

Dear Sir/Madam,

In light of your call for contributions on Competition policy and the Green Deal,

I am writing to alert you to a new paper '[State aid for solid biomass: The case for improved scrutiny](#)', which I wrote during a Policy Leader Fellowship at the School of Transnational Governance at the European University Institute in 2019-2020.

Every year, EU Member States spend billions of Euros of public funds on substituting fossil-based energy with forest biomass.

But **forest biomass is an atypical form of renewable energy**, as it relies on the combustion of carbon and it is dependent on a limited natural resource. Because of this, the use of forest biomass is associated with relatively high external costs, such as air pollution, greenhouse gas emissions and biodiversity loss.

This new paper argues that **ignoring the external costs of forest biomass use in State aid assessments may skew the image of its cost-effectiveness** as a renewable energy technology. Not factoring in the external costs of forest biomass may result in an inherently preferential treatment of solid biomass and hinder the development of other – more innovative and cleaner – technologies.

Forest biomass, unlike other renewable energy sources, has low fixed costs, and high operational costs. The paper specifically addresses the **problematic practice of continuous operating support** for the use of solid biomass for energy as a (close-to) mature technology, which can lead to the lock-in of State aid for a specific renewable energy technology and of biomass materials for energy use.

The European Commission [is expected to revise State aid rules for environmental protection and energy](#) in 2021, in order to reflect current policy objectives of the European Green Deal initiative, including the cost-effective transition to climate neutrality by 2050 and a more circular, efficient use of limited natural resources. The paper provides **recommendations** both for the planned review of climate regulations and for relevant State aid rules.

I remain available for any comments or questions regarding this publication.

All the best,

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