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Public consultation on the revised Climate, Energy and Environmental Aid Guidelines (CEEAG); MVaK contribution

We thank you for the opportunity to state our views on the draft “Guidelines on State aid for climate, environmental protection and energy 2022.”

The MVaK represents 21 companies that produce waste-based biodiesel or that are active along the value chain for the production of this particularly sustainable biofuel in Germany, Austria and the Netherlands.

The European Union has set itself ambitious climate protection goals. These goals are fully supported by our members. It is important that the provisions of the drafted guidelines will be aligned to the European Climate Law and the “Fit for 55” package. At the same time, the guidelines should also give member states the leeway they need to achieve their respective goals. State aids will play a key role in achieving these goals, as they will encourage research, investments in new technologies and their upscaling.

As the remaining CO₂ budget is decreasing, also technologies are required that guarantee quick success in GHG mitigation. In addition, many millions of ICEVs that will drive on Europe's roads also after 2030 must make a noticeable contribution to climate protection. For the existing fleet of cars and trucks, liquid fuels with a particularly high GHG reduction are also required in the EU, such as waste-based biofuels produced from feedstocks listed in Annex IX Part B, RED II.

Having said this, we would like to comment on individual provisions of the guidelines as following.

1. 4.1.2. Scope and supported activities (77.)

- a) For reasons of consistency, reference should be made to Commission delegated regulation (EU) 2019/807 of 13 March 2019.
- b) It is stated: “*The Commission will therefore, in principle, consider that support for biofuels, bioliquids, biogas and biomass fuels exceeding the caps defining their eligibility for the calculation of the gross final consumption of energy from renewable sources in the Member State concerned in accordance with Article*

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26 of that Directive, do not produce positive effects which outweigh the negative effects of the measure.”

This sentence should be rephrased. First of all, it is questionable how a general excess of caps should be determined. In terms of the installed production capacity in each member state or in terms of the quantities brought to market each year?

However, investments in new EU production facilities for biofuels, liquid biofuels, biogas and biomass fuels could lead to imports from third countries being replaced by a more sustainable local production. And, investments in local facilities, for example for the production of additional volumes of waste-based biodiesel, enable rapid and efficient GHG mitigation. In addition, new investments in production facilities could motivate member states to expand and optimize national used cooking oil collection or the use of alternative waste lipids.

2. 4.1.3.2. Appropriateness (96.)

Overcompensation tests should not be limited to biofuels, bioliquids or biogas aids only. If any, they should be mandatory for any aid granted to all kind of renewable energy.

3. 4.1.3.2. Appropriateness (98.)

It is stated: *“To enable a comparison between the costs of different environmental protection measures, the methodology should usually be similar for all measures promoted by a Member State.”*

We welcome such approach. In doing so, we believe the entire chain of effects for transport, from the generation and provision of the energy to the conversion into kinetic energy, including the manufacturing and disposal of a vehicle, should be taken into consideration.

4. 4.1.4 Avoidance of undue negative effects on competition and trade and balancing (107.)

It remains questionable what is meant by “zero air pollution” renewable energy sources in this paragraph, as this term has not yet been introduced.

5. 4.7.1.2 Scope and supported activity (260.-262.)

We welcome that reductions in environmental taxes or levies could be permitted for certain sectors. However, this must not lead to a disruption of fair competition in the markets for the feedstocks being used for the production of the respective renewable energies.