

The RSPO-RED Scheme

background, contents and status

Arjen Brinkmann
Brinkmann Consultancy

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1. Background

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EU sustainability requirements

- *'EU Directive 2009/28/EC on the promotion of the use of energy from renewable sources'* (EU RED)
- Specifies sustainability requirements for biofuels and bioliquids in the European Union:
 - Greenhouse gas balance
 - Exclusion of certain types of land
 - Chain of custody
 - Audit quality
 - Etc.
- Compliance with sustainability criteria via:
 - national schemes
 - bilateral agreements
 - **voluntary scheme approach**

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Voluntary scheme approach

- Voluntary national or international schemes may be used to demonstrate compliance with some or all of the sustainability criteria specified in EU-RED
- This requires formal 'recognition' (approval) of such scheme by EC

- In 2010, RSPO concluded that the RSPO Standard does not meet a number of specific requirements of EU-RED
 - > Development of RSPO-RED Scheme, as a 'voluntary add-on' to RSPO standard

2. Process

Development of the RSPO-RED scheme

- **June 2010:** RSPO Task Group on RED
 - > Develop RSPO-RED specifically to comply with EU-RED requirements
- **September 2010:** first submission of RSPO-RED scheme to EU
- Based on EC comments, further elaboration and adaptation of scheme (2011)
- **February 2012:** technical approval of RSPO-RED scheme by EC consultants

RSPO-RED Requirements for compliance with the EU Renewable Energy Directive requirements

Version 4 of 10 February 2012 (final version)

3. Scope and requirements of the RSPO-RED scheme

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Scope of the RSPO-RED scheme (I)

RSPO-RED scheme is not 'stand alone', but:

- to be used in conjunction with RSPO P&C, Certification Systems, Supply Chain Certification Systems and Supply Chain Certification Standard
- a *voluntary* add-on to the RSPO Standard
- RSPO-RED scheme includes additional requirements for producers, the supply chain and for certification bodies
- RSPO-RED requirements apply to all countries

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Scope of the RSPO-RED scheme (II)

Two major differences between the scope of RSPO Standard and the RSPO-RED scheme:

- New plantings after January 2008 can currently not be certified under RSPO-RED (as methodology for compliance with land use criteria is more complex)
- Independent smallholders can currently not be certified under RSPO-RED (Standards for certification of independent smallholders will be included when RSPO-RED requirements will be revised)

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RSPO-RED Requirements for Producers

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Requirements for producers

Four types of requirements under RSPO-RED:

1. General requirements of the RSPO standard
 2. RSPO-RED requirements on land use
 3. RSPO-RED requirements on greenhouse gas criterion
 4. RSPO-RED requirements on the level of sampling
- } additional

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RSPO-RED requirements on land use

- The land was under palm oil production in January 2008
- The land is not designated for nature protection purposes by law or by the relevant competent authority
- The land was not a wetlands in January 2008. In case the land was a wetlands in 2008, there is evidence that the production of palm oil has not changed the nature and the status of the wetlands.
- The land was not a peatland in January 2008. In case the land was a peatland, there is evidence that the production of palm oil does not involve drainage of previously undrained soil. Etc.

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RSPO-RED requirements on greenhouse gas balance (I)

- EU-RED greenhouse gas criterion:
 - Greenhouse gas emission saving from the use of biofuels is at least 35%
 - As from 1 January 2017, increase to 50% (60% for new installations)

- Three options to comply with criterion:
 - Use of actual values, following the EU-RED calculation methodology
 - Use of default values (Annex A of EU-RED)
 - Use of the grandfathering clause (until 30 March 2013), but only if installations were in operation on 23 January 2008

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RSPO-RED requirements on greenhouse gas balance (II)

One of the following options must be used for the EU-RED greenhouse gas criterion:

- a. Use of a default value
 - > only default values assuming methane capture at palm oil mills comply with the 35% greenhouse gas reduction criterion (and 50% from 1 January 2017)

- c. Use of the grandfathering option
 - > until 31 March 2013, and only for mills in operation on or before 23 January 2008

N.B. The use of actual greenhouse values is currently on hold, until EC approved calculation tool is available (BioGrace)

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RSPO-RED requirements on the level of sampling

For RSPO certification assessments a minimum sampling size of $0.8\sqrt{V}$ is required. For RSPO-RED this minimum is set at \sqrt{V} , following a specific EU-RED requirement.

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RSPO-RED Requirements for the Supply Chain

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Requirements for supply chain operators (I)

Three type of requirements under RSPO-RED:

1. General requirements of the RSPO standard
 2. RSPO-RED requirements in relation to chain of custody and information transfer in supply chain
 3. RSPO-RED requirements on greenhouse gas criterion
- } additional

Requirements for supply chain operators (II)

- EU-RED requirements do not allow the use of a book&claim supply chain system.
- Purchase orders for RSPO-RED certified palm oil or palm oil products shall specify:
 - The country of origin
 - That the palm oil (product) meets the land use requirements
- Purchase orders for RSPO-RED certified palm oil or palm oil products shall specify:
 - The cumulative greenhouse gas intensity (g CO₂/tonne or gCO₂/M J) of the emissions of greenhouse gases relative to the sustainable fraction of the delivered consignment (default values), or
 - Explicitly state that the grandfathering clause has been applied

Further RSPO-RED Requirements

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Additional RSPO-RED requirements for producers and all supply chain operators

- Audits before participation in the RSPO-RED scheme
- Document management
- Multi-site certification and audit
- Limited assurance level

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RSPO-RED requirements for certification bodies

Certification against RSPO-RED

- Certification bodies must be RSPO approved to undertake RSPO-RED assessments
- Audit teams shall include team member(s) able to cover all elements of the RSPO-RED requirements for producers/supply chain
- Findings of RSPO-RED shall be documented in audit report
- Public summary report shall contain a summary of findings in RSPO-RED assessment

Alignment of RSPO and RSPO-RED certification

- Initial audit against RSPO-RED requirements:
 - For operators not yet certified against the RSPO standard
 - For operators already certified against the RSPO standard
- For RSPO certified operators, an initial assessment against the RSPO-RED requirements may take place:
 - In combination with an annual surveillance audit against the RSPO Standard
 - At any other moment (separate audit)
- RSPO-RED certificate holds specific code, which distinguishes between RSPO compliant and RSPO-RED compliant
- The validity period of the RSPO certificate remains leading. In practice this might mean that RSPO-RED certificates when first issued have a validity of less than 5 years.

4. Current status and next steps

Current status and next steps

- RSPO-RED application *technically* approved by EC consultants, currently in review process by EC
- Publication of RSPO-RED Guidance document
- Training for RSPO Certification Bodies
- After full approval of RSPO-RED scheme, operators can choose between RSPO-RED and alternative voluntary schemes (e.g. ISCC)

Thank you for your attention!

For more information:

arjen@brinkmann-consultancy.nl