

Answer to consultation on State aid - Guidelines for environment and energy

Dear,

We are answering this consultation from the **Swedish Association of Local Authorities and Regions (SALAR)**:

Our view on the revision of the state aid guidelines for environment and energy

- The State aid guidelines should as a **general principle allow for supporting solutions to reduce climate and environmental impact** in line with EU targets, as long as they fulfil other requirements of non-discrimination, proportionality etc.
- For energy the guidelines should continue allowing for **tax reductions and exemptions for non-fossil energy sources and fuels**.
- Preferably the guidelines should be extended to allow for tax reductions making non-fossil energy even somewhat **less costly** than the comparable fossil energy. (This would also reduce the administrative burden for MS and other actors of not exceeding specific price limits on a volatile market.)
- More specifically the guidelines should also allow for continued support for sustainable **first generation biofuels**. In our opinion both first and second-generation biofuels are needed to decarbonise the transport sector - as long as they fulfil requirements for sustainability and reduced carbon impact, including ILUC. This is in line with the outcome of the negotiations on RED II, where the phase-out of first generation biofuels until 2030 was rejected. A would seriously impact on decarbonisation of the transport sector, especially for initiatives at the local and regional level in Sweden and other MS, and a flexible use of bio resources.
- At the same time the state-aid guidelines should be **less allowing for subsidies to fossil energy** and fuels, in order to be compatible with EU climate and environmental targets for energy.