

RSB – ROUNDTABLE ON SUSTAINABLE BIOMATERIALS

RSB Reactive Guidance on Implementation of the RSB Japan FIT Standard

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(to add information on fees and process for recognition of non-palm residues)

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1. Objective

The objective of this document is to provide guidance to auditors, certification bodies and participating operators about the application of RSB certification in relation to the guidance issued by Japan's Ministry of Economics, Trade and Industry (METI) in April 2020 and clarify questions regarding audits against the current RSB Japan FIT standard.

2. Relevant standard references

RSB Japan FIT Standard [RSB-STD-13-001], version 1.0

RSB Advanced Fuels Standard [RSB-STD-01-010], version 2.3

RSB Procedure for Certification Bodies and Auditors [RSB-PRO-70-001], version 3.7

3. Background

METI issued its guidance for biomass under the Japan Feed in Tariff (FIT) system in April 2020. FIT is the main instrument to promote bioenergy in Japan for electricity from renewable energy sources. The METI guidance recognised RSB for the certification of palm residues including palm kernel shells (PKS) and palm trunks. Based on the requirements of the METI guidance, RSB developed its Japan FIT Standard which was reviewed by METI staff and approved by the RSB membership for implementation from 30 April 2020.

The RSB Japan FIT Standard includes METI specific requirement for verification of points of origin of palm residues against the RSB Principles and Criteria, as well as the requirement for *Segregation* and *Identify Preserved* Chain of Custody models. It also details how other RSB Standards and Procedures should be applied for RSB Japan FIT certification.

While the work of the METI Working Group on Sustainability continues to define sustainability requirements beyond palm residues, the requirement in Japan is for all biomass to be certified by April 2022 if it is to continue to access subsidies under the FIT system.

In May 2020, RSB also updated its set of standards and procedures, including the RSB Procedure for Certification Bodies and Auditors [RSB-PRO-70-001], to make appropriate references to the RSB Japan FIT Standard.

4. Further development of requirements under FIT

The guidance issued by METI in April 2020 stipulated that other types of biomass must be vetted by METI, particularly in terms of food security and greenhouse gas emissions. The METI Working Group will review non-palm biomass, as well as greenhouse gas emissions. It is expected that this work will not be completed until at least mid-2021.

At this time the following process/requirements apply for non-palm biomass (including vegetable oils):

- The feedstock should be RSB certified
- Operators should contact METI to set up a prior consultation

- The final decision on each feedstock will be made by METI after review by the Working Group.

5. Guidance on application of RSB Japan FIT Standard

As noted above, RSB certification has only been recognised for palm residues by METI and therefore the RSB Japan FIT standard can only be applied for palm-residues derived biomass (PKS and palm trunks) at this time. There are other particularities of the standard when compared with other RSB schemes. The key differences and approaches are clarified below:

5.1 Scope of Certification

The current version of the RSB Japan FIT Standard is limited to the supply chains of PKS and / or palm trunks derived biomass for energy. They can cover supply chains sourcing these residues for feeding power plants directly or which are converting these feedstocks into other type of products (e.g. pellets, bio-coal, chips) used for bioenergy.

The RSB Procedure for Participating Operator [RSB-PRO-30-001] shall be applied for defining the certification scope. Similar to other RSB certification schemes, the Participating Operator has the option to include its whole supply chain within a single certificate. It is possible to cover all sites and facilities, including the points of origin (e.g. crude palm oil mills), first collectors of residues, traders and industrial units (if applicable).

If the Participating Operator is interested in RSB certification for other types of biomass than PKS and palm trunks, not targeting the specific market of the Japan FIT, they can apply the RSB Advanced Fuels Standard (RSB Global Scheme). Please see item 6 of this present guidance.

5.2 Compliance with RSB Principles & Criteria at point of origin level

The point of origin for PKS are the palm mills. Differently from the RSB Advanced Fuels, which does not require any specific sustainability criteria for PKS at point of origin, the METI guidance requires compliance with the RSB sustainability Principles & Criteria [RSB-STD-01-001] by the palm mills where PKS are originated. The same sustainability requirements are applied in case of points of origin of palm trunks (palm plantations). It means that the points of origin are required to be audited against the RSB P&C.

5.3 Chain of Custody

Currently, the METI guidance requires implementation of *Identity Preserved* or *Segregation* chain of custody systems. It is important to highlight that *Mass Balance* system is not allowed.

5.4 Audit requirements

The RSB Procedure for Certification Bodies and Auditors [PRO-70-001] section H.1.5.1 describes the audit requirements for the RSB Japan FIT Standard, including specific requirements for each operator type for main and surveillance audits. The CBs shall use this procedure as reference for preparing audit services proposals and audit plans for assessments against the RSB Japan FIT Standard.

A specific auditor's checklist covering the RSB Japan FIT standard will be developed by RSB.

6. Application of RSB Global Standard

RSB has been approached by operators working with non-palm feedstocks for the Japan market. We have informed them of the context of the METI Working Group on Sustainability as outlined above and have proposed that these operators become certified under RSB Global certification, specifically the RSB Advanced Fuels Standard which details requirements for agricultural and forestry residues, as well as for other type of production residues.

While of course RSB cannot predict the outcome of the METI Working Group on Sustainability in terms of the requirements that it will have for non-palm residues, we expect that operators certified under the RSB Global Standard will have already met most requirements and additional requirements can be integrated into their audit cycle. By starting the RSB certification process operators will have a better chance of meeting the April 2022 deadline for certification under the FIT.

7. Solutions under development

7.1 Benchmarking with MSPO and ISPO

RSB is planning to undertake a benchmark of RSB against the Indonesian Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil certification systems. This process will allow for the development of auditor checklists for CPO mills certified under these standards. It is planned to have checklists available at the end of the third quarter of 2020.

7.2 Piloting of Group Certification

RSB is currently negotiating the development of a pilot certification that will look at the certification of management systems implemented by First Collectors, or Traders to verify CPO mills against RSB Principles and Criteria. It is not clear if this approach will be accepted by METI but RSB is informing prospective POs about the pilot. RSB expects to have results from the pilot that can be communicated with METI in the last quarter of 2020, or the first quarter of 2021.

7.3 RSB Standard Amendment for Woody Biomass

RSB is currently developing a standard amendment which will impact the requirements for the certification of woody biomass under the RSB Global Standard as well as the RSB EU RED Standard. The RSB Standards General Working Group has reached consensus on the Woody Biomass Amendment and RSB expects that it will be adopted by its members at the October 2020 Assembly of Delegates meeting. A copy of the draft Amendment is available from the RSB Secretariat on request.

8. RSB Licence Fees for Heat and Power

RSB has revised its fees for biomass and non-bio-based feedstocks for heat and power generation as detailed in Annex 1. The fees along with fees for liquid biofuels and advanced products are also part of the RSB Participating Operator Agreement (Schedule C).

Annex 1

Application and Participating Operator Fees

All applicants to become RSB certified Participating Operators pay a non-refundable application fee of \$500 (USD), due along with the submission of the RSB registration application.

The RSB rate schedule breaks down along lines corresponding to the product chain of custody. The Licence Fee is payable on all land area and volumes associated with sites and facilities within the Participating Operator's Scope of Certification.

Your certification can include more than one category of operator. For example, if the certification covers a pellets producer and an independent trader, the fees for “Industrial Operator” and for “Independent Trader” are both applicable, as well the number of sites or offices.

RSB licencing fees are based on supply chain type:

1. Liquid Biofuels and Advanced Fuels
2. Advanced Products
3. Heat and Power

Licencing Fees for Heat and Power supply chains

For integrated supply chains (i.e. included within the scope of a single RSB certificate) a maximum annual fee of \$30,000 (USD) is payable.

1. Feedstock Producer

The fee for feedstock producers is based on the number of hectares dedicated to primary feedstock production, based on the cultivation area recorded in the PO certification documents.

Table 1. Fees for feedstock producers

Feedstock Producer (cultivated area)	Variable fees per hectare (USD)
Up to 150 hectares	No charge
151 to 500 hectares	\$0.95 per ha
501 to 1,000 hectares	\$0.75 per ha
> 1,000 hectares	\$0.50 per ha
Maximum feedstock producer fee*	\$25,000

*per annum

2. Industrial Operators

The fee for industrial operators is calculated based on the amount of products sold or delivered as RSB certified during the year (in Metric Tons). Minimum annual fee of \$1,000 (USD) (applicable where the volume-based fee is less than \$1,000 (USD) per year).

Table 2.1 Fees for industrial operators

Industrial Operator: heat and power supply chains	
Volume-based fee (USD)	0.08
Minimum Fee per year (applicable where volume-based fee is less than \$1,000 (USD) per year)	\$1,000
Maximum Fee per year (USD)	\$30,000

Table 2.2 Example of fees for industrial operators

Type of product	Pellets
Annual Production (output sold as RSB certified) in metric tons	300,000
Volume-based fee (USD)	0.08
Total annual fee (USD)	=300,000*0.08 = 24,000

3. Traders

Traders are organisations buying and selling materials or products, including raw materials, intermediates and final products. Examples of traders include distributors, blenders, wholesale and retail companies (including companies selling to end-consumers).

Traders of biomass and non-bio based feedstocks are charged a volume-based fee up to a maximum of \$10,000 (USD).

Table 3.1

Annual Trading Volume (sold as RSB certified)	Fixed fee (USD)
<50,000 metric tons	\$1,000
50 – 250,000 metric tons	\$5,000
>250,000 metric tons	\$10,000

4. End-users

For certified end-users (e.g. power plants or other end-user industries making RSB claims or declaring to regulators that they are using RSB compliant materials), RSB charges volume-based

fees up to a maximum of US\$15,000. The volumes refer to the RSB biomass or non-bio based feedstock consumed per year.

Table 4.1

Annual consumption of RSB compliant materials (in metric tons)	Fixed fee (USD)
0-200,000 metric tons	\$5,000
200 – 300,000 metric tons	\$10,000
>300,000 metric tons	\$15,000

2.1. Pilot and Demonstration Facilities Policy

The annual fee is \$1,000 (USD) per facility.

A facility must be used for the purpose of demonstrating, testing, and or concept evaluation of technology, processes, crop strains, etc. Any production in line with these objectives shall not be considered as commercial.

If demonstration facilities are selling products to the market, the amounts sold as RSB-certified shall be reported under "industrial operators" for calculating the PO annual fee based on the volumes of RSB products sold.