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Feedback from: Bioenergia ry - the Bioenergy Association of Finland

Feedback reference

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Submitted by

The Bioenergy Association of Finland

User type

Business association

Organisation

Bioenergia ry - the Bioenergy Association of Finland

Organisation size

Micro (1 to 9 employees)

Transparency register number174042620514-51 (<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=174042620514-51&locale=en>)**Country of origin**

Finland

Initiative[State aid for environmental protection and energy – revised guidelines \(/info/law/better-regulation/have-your-say/initiatives/12616-State-aid-for-environmental-protection-and-energy-revised-guidelines\)](/info/law/better-regulation/have-your-say/initiatives/12616-State-aid-for-environmental-protection-and-energy-revised-guidelines)

One main objective for the revision according to IIA is to promote green transition. Bioenergy has been the main instrument in the EU for green transition in the past. The sector has still major potential to deliver, which is clearly acknowledged by the Commission in its 2050 long term strategy in November 2018 and in the impact assessment following the 2030 Climate Target plan in September 2020.

State aid regulation should follow the relevant union legislation and align with different environmental and climate criteria in the legislation. Some examples are the REDII directive, the ILUC regulation and the sustainable finance taxonomy. When state aid rules are linked to the sustainable finance taxonomy it is necessary to ensure that linking is done in the framework of respective processes reflecting the circumstances, also national characteristics.

The Bioenergy Association of Finland favours methods for state aid that are technology-neutral. Investment aid and public support to R&D together with carbon pricing schemes are the main instruments of choice. The revision of state aid rules should ensure that state aid does not distort functioning of the Emission Trading Scheme (ETS). It should also be noted that due to further energy integration of sectors there will be interlinkages in carbon price signals, too.

We support the idea of broadening up the support schemes to environmental objectives other than decarbonisation. Objectives could, for instance, include supporting actions improving biodiversity and resource efficiency of undertakings.

The current state aid rules – with prolongation of one year – are in our view broadly serving in a satisfactory way. Our sector has faced some restrictions set by the State Aid rules for the possibilities to support the growth of the sector during the past decade.

Within the electricity sector low-carbon solutions have delivered. In our opinion, the ETS should be the main solution to incentivize low-carbon solutions in that sector.

Even when electrification of society is progressing, we will still need a major share of ICE's with biofuels & biomethane as well as bioboilers producing heat & electricity in the coming decades .

More attention should be paid on the non-ETS. Average emission reduction cost there is much higher than in the ETS, up to 125 - 150 €/CO₂-tn. Cost-effective actions are needed.

We could produce negative emissions (NET) with bio-CCS and other technologies, but in our analysis the NET has not been well addressed in the current State Aid rules (e.g 3.6 of EEAG)

In the transition to a circular bioeconomy more synergies between sectors are required. This implies more integrated processes and industrial symbiosis.

Biofuels contribute significantly to reduced CO₂ emissions compared to their fossil alternatives. During the coming years both food-based and second-generation biofuels are needed to decarbonise the transportation sector. This was also the outcome of the negotiations on the recast Renewable Energy Directive (2018/2001). The EU legislator decided not to phase out biofuels made from “food and feed crops” (term used by the Directive 2018/2001). Instead, these fuels – as long as they fulfil the sustainability criteria – should be eligible for support schemes in the Member States at levels attained by 2020.

A prohibition of operating aid to any food-based biofuels would seriously hinder both the EU and its Member States to meet decarbonisation targets in the area of transport, including the 14% target for renewables in transport by 2030 under the revised Renewable Energy Directive. Member states should have their own discretion and flexibility to operate within the thresholds set by the REDII directive. Members states should independently resolve what kind of market development they wish to see to reach the targets, which in the end determine the levels and quality of biofuels used in 2030.

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