstocks depend on transport sector
- 0.5x multiplier category 3 tallow

Sector	2026
Land mandate	14.4%
Advanced sub-quota	3.10%
RFNBO sub-quota	0.05%
Crop cap	1.20%
IX-B cap	4.30%
Maritime mandate	3.60%
RFNBO sub-quota	0
Crop cap	0
IX-B cap	0
Flexible credit allowance (from road or inland waterways)	1.10%
Inland waterways mandate	3.8%
RFNBO sub-quota	0.02%
Crop cap	0
IX-B cap	11.10%
Flexible credit allowance (from road or maritime)	0.80%

Germany eyeing major increase to mandates, but plagued by delays

German GHG reduction quota set to rise: 12% 2026 to 59% by 2040



Significant uncertainty about German implementation and timing

Key points from leaked draft dated 29 October

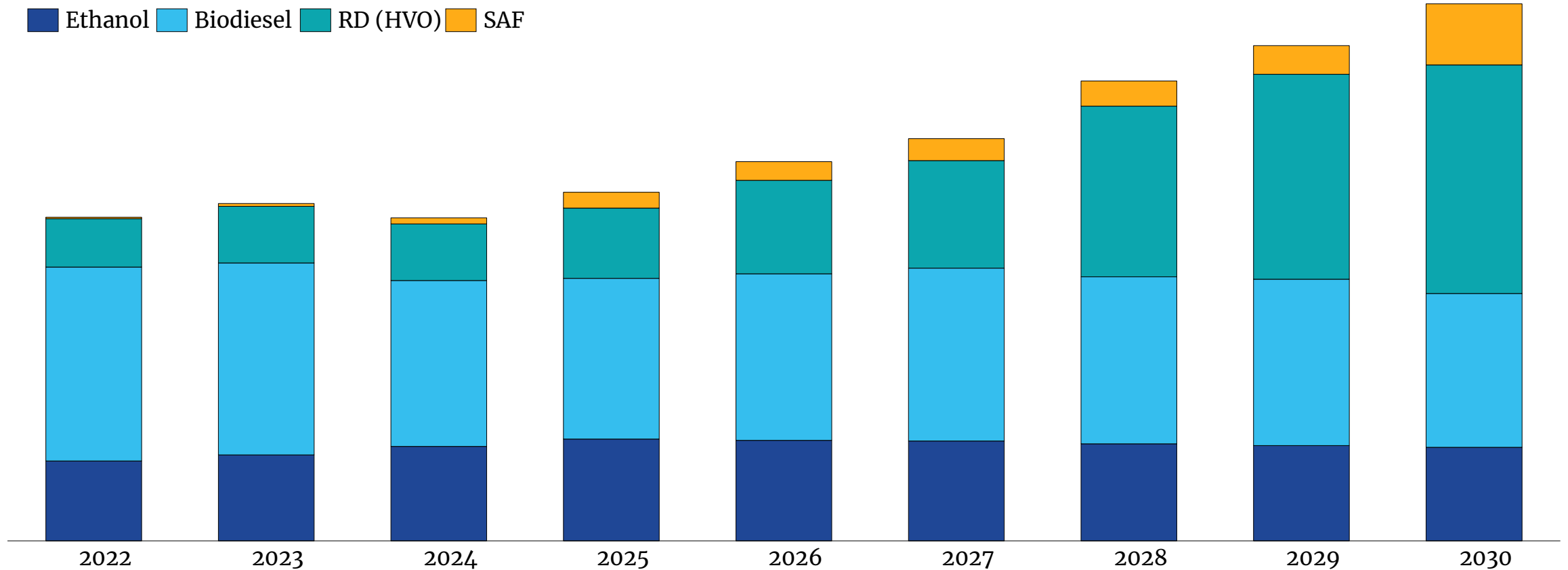
Maritime and aviation carved out from GHG quota

No more double counting of advanced fuels

Soy-based biofuels allowed

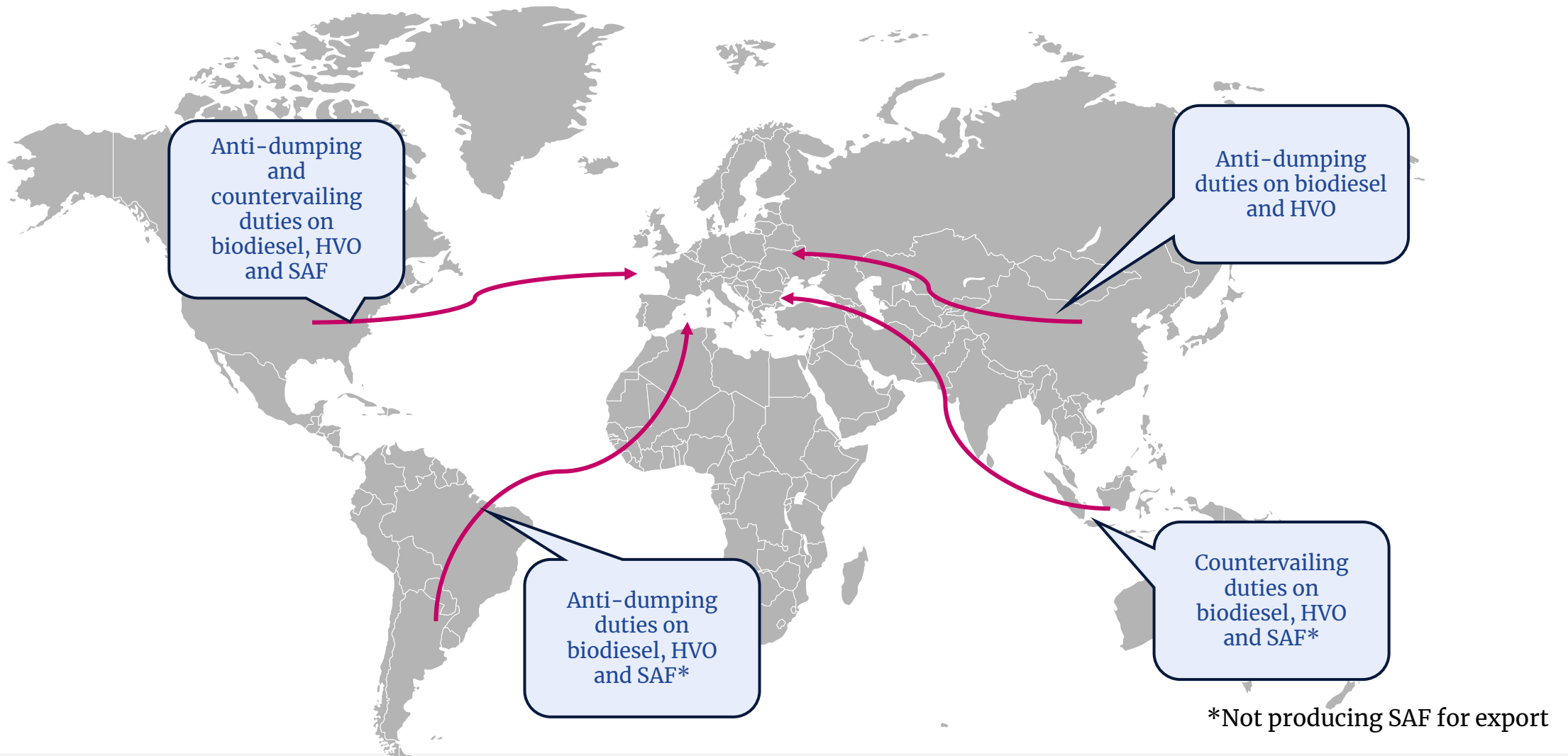
Pome oil “ban” and requirement for on-site audit unclear

RED III transpositions will boost European HVO demand

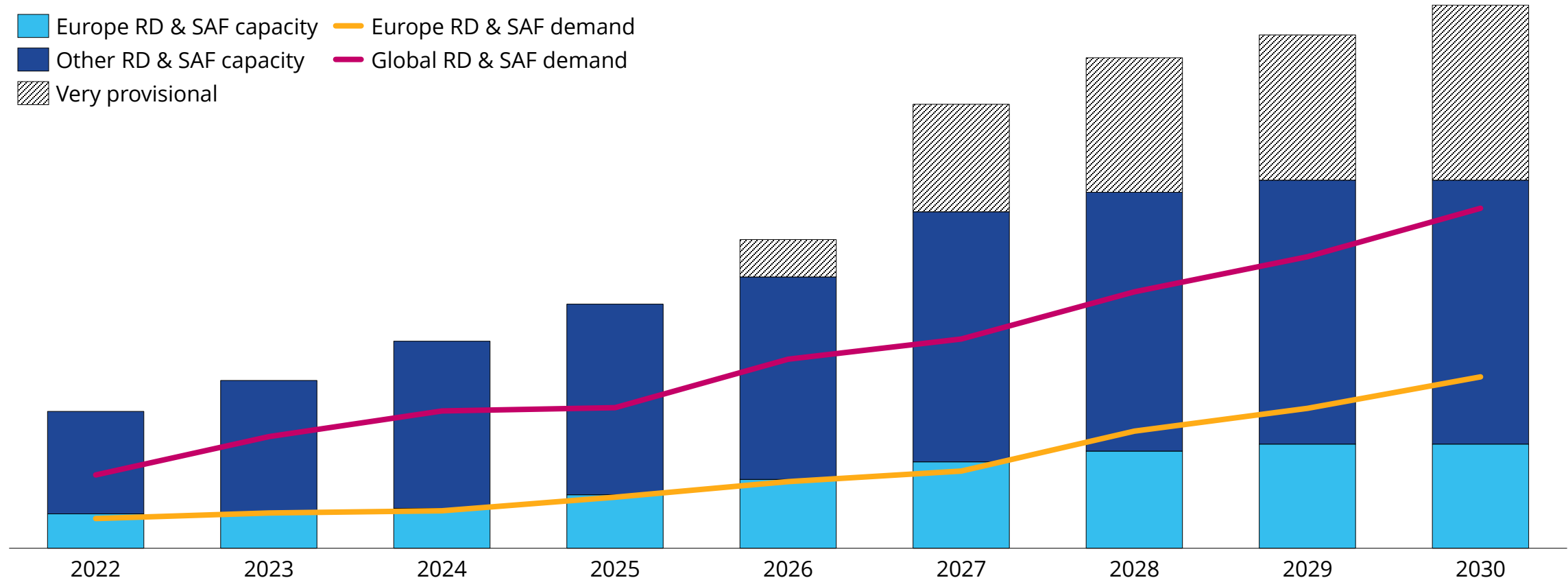


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Trade barriers piling up for EU biodiesel, HVO, SAF



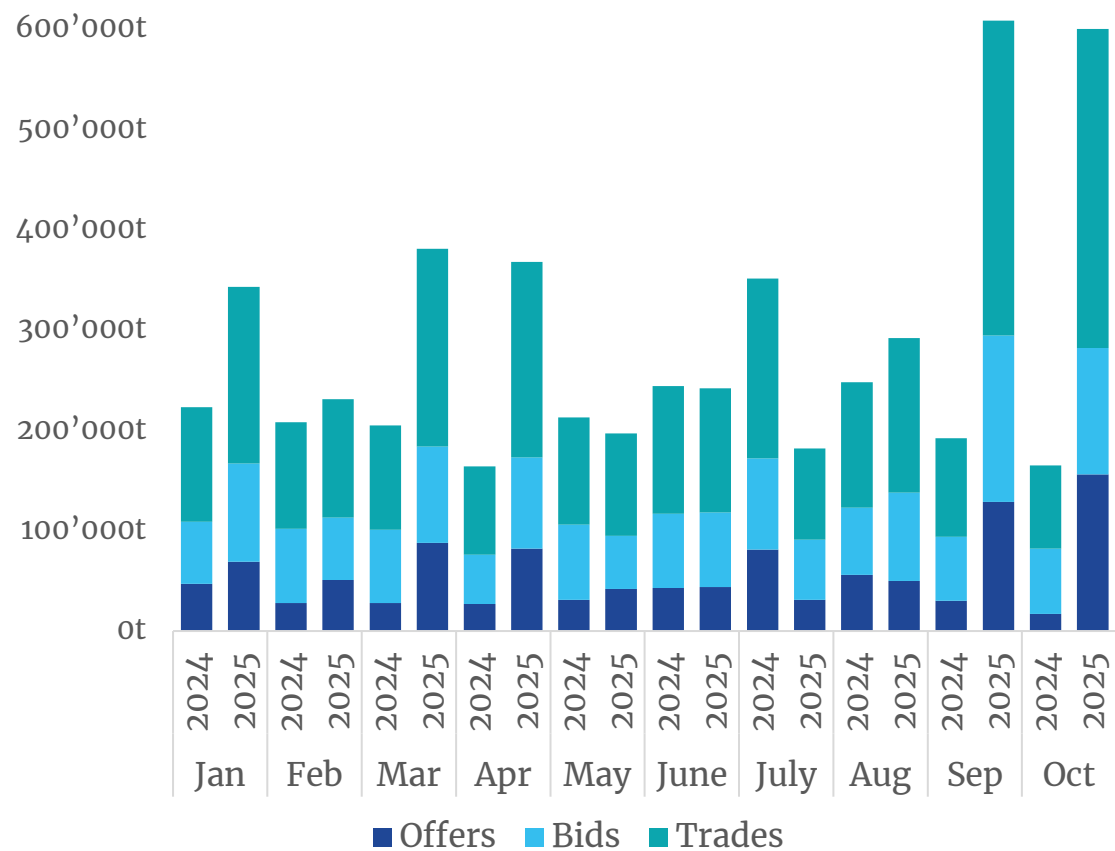
Europe's RD and SAF capacity is growing but lags demand



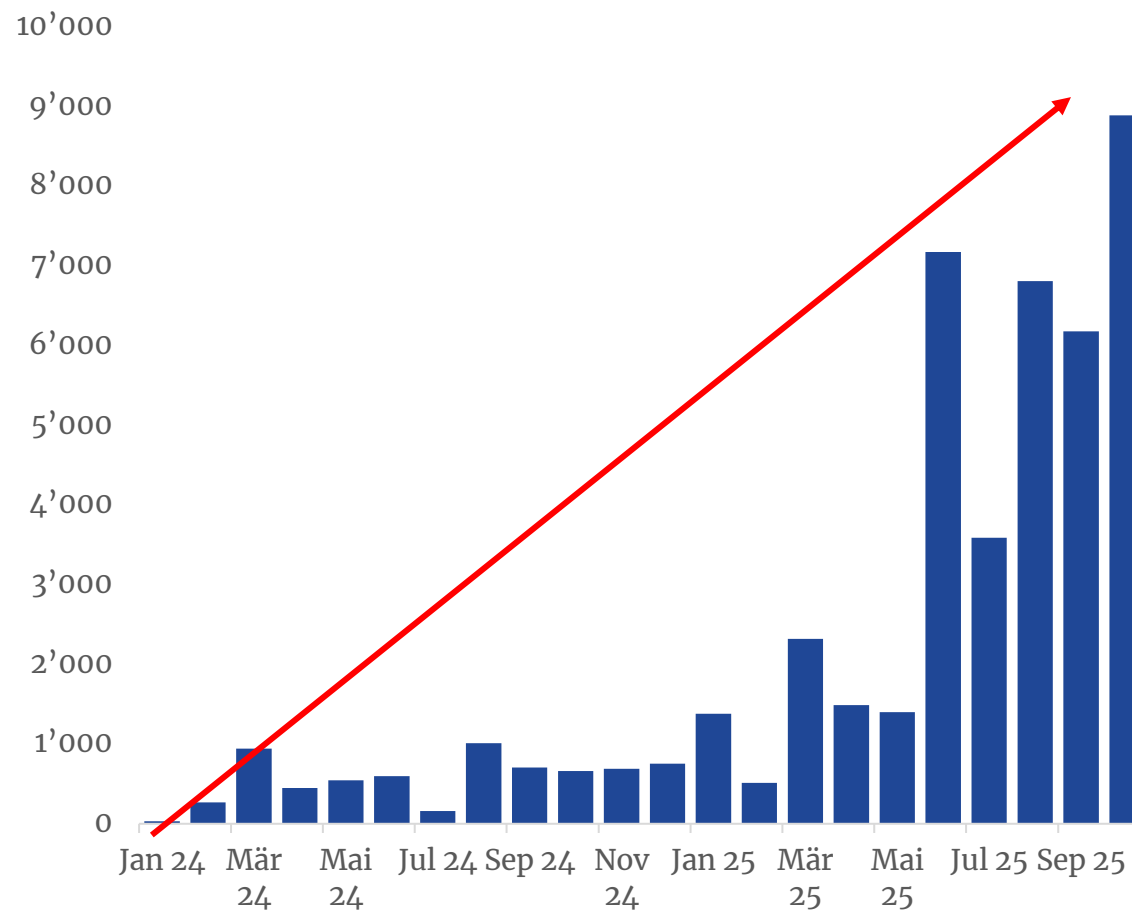
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Spot market trading in anticipation of RED changes

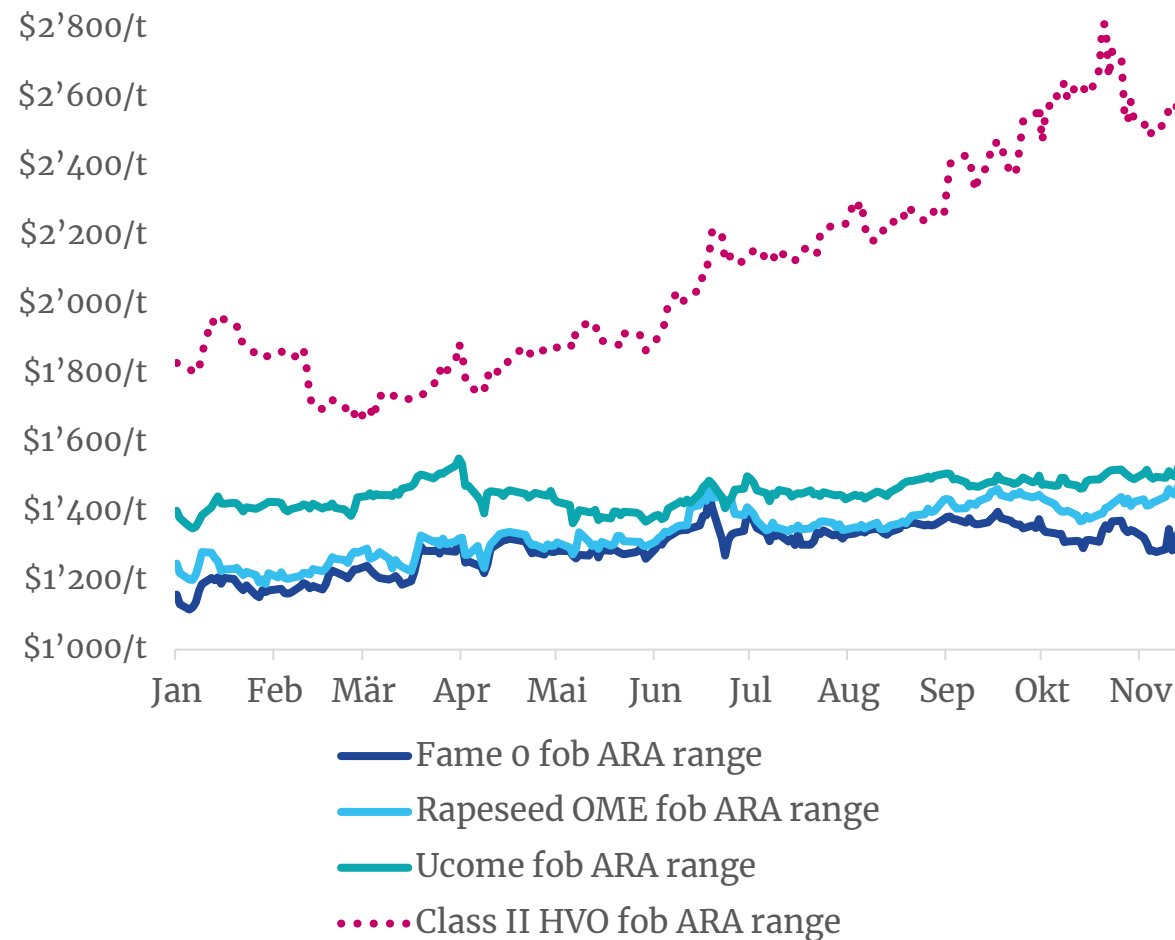
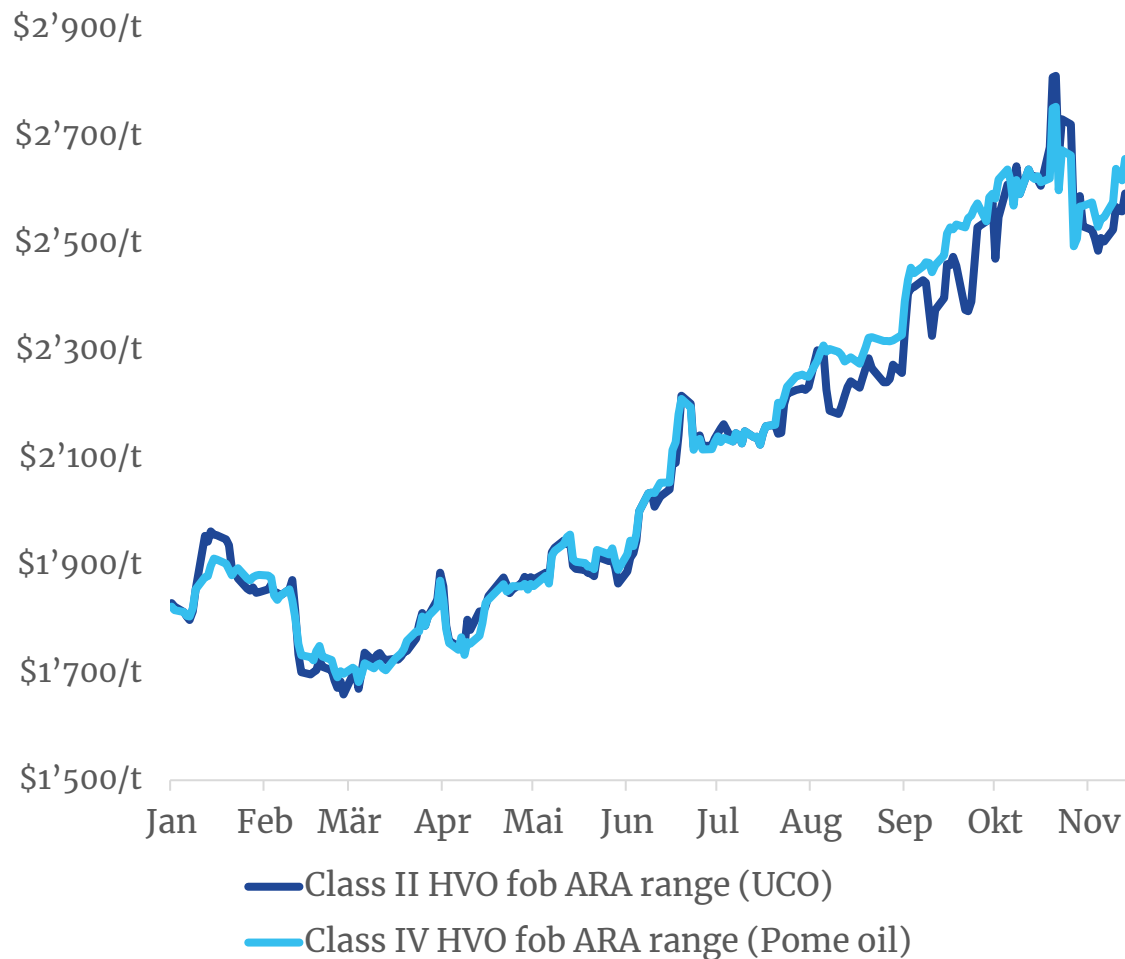
Argus Open Markets trading activity for HVO



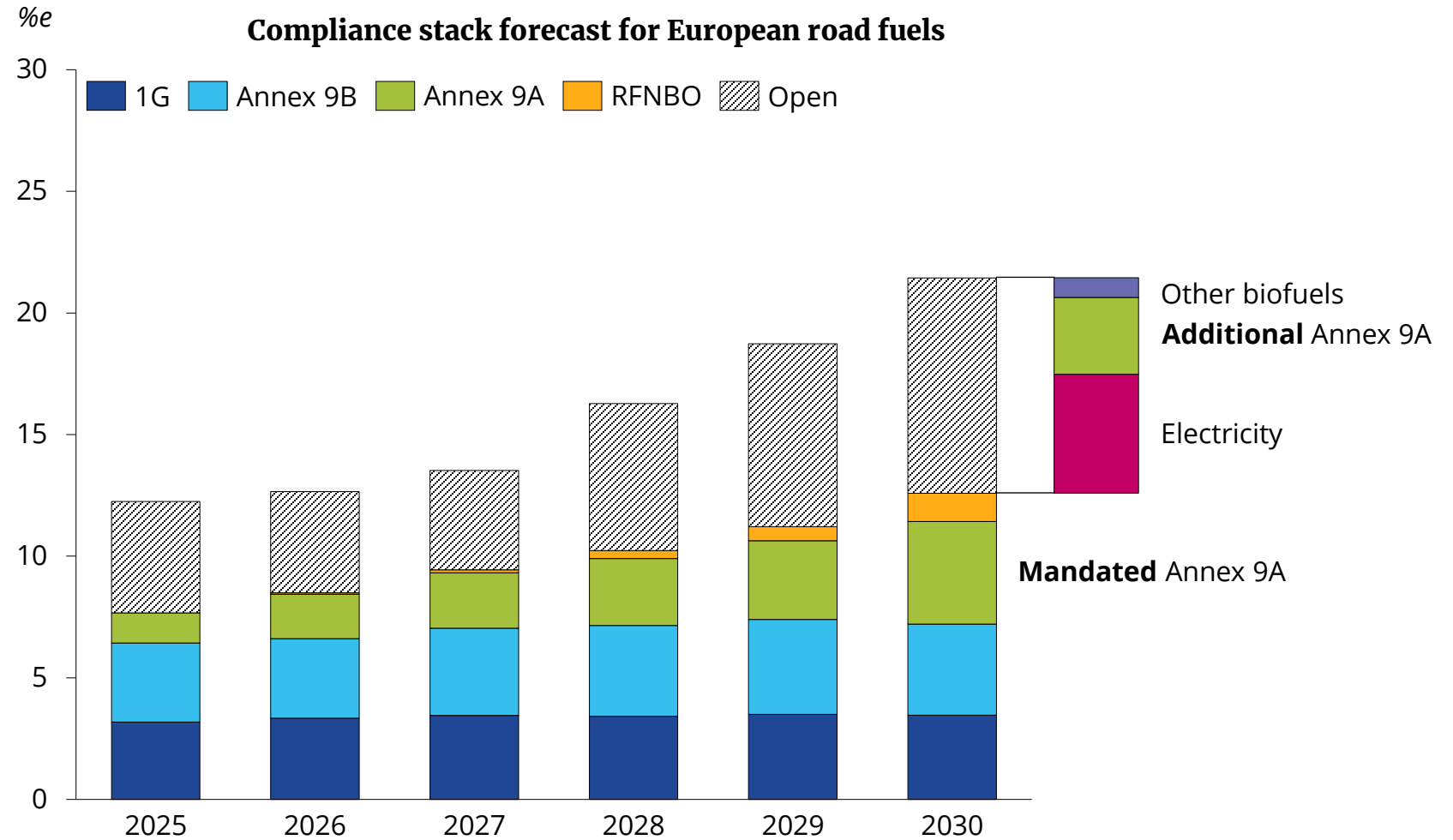
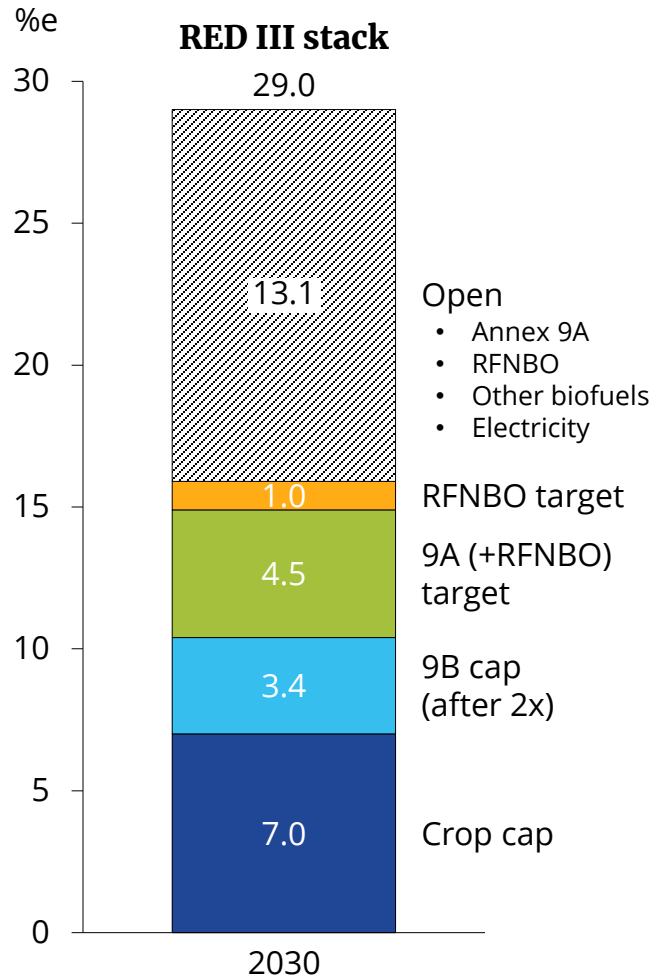
Ice futures, HVO Class II lots traded



HVO prices higher in 2H 2025, but biodiesel prices capped by blending restrictions



Higher targets will increasingly rely on advanced feedstocks



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Demand for German compliant advanced benchmarks: Advanced Fame launched on AOM – already with activity

Demand for Annex IX part A biofuels increasing, and IX-B fuel usage limited by caps

Call for *Argus* to price Advanced Fame and Advanced HVO markets — but a challenge of variation between different member states' feedstock lists and sustainability requirements

German-compliant Advanced Fame 0 now on *Argus* Open Markets

RED ADVANCED FAME 0 FOB ARA RANGE					+ BID	+ ASK					×
DATE	BRO	PRI	QTY	PRICE	PRICE	QTY	PRI	BRO	DATE		
24 Nov-15 Dec	*	BTF	1,000	825.00	900.00	1,000	BTF	*	24 Nov-15 Dec		
24 Nov-15 Dec	*	ABT	1,000	820.00	905.00	1,000	PET	*	24 Nov-15 Dec		
24 Nov-15 Dec	*	GIG	1,000	800.00	925.00	1,000	FRP	*	24 Nov-15 Dec		

Questions

