

16 May 2019

Consultation on the Prolongation of the State aid Regulations and Guidelines reformed under the State aid modernisation (SAM) package and expiring by the end of 2020 - Ref.: HT.5594

Neste creates sustainable solutions for transport, business, and consumer needs. We are the world's largest producer of renewable diesel refined from waste and residues, introducing renewable solutions also to the aviation and plastics industries. Neste is 3rd on the Global 100 list of the most sustainable companies in the world.

We welcome the opportunity to comment on the Commission's proposal to prolong the State aid rules reformed under the State aid modernisation ('SAM') package until December 2022.

Neste supports an extended validity of the above-mentioned regulations. However, as regards the Energy and Environmental Aid Guidelines (EEAG), we would like to highlight the need for the European Commission to ensure consistency of the Guidelines by also extending the time limit for operating aid to "food-based biofuels" mentioned in paragraph 113 and 121 of the EEAG from the end of 2020 to the end of 2022.

Today, these biofuels contribute significantly to reduced CO2 emissions compared to their fossil alternatives, and during the coming years both food based and second-generation biofuels are needed to decarbonise the transportation sector. This was also the outcome of the negotiations of the recast Renewable Energy Directive (2018/2001) which came into force on 24 December 2018. The EU legislator decided not to phase out biofuels made from "food and feed crops" (term used by the Directive 2018/2001). Instead, these fuels are – as long as they fulfil the sustainability criteria – eligible for support schemes in the Member States at levels attained in 2020.

A prohibition of operating aid to any food based biofuels would seriously hinder both the EU and Member States to meet decarbonisation targets in the area of transport, including the 14% target for renewables in transport by 2030 under the revised Renewable Energy Directive.

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 operating aid to food-based biofuels until December 2022.

Yours respectfully,

Director, Public Affairs

Neste