

Dear Sir,

Consultation summary

As Adesso BioProducts AB (formerl known as Perstorp BioProducts AB) we wish to answer the consultation as per the Headline above.

When the "Guidelines on State aid for environmental protection and energy 2014-2020" are suggested to be prolonged to 2022, we suggest that also the writings in §§113 and 121 to be prolonged to the same year

Background

Adesso BioProducts is a Swedish Company with a Norwegian subsidiary which operates a biodiesel business in Sweden and Norway. We run two RME production units (Stenungsund, Sweden and Fredrikstad, Norway) with a combined capacity of 250 000 ton/year. We have 12 years of experience of the market and have delivered more than 100 000 ton/year to the Swedish market since 2007.

We have dedicated the Swedish plant (Capacity 160 kton/year) to an RME quality suitable for B100 (i.e. RME100 as pure biodiesel sold under a separate brand name) and strongly contributed to the development of a considerable B100 market in Sweden. Currently we supply the market with B100 products in a run rate of 150 kton/year. The main customers are found within Public Transportation and Goods Transportation fleets. As an example, the public transportation of the Stockholm region last fall announced becoming 100 % fossil free with a mix of RME100, HVO100, ED95 and biogas, where the RME fraction was ca 50 % of the consumption. Here automotive engine producers, like Scania and Volvo are cooperating with Engine certification for RME100.

The market for pure biofuels in Sweden exceeds 500 000 ton/y and is purely market driven, and this volume comes on top of the mandated blending quota biofuels usage

The facilitator of this market has been and is the Swedish system with energy- and CO₂-tax reduction schemes for biofuels, which has been in place since 1991.

Main arguments to the consultation

Sweden today successfully operates a combined support scheme for biofuels, with a basic quota requirement (Diesel 20 % and gasoline 2,6 %), together with a tax reduction model for pure (aka high blended) biofuel. Together this yields the best biofuel performance in Europe.

Where the quota acts as a roof and prevents volume development above the quota, the high blend model still gives an opening for market growth, stimulating public, transport and fleets of heavy vehicles to convert from fossil fuels to biofuels. Further, it has created a market for new SME:s to develop a biofuel distribution model in parallel to traditional oil companies, thus increasing the competition in the industry.

Two examples in recent history (Germany 2006, and Norway 2010) has shown that when a B100 market is fully taxed, it disappears. In the Swedish case, it would mean that the market would lose 500 000 ton of biofuels and corresponding CO₂-reduction.

It would also mean that Adesso BioProducts would be forced to shut down the Swedish plant for RME, and a number of SME-sized dedicated biofuel distributors would have to be closed.

To be noted is that RME usage in quotas are limited to 7 % by a technical blend wall, such that any increase of the quota in Sweden would not increase the low blended RME demand

Furthermore, the context under which the existing Guidelines were adopted is no longer valid. The existing guidelines were drafted at a time when the ILUC was debated and when the Amendment to RED I was formed.

Since then, the view has been much nuanced, and sustainable European based crops including rape seed oil are recognized under the RED II Regulation not to be a high-ILUC crop

Best Regards
Adesso BioProducts AB



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