

The EBA contribution to Inception Impact Assessment – Renewable Energy Directive

The European Biogas Association is fully committed to reaching carbon-neutral Europe and welcomes the inception impact assessment of the European Commission aiming to target sectors such as transport, heat and gas where the process of de-fossilisation has been slow so far. Binding targets and measures are needed in these sectors to accelerate the GHG emissions reduction and to ensure that renewable energy is deployed across all sectors throughout the continent.

EBA would choose option 5 of the possible policy options presented in the Inception Impact Assessment as the entire political framework should be adapted to the European Green Deal (EGD). The Renewable Energy Directive (RED) must make its contribution towards the integrated energy systems of the future and be aligned also with the new Circular Economy Action Plan, Industrial Strategy, Farm-to-Fork Strategy (F2F), the Biodiversity Strategy and the upcoming Methane Strategy as well as the Long-Term Vision for Rural Areas to make full use of the positive causal effects of renewable energy production. For example, biogas can help to reduce emissions also beyond energy sectors, most notably in agriculture, energy-intensive industries and waste management. It also provides a link to a more sustainable, circular, resource-efficient economy and rural development. Moreover, handling/management of agricultural waste and by-products at a biogas plant, offers a tool to improve the condition of farmland by manufacturing organic fertilizers that increase the organic content and microbial activity of soil and in this way enables reduced risk of air emissions and nutrient leaching from agricultural land. **So far, as the EU Strategy for Energy System Integration correctly states, the uptake of biogases has unfortunately been hampered by regulatory uncertainty.** The F2F also acknowledges that investing in anaerobic digesters offers opportunities for the transition to a climate-neutral European economy and the creation of new jobs in primary production.

In order to create demand in the sectors that are challenging to de-fossilise, the EBA asks for:

- **An EU level binding renewable gas target** of 11% in the final gas consumption by 2030 combined with the targets on installed capacity. This can be achieved by the two main renewable gases: hydrogen and biomethane with a minimum target on installed capacity: 40 GW for green hydrogen (as already stated in the EU's Hydrogen Strategy) and 43,5 GW for biomethane (in line with the realistic potential of 370-375 TWh by 2030¹). The Member States shall have the flexibility to decide on the necessary measures to reach the target.
- **Removing the multipliers** for renewable energy supplied for **the transport sector** and clarifying the mass-balancing rules for traceability; in general simplifying the framework for using renewable energy in the transport sector while avoiding over-regulation.
- A minimum share of renewable energy in specific **industrial sectors** (e.g. steel or chemicals)

The European Commission should closely monitor the implementation of the targets: they must be mutually inclusive, consistent and coherent across the EU and across different levels, such as between consumers and producers.

In addition to the targets, the renewable energy industry needs in general an enabling policy framework which can be at least partly provided by the Renewable Energy Directive. One of the key

¹ Gas for Climate (2020): 2020 Gas Decarbonisation Pathways study

elements is creating a European market for all renewables. The EU has already created well-functional trading conditions for renewable electricity. The gas sector would need similar easiness to trade volumes and **guarantees origin (GOs)** of renewable gas across borders. The RED II laid down the introduction of GOs but **there are great uncertainties left with regard to the implementation and contents of the GOs, and the acknowledgement of a GO as a proof of biomethane purchase in other regulations, such as EU ETS or support schemes and quotas**. It is self-evident from the single market perspective that the format and the contents of the certificates are the same across all Member States but furthermore, the Commission should make use of the different options provided by market players such as the European Renewable Gas Registry (ERGaR) on how to make the system more practical and make sure that the GOs and sustainability certificates can work together in a complementary way or, preferably, merge the current sustainability certificates and the GOs. Including information in the GOs about compliance with GHG reduction and sustainability criteria in the GOs would go beyond the current application purpose of “consumer disclosure” only but it would certainly create more demand and a higher value for the GOs. It would furthermore facilitate tremendously the certificate trading, help avoiding double counting and be relevant also in the context of the EU ETS where consumers of biomethane should be able to claim a zero-emission factor on the basis of GOs. The role of current sustainability certificates and their interaction with GOs is not clear at all and creates a lot of uncertainty for market players.

The upcoming gas legislation must be aligned with the RED, providing the terminology of the gas market on the way to carbon neutrality and sorting out open questions related to decarbonised and low-carbon gases, with regard to GOs for instance. **The Renewable Energy Directive should maintain its scope including renewable energy only.**

Further on creating a single integrated renewable energy market without barriers, we strongly call for **removing the remaining barriers preventing cross-border trading of renewable methane**. Despite the European Court ruling in 2017, several EU countries continue to implement import restrictions that not only put the current biomethane flow in danger but would also put any future power-to-gas and hydrogen flows at risk. Mass-balancing in gas grids within and between countries must be fully implemented and accepted in national and EU regulations and additionally, it should be legally clarified how greenhouse gas emissions targets and the renewable energy targets are accounted for when renewable energy is traded across borders. The accounting should follow consumed volumes accordingly instead of injection or average share in national grids etc.

Another important element of the enabling framework for the sustainable deployment of biogas is the **EU sustainability criteria for bioenergy**, laid down in RED II. **The new criteria are currently under implementation by the Member States and therefore, the biogas sector is against amending the GHG savings criteria before they have even been implemented.** EBA calls however for a review of the Annexes VI and IX to:

- Include **further GHG emissions savings default values** for a number of biogas feedstocks (like straw, grassy energy crops, and ley and cover crops) which would greatly help particularly small producers to report about the sustainability of their product, also in the framework of certificates trading. This would also help Member States to define correct CO₂ default values for the energy taxation etc. Furthermore, default values for liquified biomethane and synthetic methane (produced by biomass gasification) should be introduced to facilitate their further uptake over the next years.
- **Update and simplify the Annex IX:** in general the EU calls for higher biodiversity and resource-efficiency but the Annex IX does not include secondary crops. It should naturally be more

important how the crop is grown than what sort of crop it is (food vs. non-food). Secondly, by-products and, in accordance with the fertilizing product regulation, “*derived products referred to in Article 32 of Regulation (EC) No 1069/2009 for which the end point in the manufacturing chain has been determined in accordance with the third subparagraph of Article 5(2) of that Regulation*” should be included in the list of feedstock materials for the production of advanced biofuels laid down in the Annex IX. Finally, all biowastes according to the definition in the Waste Directive (2018/851) shall be included in the Annex IX part A, not only households biowastes.

A further key element of the upcoming revision concerns the green oath “to do no harm”. According to the roadmap “*under the EGD several initiatives would likely require a review of elements of EU renewable energy policy to ensure [1] they are fit-for-purpose, [2] effectively contribute to the cost-effective deployment of renewable energy sources, [...] and [3] fulfil the Green Oath “to do no harm”, in particular by preserving biodiversity and reducing air pollution*”. **We believe recycling is a powerful enabler of the green oath** and that the Commission should not forget that “*scaling up the circular economy will be vital to achieve climate neutrality by 2050, while decoupling economic growth from resource use and keeping resource use within planetary boundaries*”². **Anaerobic digestion is a crucial enabler of a circular economy.**

Finally, we regret that the extraordinary COVID-19 situation delayed the European Commission’s commitment to deliver **EU Methane Strategy and the 2030 Climate Target Plan** by the planned time. Nevertheless, and since they will impact the work of the European Commission on the review and, where necessary, the revision of the relevant energy and climate legislation, EBA hopes that the commission will commit to engage in further dialogue with the interested stakeholders to discuss how the abovementioned strategies will impact the review and revision of the legislation.

The European Commission wrote in the inception IA that one of the specific objectives is to foster renewable fuels such as green hydrogen. We highlight however that **biomethane is probably the most important enabler of decarbonisation of gaseous energy in the next 10 years**. The report *Gas Decarbonisation Pathways 2020–2050* published by the Gas For Climate consortium in April 2020 provides a detailed outlook and strategic plan to decarbonize the gas supply by 2050 via biomethane and hydrogen. We strongly recommend the European Commission to work together with the interested stakeholders and actors to translate into the legislative framework the rules establishing an overall framework that would allow to realize the vision of the consortium³.

Contrary to the messages we have received from various European policy-makers, EBA regrets that the Inception Impact Assessment does not foresee any likely **economic or social impact on the rural areas**. We understand that many farmers already find very difficult to comply with the actual sustainability and greenhouse gas emission savings criteria. If they will be further strengthened, most of the small-scale local farmers that cannot face the competition in the food and feed market inevitably will abandon their activity and land. The European Commission should consider these very likely economic and social impacts in its impact assessment. Furthermore, **sustainable heating appliances are needed for heat decarbonization of rural communities** that heavily rely on heating oil and coal, especially in off grid areas. There is no one size fit all solution because of the nature of building stock that varies considerably between Member States and within countries, requiring a local approach to decarbonization specific to property-type characteristics. Rural areas, that are located off the gas grid, can benefit from a broad mix of technologies where LPG (with a possibility to

² COM (2020) 98 final.

³ https://gasforclimate2050.eu/sdm_downloads/2020-gas-decarbonisation-pathways-study/

seamlessly transition to bio-LPG in future) can be used in highly efficient heating systems e.g. alongside solar hybrids, with hybrid heat pumps and in efficient condensing boilers. Since off-grid rural heating is another sector that poses significant challenges towards decarbonization we recommend that this sector should be highlighted alongside other hard to decarbonize sectors to elevate the significance of rural communities that are often neglected in energy transition discussions. **Biomass fuels are as necessary in the integrated and carbon-neutral energy system of the future as other renewable energy sources; they are crucial to decarbonize the sectors that are still very dependent on fossil fuels (heating, transport, heavy industries).** We regret that the likely environmental impacts do not consider neither the benefits of local district heating running on biogas nor the prevention of pollution if biogas, biomethane, bio-LPG and other renewable gases were deployed to substitute burning of coal in many energy-intensive industries, such as the steel industries.

Furthermore, as the RED rightly focuses on **the climate impact of renewable fuels**, ensuring their sustainability, **EBA strongly recommends including batteries in the scope** by introducing ethical requirements for the sourcing of raw materials, durability and recyclability requirements, and energy performance requirements. This would create a level playing field with other renewable energy carriers and will ensure that the green oath “to do no harm” is effectively implemented.

Finally, we are afraid that part D of the inception impact assessment “D. Evidence Base, Data collection and Better Regulation Instruments” is totally untransparent and it is impossible for anyone to account for the resources of the European Commission. We would like the European Commission to publish the resources that will be used for this evaluation. Also, we recommend the European Commission to consider the findings of the Report by MM. Roland COURTEAU, senator and Jean-Luc FUGIT, deputy, made on behalf of the Parliamentary Office for the Evaluation of Scientific and Technological Choices *Agriculture facing the challenge of energy production*⁴.

⁴ <https://www.senat.fr/notice-rapport/2019/r19-646-notice.html>