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INVESTORS WON'T EYEBALL SUSTAINABLE TECH WITHOUT A COHERENT FRAMEWORK. CAN BRUSSELS HELP?

Ahead of the trilogue negotiations on EU Taxonomy regulation, the bioenergy, agriculture and forest sectors would like to raise the attention of the European legislator on the importance of a coherent and consistent legislative framework if we truly want to boost investment in sustainable technologies.

Brussels, 22 October 2019 - We support the final objective of the sustainable finance regulation: to enable financial flows to support sustainable growth and transition to a carbon neutral economy. Private investors need a sound regulation to increasingly support mitigation actions such as accelerating investments in renewable energy technologies.

Such objective is however undermined by a significant divergence between the recently approved sustainability requirements within the recast of the Renewable Energy Directive (REDII) and those of the Technical Expert Group's (TEG) draft report on Sustainable Finance. This lack of coherence casts a shadow over the likelihood of achieving long-term EU climate and energy goals.

Bioenergy: a tool for decarbonisation

Bioenergy, representing a staggering 63% of the total renewable energy consumption, is the largest renewable source in the EU. Among other benefits, it greens industrial processes across sectors, covering more than 8% of EU industrial energy demand. Furthermore, the sector can grow sustainably in the next decades enabling the decarbonisation of EU economy.

EU-wide, long-term sustainability criteria for the bioenergy sector and risk assessment systems can provide market stability; the Renewable Energy Directive has put in place such systems and market operators are gearing up to ensure compliance. As highlighted in the Deforestation Communication¹, from 2021 bioenergy will be the only sector for which mandatory sustainability requirements apply.

¹COM (2019)352 final

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A regrettable divergence

Regrettably, the technical screening criteria proposed by the TEG are not in line with the recently agreed legislation. They are also unrealistic in the short term.

The forest and agriculture biomass sustainability requirements of REDII have been agreed in the context of a transparent and inclusive legislative process, their impact thoroughly assessed. They are based on a “Best Available Technology” principle, stakeholders have been consulted, and the Council of the EU and European Parliament as co-legislators have scrupulously worked together towards a sound output.

To keep investments flowing in the direction of sustainable bioenergy projects and achieve EU climate and energy targets, the bioenergy industry, together with agriculture and forest biomass producers recommend an approach based on a progressive transition. The sustainability technical criteria proposed in the Sustainable Finance Regulation should mirror the sustainability requirements agreed in REDII to maintain a sound investment environment. Only high ILUC risk biofuels must be excluded by the TEG and any further requirement should be supported by an adequate assessment and the expertise of sector representatives duly considered.

Reaching a target is a matter of getting the trajectory right. The European climate and energy legislation already provides the tools to assess if results are on track and to fill gaps when needed. The sustainability requirements adopted by REDII should be implemented before opting for an untested, top-down designed new set of requirements.

PRESS CONTACTS

Nathalie Hemeleers *Policy Director* hemeleers@bioenergyeurope.org
Claudio Caferra *Communications Officer* caferri@bioenergyeurope.org