

EBA contribution to the Revision of the Guidelines on State aid for environmental protection and energy

In order to reach climate neutrality by 2050, the EU must massively deploy renewable energies across all sectors: in addition to renewable electricity supply, also hard-to-abate sectors that are difficult to electrify, such as certain heavy industries and transport sectors, must be gradually de-fossilised – however in the same way as fossil electricity, also fossil gas enables the development of its renewable counterpart and plays therefore an important role in the short- and mid-term.

Not all renewable energy sources are already able to compete on a level-playing field against fossil energy, due to the relatively low carbon price in most EU countries and the ongoing subsidies flowing to high-carbon fossil energy sources. Moreover, positive externalities of biogas/biomethane in particular are not sufficiently internalized and it is difficult to do so in practice. Therefore, in addition to gradually removing fossil fuels subsidies and the necessary (rapid) increase of the EU's carbon price, state aid for renewable energy is still required for many renewable energy sources over the next years.

When these support systems for renewable energy sources are designed, it must be kept in mind that not one size fits all: bioenergy requires operating aid and particularly biogas is unique also in terms of versatility and positive socio-environmental externalities. It can significantly reduce the EU's methane emissions in agricultural and waste management sectors while producing renewable gas and/or power to fuel energy, transport and industrial sectors. Biogas upgraded to biomethane can make use of the existing gas infrastructure and appliances without any limitations. The sector creates thousands of sustainable jobs, also in rural areas supporting rural development and innovation. The secondary product, digestate, can be applied as a bio-fertiliser helping to make farming practices more sustainable. Biogas production fully contributes to a resource-efficient circular economy, also along the food value chain. All these benefits must be kept in mind when support systems are designed. Moreover, biogas and biomethane are dispatchable energies that help to better integrate intermittent renewables in the system. Biogas and biomethane are thus complementary to wind and solar which require back-up and therefore, these may not be compared on a simple LCOE basis. Technology-specific tendering and subsidy schemes are necessary.

The EU taxonomy (the draft delegated act) fails to understand the synergies between different policies and sectors, putting forward a very limited, technology-biased approach that favours electricity and hydrogen. These energy carriers, when produced from renewable sources, are not sufficiently available today or in the short-term, probably not even in the long-term for all sectors. All sustainable and renewable fuels and technologies, based on life-cycle emissions, should be allowed to contribute to emissions savings according to a model based on sector integration. Therefore, we would be against the proposal asking Member States to identify the contribution to environmental protection based on the EU Taxonomy. When it comes to sustainability of bioenergy, the Guidelines should be aligned with the sustainability criteria in the Renewable Energy Directive.

Europe needs a stable policy framework including State Aid Guidelines that are aligned with all cross-sectoral EU strategies and the existing legal framework like the Renewable Energy Directive and the possible schemes its revision may put forward to reach targets or quotas on demand or supply of renewable energy.