

We hereby send you our view on the revised Climate, Energy and Environmental Aid Guidelines (CEEAG).

1. The Communication uses a good framework, aiming to quickly decarbonize the energy supply and protect biodiversity...

The Communication correctly identifies the “scale and urgency of the decarbonisation challenge”: as the recent accumulation of extreme weather events indicates, keeping global warming under the levels agreed under the Paris Agreement is paramount to avoid feedback loops and runaway climate change. As scientists recently [pointed out](#), there is “growing evidence we are getting close to or have already gone beyond tipping points associated with important parts of the Earth system”. We have very little time, possibly between five and [ten years at most](#), for meaningful climate action.

Importantly, the Communication also sees that “to deliver positive environmental effects in relation to decarbonisation, the aid must not merely displace the emissions from one sector to another and must deliver overall greenhouse gas emissions reductions.”

In terms of biodiversity protection, the Communication foresees that state aids “can contribute substantially to the environmental objective of protecting and restoring biodiversity and ecosystems, in several ways, including by providing incentives to repair the damage to contaminated sites, rehabilitate degraded natural habitats and ecosystems or undertake investments for the protection of ecosystems.”

2. ...but fails to exclude forest biomass just when we need forests the most

Biomass is incorrectly defined in EU law as a “zero carbon” energy source on the grounds that emissions are accounted for in the LULUCF sector rather. This loophole has caused **the EU to increasingly rely on forest biomass to achieve its renewable energy targets despite the fact that forest bioenergy’s additional emissions [accelerate climate change for several decades](#)**. Biomass burning has doubled since the early 2000s and has already surpassed projected levels. According to [a recent European University Institute report dedicated to state aids for solid biomass](#), “the available literature suggests that there has been a clear correlation in the relationship between support schemes and deployment” of bioenergy.

Forest biomass burning generates levels of [atmospheric pollution that harm public health](#), and destroys much-needed [biodiverse ecosystems](#). Dozens of coal-fired power plants in Europe are considering switching to biomass, which would cause an enormous increase in the demand for wood in Europe, destroying forests in Europe and abroad just when we have never needed those more to act as terrestrial carbon sinks – but many of these investment decisions depend on continued public subsidies for profitability.

But the Communication failed to exclude forest biomass from the list of energy sources eligible to state aids.

In terms of climate impact, recent [recommendations](#) by the Commission’s own scientific advisory bodies point to the need to only grant public support to the types of biomass whose uses have a payback time compatible with the Paris Agreement, limiting global warming to 1.5°C. With the sole exception of limited amounts of “Fine Woody Debris” that hardly have any value for the bioenergy industry, the

European Commission's Joint Research Centre [found](#) that using forest biomass for energy had a payback time that failed to comply with this imperative.

Unfortunately, the only safeguard included in the Communication is the Renewable Energy Directive's sustainability criteria (Article 29): "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".

However, when it comes to forest biomass, these criteria have fundamental weaknesses which render them practically meaningless. A recent [legal and technical analysis](#) co-published by Fern shows that they fail to ensure that bioenergy is produced without harming forests, or in a way that helps tackle the climate crisis, and that only a limited number of EU wood burning facilities are required to abide by them.

The recently published [revision proposal of the Directive](#) by the European Commission tweaked these sustainability criteria a little but still [failed](#), in our opinion, to meaningfully protect forests [in Europe](#) and [abroad](#) against the threat of unsustainable bioenergy.

Moreover, even if these revised sustainability criteria were to be made fit for purpose at the end of the co-decision phase, they would only enter into force in late 2024 or 2025 at the earliest, once the revised Directive has been adopted and transposed by EU Member States into national legislation. Given the scale and urgency of the challenge, this is too late.

3. Additional considerations pertaining to the distortive effects of state aids on the forest biomass market

Forest biomass is used by many economic sectors, from the most traditional such as construction, furniture, pulp and paper... to the most innovative, such as specialty chemicals produced from biomass instead of fossil fuels.

There is increasing evidence that, in addition to increasing the overall demand for wood, the public subsidies granted by Member States to energy operators who burn forest biomass for energy production are giving these an unfair competitive advantage in accessing the raw material. In a context of historically high wood prices caused by the post-pandemic economic recovery, EU policy priorities favoring the use of wood in construction to act as a carbon sink, and rapidly increasing demand of biomass coming from the bioeconomy, several industry sectors ([wood using industries](#), [paper industry](#), [wood panels industry](#), [chemicals industry](#)...) mobilized to express either their concerns regarding the continuation of bioenergy subsidies, or/and their preference for a strict implementation of the cascading use principle for wood, leaving bioenergy the last possible use before disposal.

This was taken into account by the European Commission's proposal for the revision of the Renewable Energy Directive, which stipulates that "By 2026 the Commission shall present a report on the impact of the Member States' support schemes for biomass, including on biodiversity and possible market distortions, and will assess the possibility for further limitations regarding support schemes to forest biomass." (Article 3).

The Communication itself sees that "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."

Such a commitment indicates that the European Commission is at least aware of the many problems caused by current incentives for burning of forest biomass for energy, and that it could be considering bioenergy as, at best, a transition source of energy towards cleaner renewables such as wind or solar. But, again, given the scale and urgency of the decarbonization challenge, and the looming prospect of dozens of coal-fired power plants switching to biomass in Europe, 2026 is too late to start acting on the problem.

4. Our recommendations to protect forests and the climate from the threat of unsustainable bioenergy

1. The Guidelines should recommend discontinuing state aids (and in particular operating aid) for the burning of forest biomass. Further allowing operating aid for forest biomass for electricity and heating/cooling would run against the EU's climate targets of reaching climate neutrality by 2050. Public support should be re-directed to facilitate the development of more innovative and cleaner technologies, that contribute to an energy transition for the long-term without accelerating global warming for the coming decades.
2. The Guidelines should ensure aid exclusively enables activities that face actual market failures. State aid rules should take a more holistic approach to aid for solid biomass and increase scrutiny of the potential external costs (in particular in terms of public health and environmental damage) and distortive effects of the projected increase in deployment.
3. Differentiating conditions for granting aid depending on technological advancement and maturity. This would avoid locking in State aid that can structurally distort the market and form a barrier to cleaner alternatives and innovation. Concretely, the Commission should consider restricting the possibility for forest biomass to compete on an equal footing in open tendering procedures for as long as external costs are not adequately priced-in. The Commission could also make access to (technology-specific) support schemes conditional to the level of maturity of the technology, the sizes and types of installations, or restrict schemes to overall capacity levels.
4. Increasing transparency and scrutiny of support through a variety of support mechanisms to avoid overcompensation. Support instruments for solid biomass are severely fragmented, which complicates their ability to analyse the full scope of incentives and their effectiveness in achieving policy objectives. More transparency and scrutiny on support instruments is needed to avoid that forest biomass can benefit from a proliferation of support options, which could lead to further distortions in the renewables and raw material markets.

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