

14th May 2019

Att.

DG Competition,
Unit B3 Markets and cases I: Energy and Environment

Submitted via email to COMP-03-PUBLIC-CONSULTATION@ec.europa.eu

From: Biofuel Express A/S (Denmark) and Biofuel Express AB (Sweden)
(Both companies mentioned below as Biofuel Express)

Response to the DG Competition consultation on the Prolongation of the State aid Regulations and Guidelines reformed under the State aid modernization (SAM) package and expiring by the end of 2020

Biofuel Express appreciates the opportunity to comment on the announced intention of the Commission to extend the validity of the State aid rules reformed under the State aid modernization ('SAM') package until December 2022.

Background

Biofuel Express A/S is a Danish Company including a 100% owned Swedish subsidiary Biofuel Express AB. The group operates mainly in Scandinavia.

Biofuel Express is a significant distributor in the niche of 100% non-fossil fuels, such as B100 biodiesel RME and Renewable Diesel HVO. Our customers are companies that offer environmentally friendly transportation to clients with high demands on the environment and CO₂ reductions.

One of our important customer segments is the public transportation sector in Sweden. This sector has been one of the early movers when it comes to setting demands for fossil-free transport, and they have succeeded very well.

As the first capital in the world, the Stockholm region now has 100% fossil free bus services. Ten years ago, Region Stockholm set an ambitious goal that all public transport by land would be operated with 100% fossil free fuel in 2025. Thanks to targeted work, this goal was already reached in September 2018, seven years before the deadline. The share of buses with B100 biodiesel RME is more than 50% in the Stockholm region.

On the supplier side, we collaborate with Scandinavia's leading producer of B100 Biodiesel RME dedicating their full production capacity in Sweden to the market for B100 Biodiesel RME. The products are of the highest quality and meet all EU criteria for renewable fuels. The products also meet the requirements of the largest engine manufacturers, such as Scania, Volvo, Mercedes and MAN.

In Sweden, the total market for 100% biofuels corresponds to over 500.000 m³.

Response

The incentives established in Sweden for use of biofuels includes both a GHG-reduction mandate scheme for the blending of biofuels into fossil fuels, and on top a tax reduction scheme for the use of 100% biofuels. The tax reduction scheme has been an important driver behind the development of the market for 100% biofuels in Sweden over the last 10 years.

Nevertheless, the tax reduction incentive in Sweden does not make it an easy choice for the end customer to change to B100 Biodiesel RME. It is still very challenging to convince the end customer to make the shift from fossil fuels to B100 biodiesel RME and one of the limiting factors for the end customers in their decision is the access to filling stations (infrastructure) among other factors. Investments into infrastructure is characterized by high risk due to the uncertainty about the extension of the tax reduction incentive and to the lack of long-term stable conditions.

Paragraph 113 of the Guidelines on State aid for environmental protection and energy ('the Energy and Environment Guidelines') currently states that no operational support can be given to crop-based biofuels beyond 2020. If the validity of these Guidelines is extended to 2022, it is important that the 2020 deadline for operational support to crop-based biofuels in paragraph 113 is also extended until December 2022.

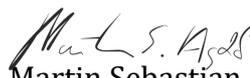
If the support for sustainable pure biofuels, such as B100 Biodiesel RME, is discontinued after 2020, the market demand in Sweden will be significantly reduced and the foundation for existence for Biofuel Express, RME producers in Scandinavia and other distributors in this niche will be in danger. At the same time, the pure biofuels continue to be needed to achieve the decarbonization of the heavy transport. These biofuels achieve significant CO₂ and particulate emissions reductions compared to fossil alternatives and they are produced by European industry.

We therefore ask the Commission to amend the Communication on the extension of the validity of the State aid rules to provide for a corresponding extension of the 2020 limit for operational support to crop-based biofuels under the Energy and Environment Guidelines until December 2022.

Best Regards
Biofuel Express A/S



Clemen Rasmussen
Partner and Chairman of the Board



Martin Sebastian Agdal
Partner and Member of the Board