May 2023 update: New version of Sustainable Biomass Program (SBP) standards

Following the publication of this report, the SBP has published a new version of its standards, which will come into effect in August 2023: https://sbp-cert.org/better-than-before-sbp-launches-revised-standards/. Biofuelwatch has looked closely at the changes. None of address any of concerns raised in our report below. To the contrary, the new version of standards is even worse than the previous one in at least one respect: The original standards prohibited sourcing of wood linked to the conversion of natural forests to tree plantations. The new version no longer prohibits this. It only prohibits sourcing linked to forest conversion to a different type of land use entirely, such as agriculture.

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1. Executive Summary

Dutch pellet imports increased more than 8-fold between 2017 and 2020, as RWE, Uniper and Onyx ramped up biomass co-firing in their coal plants. At present, the vast majority of those pellets come from the Southeastern USA, however, significant quantities are imported from the Baltic States, too.

Wood pellet burning in large power stations is only possible because of generous renewable energy subsidies under the Dutch SDE++ programme. In order to qualify for those subsidies, the wood is supposed to meet a set of SDE++ sustainability and greenhouse gas criteria. Since late 2019, all pellets certified by the Sustainable Biomass Program (SBP) have been deemed to automatically meet those criteria.

In this briefing, we investigate whether the Dutch authorities' decision to deem all SBP-certified wood pellets to meet national sustainability and greenhouse gas standards is justified. Our findings show that this is not the case, i.e., that the SBP does not provide credible auditing of supply chains or verification of claims made by pellet producers and that its interpretation of criteria is at odds with what is required under by the SDE++ scheme.

Given that all SBP-certified pellets can automatically be burned with SDE++ subsidies in the Netherlands, the evidence uncovered here is relevant regardless of whether pellets are sourced for example from the particular US pellet mill discussed (information not made publicly available by energy companies).

Key problems with the SBP identified in this briefing are:

- Lack of external auditing of forest management linked to pellet production: it is left to pellet producers to visit and inspect forests and plantations from which pellets are sourced.

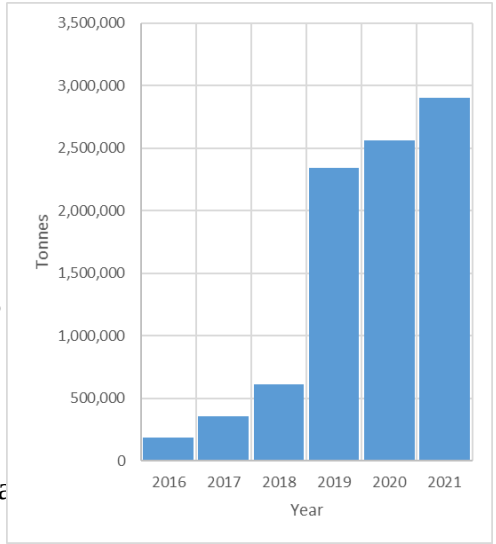
Certifiers are not required to carry out such site visits.

- Lack of appropriate scrutiny of claims made by pellet producers and information sources provided by them: SCS Global uncritically accepted Enviva's claim that clearcutting highly biodiverse hardwood forests in the Southeastern USA will not generally harm biodiversity and can be of ecological benefit – despite strong evidence to the contrary. SCS Global reproduced the weblink to the document provided by Enviva as the same source of that claim, without realising that the document was replaced with a different one in 2016, one which highlights the adverse ecological impacts of clearcutting the forests from which Enviva is sourcing;
- Inconsistent interpretation of evidence by certifiers: The Regional Risk Assessments for Latvia and Estonia, both undertaken by Preferred by Nature, contradict each other with regards to logging impacts on forest birds: in the case of Latvia, logging is classified as posing a risk to forest bird species; in the case of neighbouring Estonia, some of the same forest bird species are not deemed to be at risk from logging.
- SBP indicators, i.e., guidelines for interpreting criteria, are not compatible with SDE++ criteria: the SBP allows wood sourcing even if, as is the case in Estonia, intensive logging has turned forests into a net carbon source, i.e., forest carbon stores are being diminished. It does so by projecting future forest carbon sequestration over a period exceeding 70 years. Furthermore, SBP indicators allow further drainage of previously drained peatlands, regardless of carbon emissions resulting from this.

The NGOs publishing this document are calling on the Dutch government to:

- Stop subsidies for all pellets certified exclusively by the SBP given that SBP certification does not guarantee SDE++ criteria being met.
- Revoke the decision to recognise SBP certification as evidence that SDE++ criteria are met.

They further believe that all subsidies for wood biomass energy must be stopped and that the funds must be redirected to measures that genuinely reduce greenhouse gas emissions, including insulating homes and other buildings.

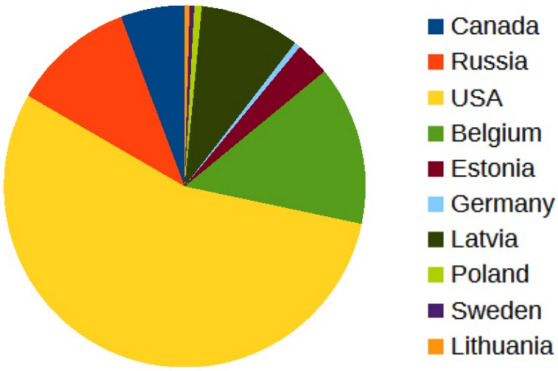


2. Background

2.1 Dutch wood pellet imports and SDE+ sustainability criteria

Between 2017 and 2021, the amount of pellets burned in the Netherlands increased more than 8-fold, as RWE, Uniper and Onyx started co-firing large quantities of wood in coal power stations.

The Netherlands is now the single largest wood pellet importer in the EU. During the most recent 12 months for which Eurostat data are available, the country imported just over 3 million tonnes of wood pellets, the large majority from the Southeastern



Pellet imports, excluding countries from which NL imported <10,000 tonnes

Dutch subsidies for wood biomass energy are subject to the wood meeting SDE+ sustainability standards. Since December 2019, Dutch authorities have allowed energy companies to demonstrate full compliance with those standards via SBP certification.[1]

2.2 What is the Sustainable Biomass Program

The Sustainable Biomass Program (SBP) has become the largest sustainability certification scheme for wood pellets. It was founded by seven European energy companies, including RWE, in 2013. They were subsequently joined by pellet companies and so-called "civil society representatives", none of whom represent any civil society organisation.[2] It was originally called the Sustainable Biomass Partnership, but the name was changed when environmental NGOs refused to join this industry initiative. The SBP automatically classes any pellets produced under one of the three main forest management certification schemes -FSC, PEFC and SFI (Sustainable Forestry Initiative) as meetings its own standards. In addition, it certifies large quantities of pellets produced from forests without any forest management certification.

2.3 General observations on sustainability standards and certification for bioenergy

Sustainability standards have been mandatory for liquid biofuels that are treated as renewable energy in the EU since 2010, and similar standards for wood bioenergy form part of the EU's 2018 Renewable Energy Directive (RED2). In addition, different countries and states around the world have their own sustainability standards, such as the Dutch SDE++ criteria for wood biomass which, on paper, go beyond those in the RED2.

The use of such standards has been criticised by environmental organisations for three main reasons:
1) Standards focus on specific feedstock consignment and do not address the wider, indirect impacts of a growing market for wood or agricultural commodities created by subsidies.
2) Sustainability standards are not designed to address the climate impacts of burning wood or another feedstock for energy.
3) Auditing and verification of internationally traded biomass relies largely on paperwork by suppliers and energy companies. This opens the potential for fraud, such as the fraud discovered in Dutch used cooking oil supply chains and the possible fraudulent declaration of chemically treated waste wood as 'virgin wood' being investigated by Dutch authorities.[3]

Perhaps most importantly, no evidence exists to show that the introduction of bioenergy sustainability standards anywhere has in fact succeeded in preventing any of the worst impacts of feedstock sourcing, such as degradation of protected nature areas or sourcing from old growth and primary forests.

3. SBP Certification for Enviva's Ahoskie pellet plant

3.1 Enviva: Background information

Enviva is the world's largest pellet producer. It operates 10 pellets plants across the Southeastern USA, four of them in North Carolina. Enviva has publicly announced that RWE is one of its customers,[4] and the Netherlands is the only country where RWE burns wood pellets. RWE, like Onyx and Uniper, have not published any information about the pellet plants from which they are sourcing wood. Although we cannot know whether Ahoskie pellets go to the Netherlands, SBP certification means that they would meet the SDE++ criteria.

Conservation NGOs and investigative reporters have been showing since 2013 that Enviva, including at its Ahoskie plant, routinely uses roundwood sourced from mature trees from the clearcutting of natural forest ecosystems.[5] Those forests lie at the heart of the North American Coastal Plain global biodiversity hotspot, with more than 1,500 vascular plants found nowhere else, and with 70% of habitat already destroyed.[6]

Enviva does not deny any of those findings, at least not in its Supply Base Report for the SBP.[7] According to that report, 77% of the wood used at Ahoskie comes directly from forests and includes roundwood. Hardwood, only found in natural forest ecosystems in the region, accounts for 63% of total wood used. Only 16% of the primary wood (i.e., wood that comes directly from a forest) has any forest management certification. Enviva calls its roundwood "low-grade", but that is a term with no agreed definition, i.e., it can mean whatever the company wants it to mean. The only type of roundwood explicitly ruled out by Enviva are "saw-logs". This is a meaningless statement: the international definition of a sawlog that ends up in a sawmill to produce various wood products.[8] A log that for any reason ends up in a pellet rather than a sawmill by definition can't be a 'saw-log'.

3.2 How did the SBP certify clearcutting bottomland hardwood forest in a global biodiversity hotspot as 'sustainable'?

Enviva has convinced its SBP certifiers, SCS Global Services, that clearcutting is not just the typical logging method in bottomland hardwoods[9], i.e., the forest ecosystems supplying this pellet plant, but that it can even be beneficial to forest ecology!

Here is what the SCS report states, based on Enviva's claims:

> "*Many of these existing bottomland hardwood stands have been poorly managed to date, such that appropriate silvicultural treatments such as clearcut embody restoration for these forests and are the best ecological outcome. For more information on bottomland hardwood forests and their silviculture, please see the excellent guide published by The Forest Guild, at http://www.forestguild.org/node/263.*

The weblink included here no longer exists. It was replaced by a different Forest Stewardship [sic] Guild document in 2016, one which warns landowners that a clearcut in a bottomland hardwood constitutes "significant alteration to wildlife habitat" and "potential alternation of hydrologic patterns".[10] SCS, it appears, published this weblink without verifying that it still exists and continues to represent the cited organisations' position! Even worse, this ***outdated and no longer published document forms a core part of the supposed "evidence" that clearcutting does not harm the biodiversity of bottomland hardwood forests!***

Clearcut near Como, NC, from which wood was supplied to an Enviva plant, Photo: Dogwood Alliance

In reality, clearcutting forest ecosystems, including bottomland hardwoods, destroys the habitat of countless forest species. Several bird species that are of high conservation concern and already in decline are amongst those species directly threatened by habitat destruction through clearcutting linked to the wood pellet industry.[11]

3.3 What evidence for "sustainable" wood sourcing did the certifiers look at?

Enviva's certifiers, SCS Global inspected Enviva's paperwork and the site of the Ahoskie pellet plant. What they did not do – and were not expected to do under SBP rules – was visit any of the forests or clearcuts from which the pellet plant has been sourcing wood.

That task was left to Enviva themselves. Enviva duly visited 150 of the forest sites in 2019 and even more in 2018. Unsurprisingly, they "confirmed" that all the sites met each of the criteria.

3.4 Evidence contradicting Enviva's claims of meeting all SBP standards

Clearcut at Edenton, from which half the wood went to the Ahoskie pellet plan5 according to Mongabay article,Photo: Dogwood Alliance

As shown above, Enviva is upfront about sourcing roundwood from clearcut biodiverse forests. They can be accused of obfuscation regarding the roundwood they procure, by virtue of using legally meaningless terms such as "no saw-logs" and "low-grade wood".

However, one criterion of the SBP and the Dutch SDE++ standards that Enviva has breached, according to a former employee who became a whistle blower, was the requirement not to source from forest subsequently converted to other land use. The whistle blower confirmed evidence also seen by Dogwood Alliance to a reporter at *Mongabay,* that Enviva's Ahoskie plant sourced wood from a 57 acre (23 hectare) forest tract clearcut in order for the land to be converted to a different use.[12] Because SBP relies on the pellet producer to inspect its own wood sourcing sites, such information will never be picked up by the certifiers.

In this context, it is important to note that, following a report by the hedge fund Blue Orca,[13]Enviva investors have filed a shareholder class action against the company. One of the allegations they make is that "Enviva had misrepresented the environmental sustainability of its wood pellet production and procurement"[14]

4. SBP certification of pellets from Estonia

4.1 Background information

Graanul Invest is Europe's biggest pellet producer, with 11 pellet plants in the Baltic States. They also own a pellet plant in Texas, USA. The company, previously under private Estonian ownership, was sold to US private equity company KKR in 2022. Graanul Invest's freight ships regularly deliver pellets to the Netherlands.[15]

In 2021, Greenpeace Netherlands published a report by SOMO which concluded that Estonian pellets sourced from Graanul Invest's have violated SDE++ sustainability criteria.[16] Those violations related to logging in high conservation forests areas, in watersheds, and in peatland forests.

A response by the Dutch Emissions Authority,[17] NEa, dismissing those findings has been rebutted by SOMO on the grounds that it was based entirely on desktop research, prioritising the views of actors with vested interests in Estonian pellets.[18]

All of Graanul's pellets are SBP certified and thus deemed to meet SDE++ standards without any further investigations. Whether or not pellets sourced from a particular logging operation end up being burned in Dutch power stations is therefore irrelevant.

4.2 SBP Regional Risk Assessment for Estonia

The SBP has adopted six Regional Risk Assessments (RRAs) for pellets produced in different countries or states, including one for Estonia and another for Latvia.[19] Those two were prepared by Preferred by Nature (formerly called NEPCon).

If an RRA assesses the risks of criteria being breached as low, then all pellets produced in the country are deemed to meet those criteria.

According to the RRA for Estonia, all risks are low, with one exception: If wood is sourced from private forests without any forest management certification, then the pellet company needs to investigate and report on potential threats to high conservation value areas from forest management. Nothing else needs to be investigated and reported.

4.3 Forest birds: Threatened by logging in Latvia but not Estonia?

Hazel grouse, Photo: Michael Haeckel, Wikimedia

Lesser spotted woodpecker, Photo: Jevgenijs Slihto , Flickr

During the consultation on the latest RRA, Estonian Fund for Nature commented on the declining populations of forest birds in Estonia, naming seven of the species concerned (including the Hazel grouse and the Lesser spotted woodpecker). Preferred by Nature dismissed those concerns, stating:

> "*There is no academic consensus on why the bird populations may be declining (lack of generally agreed cause-effect relationship between forest management and declining populations)*."

Estonia's forest birds have been declining at a rate of 50,000 breeding pairs a year.[20] It is inconceivable that logging would not at least be a contributing factor to this decline, particularly since logging is permitted throughout the nesting season. According to a study by Tartu University, at least 80,000 fledglings a year are killed as a result.[21]

Bizarrely, Preferred by Nature and the SBP reached an opposite conclusion in the RRA for Latvia. In Latvia, they found that logging did pose a risk to forest birds, which means that pellet companies must investigate and report on those risks. The Latvian RRA refers to some of the same bird species mentioned by Estonian Fund for Nature, observing for example that the Hazel grouse decline "*cannot be linked to quality of species habitats outside the country and other external factors*", because this is not a migratory species! Clearly Preferred by Nature's two assessments contradict each other.

4.4 SBP deems risks of carbon sink depletion to be 'low' despite evidence that Estonia's forests have become a net carbon source

SBP and SDE++ criteria both require the preservation of forest carbon sinks and stocks, albeit with one important difference: However, there is a crucial difference: SBP criteria focus on the "long term" across the whole country only, whereas SDE+ criteria are supposed to look at the "medium term", including for individual forests from which pellets are sourced, too.

The SBP, based on Preferred by Nature's assessment, is satisfied that there are no risks to Estonian forests' carbon sink or stores in the long term. By that, they mean a period of more than 70 years! Moreover, as NEPCon highlights, the SBP "*does not require avoiding any decline (on any timeframe) in forest carbon stock or sink*."

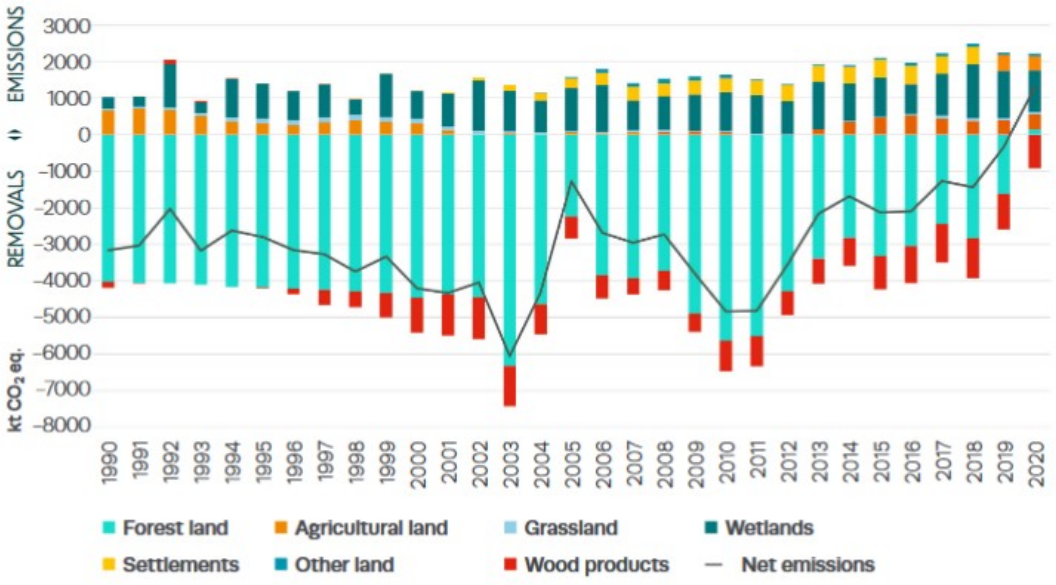
In fact, data released by Estonia's Ministry of the Environment show that Estonia's forests ceased to be a carbon sink and became a net source of carbon emissions in 2021:[22]

According to the Ministry's forecast, Estonia's whole land (LULUCF) sector will become a net source of greenhouse gas emissions this year (2023) and remain an emissions source until 2050, which is where the government's projections end.

This, however, does not matter to the SBP, because Preferred by Nature is satisfied that, by the end of the century, forests will once again be a net carbon sink – a highly questionable prediction. Sourcing wood from forests with declining carbon sinks clearly contradicts SDE++ criteria – but this does not matter as long as SBP certification automatically leads to SDE+ criteria being assumed to be met.

Based on the data published by the Ministry of the Environment in March 2022, the figures for Estonia over the last thirty years are as follows:

GHG emissions in the LULUCF sector in 1990–2020



4.5 Water level reduction in peat forests not a problem according to SBP criteria

SDE+ criteria prohibit the use of wood sourced from permanently drained land that was a peatland at the start of 2008, unless it can be shown that harvesting did not deplete water levels. They also prohibit harvesting practices that deplete carbon sinks such as peatlands. This is particularly important in Estonia, where around 20% of all land is peatland.

SOMO, in their 2021 report, exposed the fact that the State Forest Management Centre (RMK) has over the past year been dredging and renewing old drainage ditches, thereby lowing the water level and causing more carbon emissions. SOMO further showed several examples of such drainage work in peatland forests from which Graanul has sourced wood.

NEPCon has not denied this evidence. Instead, their RRA for Estonia points out that renovating old drainage systems is permitted by the SBP, even if soil carbon is released.

4.6 How do the certifiers assess whether wood comes from high conservation value forests in Estonia?

This is the only criterion which Graanul Invest now must demonstrate is being met – and only for those private forests without any type of forest management certification. Sourcing from HCV forests was one type of SDE++ standard violations highlighted by SOMO.

As with Enviva, however, the responsibility for inspecting and auditing where the wood comes from rests with the pellet company. Thus, during the most recent "surveillance audit" of one of Graanul's largest plants at Osula,[23] NEPCon visited the pellet plant and port facilities, but none of the suppliers, let alone forests from which wood is being sourced.

5. Conclusions

SBP, the main certification scheme for wood pellets burned in the Netherlands, relies on pellet producers themselves to inspect and audit their own supply chains. Certifiers merely inspect the paperwork. They are not expected to look at any of the forests from which wood is sourced, and they never carry out any 'spot checks' of relevant logging activities.

As we have seen from the SBP certificate for Enviva's Ahoskie plant and the Regional Risk Assessment for Estonia, industry claims about the wider impacts of forest management in their sourcing area are being adopted by certifiers with little scrutiny.

In the case of the Ahoskie plant certificate, this includes Enviva's claim that clearcutting highly biodiverse forests is good for forest ecosystems, backed up by an outdated, no longer published report.

In the case of the Regional Risk Assessment for Estonia, the SBP has accepted the claim that Estonia's forests will be a net carbon sink by the end of the century, even though they have recently become a net source of emissions, due to intensive logging. Another strange conclusion drawn by SBP, based on NEPCon's assessment, is that the same species of forest birds that, as they agree, are threatened by logging in Latvia are not threatened by logging in Estonia.

Finally, SBP interprets criteria which at first sight look similar to those used by SDE++ in a very different way. Thus, SDE+ criteria are meant to require carbon stocks in each forests supplying wood for energy in the Netherlands to at least remain stable in the medium term. The comparable SBP criterion, on the other hand, only applies 'in the long term' (>70 years) and to the whole country, not individual forests. Deeping drainage in peat forests contravenes SDE++ but not SBP standards. Nonetheless, Dutch authorities treat all SBP certified pellets as if they meet Dutch standards.

The Dutch government must therefore:

- Stop subsidies for all pellets certified exclusively by the SBP given that SBP certification does not guarantee SDE++ criteria being met.
- Revoke the decision to recognise SBP certification as evidence that SDE++ criteria are met.

Ultimately, we believe that all subsidies for wood biomass energy must be stopped and that the funds must be redirected to measures that genuinely reduce greenhouse gas emissions, including insulating homes and other buildings.

[1] https://sbp-cert.org/sbp-offers-complete-solution-for-sde-compliance/

[2] https://sbp-cert.org/about-us/how-we-operate/governance-and-people/sbp-board/

[3] https://www.gelderlander.nl/overijssel/om-shirtsponsor-pec-is-spil-in-miljoenenfraude-met-biodiesel~aa7e2f8f/ _ https://www.destentor.nl/veluwe/fraude-met-vuil-hout-voor-biomassacentrales-doet-wenkbrauwen-fronsen-nooit-iets-van-gehoord~a4575b5a/

[4] https://ir.envivabiomass.com/news/news-details/2022/Enviva-Reports-Fourth-Quarter-and-Full-Year-2021 ResultsReaffirms-2022-Guidance-and-Announces-New-Customer-Agreements/

[5] See for example https://www.nrdc.org/sites/default/files/global-markets-biomass-energy-devastating-us-forests-202209.pdf

[6] https://www.cepf.net/stories/announcing-worlds-36th-biodiversity-hotspot-north-american-coastal-plain

[7] https://sbp-cert.org/certificate-holders/#4347

[8] https://www.fao.org/forestry/34572-0902b3c041384fd87f2451da2bb9237.pdf

[9] The bottomland hardwood forest is a type of deciduous and evergreen hardwood forest found in broad lowland floodplains along major rivers and lakes in the United States and elsewhere. They are occasionally flooded, creating the alluvial soil necessary for the gum, oak, and bald cypress trees that typically grow in this type of biome. The trees often develop unique features to accommodate submersion, including cypress knees and fluted trunks, but cannot survive continuous flooding. Typical examples of this forest type can be found in the Gulf Coast states and along the Mississippi River in the United States. It is estimated that there were 24,000,000 acres (97,000 km2) in the region before forestry and agriculture reduced it to about 4,000,000 acres (16,000 km2) today.

[10] https://foreststewardsguild.org/wp-content/uploads/2019/05/FSG_Bottomland_Hardwoodsweb.pdf

[11] https://www.southernenvironment.org/wp-content/uploads/2021/08/Wood_Pellet_Handout_2021_FINAL-1.pdf

[12] https://news.mongabay.com/2022/12/envivas-biomass-lies-whistleblower-account/

[13] https://seekingalpha.com/article/4547694-enviva-blue-orca-short-report-misleading

[14] https://www.globenewswire.com/en/news-release/2022/12/27/2579654/0/en/ENVIVA-INC-NYSE-EVA-SHAREHOLDER-CLASS-ACTION-ALERT-Bernstein-Liebhard-LLP-Reminds-Investors-of-the-Deadline-to-File-a-Lead-Plaintiff-Motion-in-a-Securities-Class-Action-Lawsuit-Aga.html

[15] Via https://www.marinetraffic.com/en/ (freight ships Imavere and Launkalne)

[16] https://www.somo.nl/wood-pellet-damage/

[17] https://www.rijksoverheid.nl/ministeries/ministerie-van-economische-zaken-en-klimaat/documenten/kamerstukken/2022/06/21/conclusies-nea-onderzoek-duurzaamheid-biomassa-uit-estland-bestemd-voor-energietoepassingen-somo-onderzoek https://www.somo.nl/nl/gebrekkig-nea-onderzoek-naar-onduurzamehoutpelletproductie/#:~:text=juli%204%2C%202022-,Gebrekkig%20NEa%2Donderzoek%20naar%20onduurzame%20houtpelletproductie,om%20de%20bevindingen%20te%20onderzoeken.

[18] https://www.somo.nl/faulty-nea-investigation-into-unsustainable-wood-pellet-production/

[19] https://sbp-cert.org/documents/standards-documents/risk-assessments/

[20] Renno Nellis, Veljo Volke (2019) Changes in abundances of forest birds during the period of 1983 to 2018 https://eoy.ee/hirundo/files/Nellisi_Volke_2019-1.pdf

[21] https://www.eoy.ee/pics/1154_kevadsuviste_raiete_voimalik_moju_metsalindudele_ja_seda_leevendavad_meetmed.pdf

[22] https://media.voog.com/0000/0037/1265/files/LULUCF%20background%20paper_Estonian%20Fund%20For%20Nature%20(May%202022).pdf

[23] https://sbp-cert.org/certificate-holders/#4638

Biofuelwatch provides information, advocacy and campaigning in relation to the climate, environmental, human rights and public health impacts of large-scale industrial bioenergy.