

Birdlife Europe's response to the EU State Aid Guidelines consultation

The Birdlife Europe welcomes the opportunity to comment on the draft Climate, Environment and Energy State Aid Guidelines (CEEAG). Our input focusses on state aid for energy production from forest biomass burning.

We welcome the placing of the CEEAG under the headings of the European Green Deal's objectives and the Union's climate targets for 2030 and 2050 as adopted under the European Climate Law. We believe that it is vital in this context that state aid adheres to the EU's do-no-harm principle.

Member state subsidies and other state aid in support of bioenergy from forest biomass, however, actively undermine the Union's climate and biodiversity goals by replacing fossil fuels with another carbon-intensive fuel; increasing pressure on forests and, thus, on carbon sinks; and threatening wildlife.

In their current form, EU state aid rules enable misguided member state subsidies that drive large-scale and environmentally destructive demand for forest biomass. This contravenes at least two common compatibility principles for EU state aid—namely the contribution to a well-defined objective of common interest; and the avoidance of undue negative effects on competition and trade. We urge that the reformed EU state aid rules exclude subsidies for the use of forest biomass for energy.

Negative impact on climate change mitigation

It is now widely understood that reliance on forest biomass is incompatible with the aim of phasing out net carbon emissions. Carbon emissions from power stations burning wood pellets made from forest biomass rival or exceed those from fossil fuels for decades or longer—far beyond timeframes relevant for stabilizing global temperatures at safe levels and averting the worst consequences of climate change.

In February of this year 500 scientists wrote an open letter to the EU ¹warning that “The burning of wood will increase warming for decades to centuries. That is true even when the wood replaces coal, oil or natural gas”.

According to the Intergovernmental Panel on Climate Change, limiting global temperature rise to 1.5°C requires cutting global greenhouse gas emissions in half by 2030 and reaching net zero emissions worldwide by 2050. Thus, burning forest biomass for energy is not a climate solution.

Negative impact on protection and restoration of biodiversity and ecosystems

Additionally, demand for wood pellets for bioenergy poses a threat to wildlife. Years of well-documented evidence from journalists and public interest organisations shows that wood pellets imported into the EU from the forests of the U.S. Southeast are sourced from clearcuts of mature hardwood forests, including biologically rich wetland forests. This

¹ <https://www.wwf.eu/?2128466%2F500-scientists-tell-EU-to-end-tree-burning-for-energy>

region—the North American Coastal Plain—was recently recognized as the 36th global “Biodiversity Hotspot,” so designated because it contains at least 1,500 endemic species of plants and animals not found anywhere else in the world and has already experienced 70% habitat loss. These investigations have also underscored the vast quantities of whole trees and other large-diameter wood—biomass feedstocks known to be high-carbon—entering EU biomass supply chains.

The Lithuanian government now allows logging in regional and national forest parks to meet biomass demand, despite their protected status, impacting many bird species listed as endangered in Lithuania’s Red Data Book like the Pygmy Owl, White-Tailed Eagle, Black Grouse, and White-Backed Woodpecker.

Biomass demand is likewise adding pressure to log the last remaining old growth forests in Estonia and Latvia, which are critical for biodiversity conservation. The Estonian Fund for Nature states these forests have experienced few major human impacts over the years and are therefore unique local biodiversity hotspots, supporting species that cannot survive in actively managed forest landscapes like Flying Squirrels, Capercaillie, and Black Stork. Many of these species are protected under national and/or EU legislation.

Reference to RED is insufficient

According to point 76. of article 4.1 “Aid for the reduction and removal of greenhouse gas emissions including through support for renewable energy” of the proposed guidelines ‘Support for biofuels, bioliquids, biogas and biomass fuels’ can only be approved to the extent that the aided fuels are compliant with the sustainability and greenhouse gases emissions saving criteria in Directive (EU) 2018/2001 and its implementing or delegated acts.”

This limitation, however, is entirely insufficient. The Commission’s 2021 proposal for the review of the Renewable Energy Directive only stipulates that “Member States shall grant no support for: the use of saw logs, veneer logs, stumps and roots to produce energy...” However, the above-mentioned feedstocks are seldom burned for energy because of their high economic value (and in the case of roots and stumps because of the cost of extraction). This, however, leaves the door open for subsidies for the burning of the majority of trees that are low in economic value, but high in value for carbon sequestration, biodiversity and communities.

The RED also excludes wood from primary and old-growth forests. However, these only represent about 3% of Europe’s forest, leaving 97% open to exploitation.

In order to avoid financing bioenergy that damages climate and wildlife the state aid guidelines must exclude support for forest biomass burning.

Air pollution

Burning wood isn't just bad for the climate. Fuelwood and other solid fuels are responsible for 39 % of the particulate matter in Europe's air, with much of that coming from residential wood-burning. Air pollution kills around 500,000 people in the EU each year, or over 1,000 every day.

The RED's sustainability criteria for biomass fail to address air pollution and will do nothing to reduce the amount of wood being burned or the resulting air pollution. The EU's Do-no-harm principle demands that the air pollution caused by wood burning must not be further exacerbated by subsidies, which should instead support truly clean technologies like wind and solar.

Subsidies must be limited to getting new technologies off the ground

The purpose of state aid for energy is to get new technologies off the ground that have genuine societal benefit, with a view of making them market-competitive after a few years. This cannot be used to make the case for state aid for wood burning: Which is literally a stone-age technology, with little prospect of reduced costs in the future.

A 2017 study² commissioned by NRDC and conducted by Vivid Economics for the UK concludes that biomass electricity is now costlier than genuine zero-emission renewables like solar and wind, even when accounting for the full cost of grid integration. While the levelised costs of renewables like onshore wind, offshore wind and solar have fallen substantially in recent years, with scope for further reductions in the future, bioenergy applications, such as coal-to-biomass conversions, are mature technologies with extremely limited cost reduction potential. This is because biomass in the power sector relies on existing combustion techniques that are already achieving high efficiencies. Further, the cost structure of biomass conversion is also different to that of wind and solar, comprised of around 85% fuel costs. Renewables consume no fuel and as a consequence, have minimal operations and maintenance costs. The majority of the costs associated with building renewable energy projects are capital costs of construction.

As a result, even significant reductions in capital cost would have a smaller impact on the overall cost of biomass than capital cost reductions in wind and solar. In other words, the fact that biomass-burning plants require continuous subsidies to purchase wood pellets defeats the objective of reducing the amount of aid needed, while the costs of true renewables continue to fall rapidly.

² <https://www.nrdc.org/resources/money-burn-uk-needs-dump-biomass-and-replace-its-coal-plants-truly-clean-energy>

Market distortion

State aid for wood-based bioenergy has led to an unsustainable increase in the demand for wood. This not only contributes to negative environmental outcomes, but also distorts the market for wood-based products adding to raising prices for wood.

The Polish Economic Chamber of the Wood Industry has recently called for an end to support for burning forest biomass for energy:

https://pigpd.pl/pismo-dot-nieuznawania-biomasy-lesnej-jako-zrodla-energii-zaliczanego-do-europejskich-celow-w-dziedzinie-energii-odnawialnej/#pll_switcher

(English translation here

<https://docs.google.com/document/d/1XuBPXzl6Xklpgq69x1iq8B3u-UcuFzXpQ3IXukZT8u8/edit>)

The German paper industry, too, has called for an end to burning wood in power installations:

<https://www.presseportal.de/pm/16061/4897756>

Point 77. of the proposed guidelines stipulates:

“Furthermore, the Commission will verify whether Member States took into account in the design of their support mechanisms the need to avoid distortions on the raw material markets from biomass support, in particular for forest biomass.”

While we applaud the spirit of this guideline, we believe the only way to avoid distortion of the market for wood that is of low economic value (e.g. pulp wood) in particular is to exclude forest biomass burning from state aid.

Competition with zero-emitting technologies

According to point 107. of the proposed guidelines

“To avoid undermining the objective of the measure or other Union environmental protection objectives, incentives must not be provided for the generation of energy that would displace less polluting forms of energy. For example, where cogeneration based on non-renewable sources is supported, or where biomass is supported, they must not receive incentives to generate electricity or heat at times when this would mean zero air pollution renewable energy sources would be curtailed.”

In the case of subsidies for forest biomass burning, however, these compete directly with subsidies for solar and wind energy, genuine low-carbon and zero emitting technologies. The most efficient and safest implementation of the spirit of this guideline would be to exclude forest biomass burning from state aid.