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Feedback from: Bioenergia ry - the Bioenergy Association of Finland

Feedback reference

F2750981

Submitted on

08 November 2021

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[Climate change – updating the EU emissions trading system \(ETS\) \(/info/law/better-regulation/have-your-say/initiatives/12660-Climate-change-updating-the-EU-emissions-trading-system-ETS- en\).](http://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12660-Climate-change-updating-the-EU-emissions-trading-system-ETS-en)

The Bioenergy Association of Finland welcomes the Commission proposal to revise the EU ETS as part of the Fit-for-55 package. The EU ETS is an important tool to implement the enhanced 2030 Climate Target. The EU ETS has proven its ability to reduce greenhouse gas emissions in the Union. It is technology-neutral and provides plenty of flexibility for its participants to fulfill the related obligations. The Bioenergy Association of Finland therefore strongly supports significantly strengthening the EU ETS and reviewing the rules for the Market Stability Reserve in the context of enhanced 2030 ambition.

We believe the ambition level of the EU ETS could be even higher, while the ambition level for the ESR sectors could be respectively lower. Now the target (-61 % vs. 2005) for the EU ETS is increased with 10 percentage points compared to the BAU level, while the target for ESR is increased with almost as much: with 8 percentage points compared to the BAU level. The EU ETS sector has an efficient and liquid market system, where the market participants are typically companies, and emission reductions can be easily monetised. The ESR sector is under Member States' responsibility and tends to have higher marginal emission reduction costs. Typically, there is no efficient market-based system to identify emission reductions in the ESR sector. Operators in the ESR sectors are e.g. municipalities, small companies, agricultural producers and private citizens. All in all, the situation already (with the current 30 % target) may lead to emission reduction costs of even 10,000 EUR/tCO₂ in some specific policies in the ESR sector, while the price in the EU ETS is around 60 €/tCO₂.

An essential barrier for Bioenergy Carbon Dioxide Capture and Storage (BECCS) facilities in the current ETS framework is the lack of incentives for capturing and storing biogenic CO₂. Even if the most BECCS potential might materialize after 2030, it is important to send the right signal for the industry now and fix the incentives already for 2020s'. We already have some significant BECCS projects in the pipeline in Europe. These projects should be enabled and supported to gain practical experience from this promising technology and to ensure technological progress in the learning curve. We note that the EU ETS proposal does not provide new incentives for BECCS and other negative emission technologies. We therefore look forward to the forthcoming carbon removal framework, which the Commission has announced for Q4/2022.

We welcome the fact the EU ETS proposal now recognizes all different transport modes for carbon dioxide, including transport by ship or lorries. We also applaud that Carbon Capture, Use and Storage (CCU, CCS) are enabled as eligible project types for funding from the Innovation Fund, including with additional supporting instruments, such as carbon contracts for difference.

Finally, we note that the new EU ETS proposed for the road transport and heating sectors creates a potentially cumbersome situation,

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where these sectors participate in the new ETS, but also remain regulated through the ESR – where each Member States needs to achieve its binding national target that is also supported with a strong compliance regime. Therefore, the possibilities and incentives for trade are limited. Without trade the new ETS does not really have purpose.

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