

RenovaBIO

Evolution and Perspectives
for Sustainable Finance

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We create chemistry

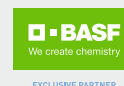
Instituted by the Federal Law nº 13.576 in December 2017 in line with SDGs 7, 12 and 13, RenovaBio aims at achieving the Brazilian NDCs under Paris Agreement, focusing on the decarbonization of the transport matrix. A core instrument in the project is the RenovaCalc, a robust LCA-based GHG calculator which delivers the Environmental-Energy Efficiency Grade, a key element for calculating the Decarbonization Credit (CBIO).

Each CBIO corresponds to one tonne of CO_{2eq} that is avoided. It is issued by biofuel producers and mandatorily purchased by fossil fuel distributors to comply with annual individual decarbonization targets established by the program's regulator (National Petroleum Agency - ANP) and optionally traded by other market agents. Recent data from ANP demonstrates a high adherence of biofuel producers – 258 mills (62.62% of all mills), in which 88% corresponds to Ethanol, 9% Biodiesel and 3% to Biomethane producers. Regarding CBIOs, data from the Brazilian Minister of Mines and Energy reveals that in 2020, more than 18.5 million CBIOs were generated, exceeding the 14.89 million target. The monetary value of the titles fluctuated from BRL20.00 to 70.00, keeping around 44.00 in average and the commercialization of these credits in Brazilian stock exchange has handled over about BRL600 million.

In March 2021, the Brazilian Development Bank launched a Sustainability Linked Loan as part of its ESG agenda: “BNDES RenovaBio” was designed to support the policy. This initiative is key for strengthening the policy once biofuel mills can use the resources for improving Life Cycle Management of its value chain, thus achieving energy efficiency. Although pending issues as the taxation of credits are still under discussion, future perspectives move towards solutions as derivatives that will provide more incentive and contribute even more to decarbonization.

KEYWORDS

RenovaBio, CBIO, LCA, Sustainable Finance



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