**EuroNatur additional input for the EEAG public consultations – Recommendations for hydropower and biomass**

EuroNatur welcomes the EEAG review. In our opinion the fitness check did not fully capture all the issues at stake, particularly with regard to ensuring that the provisions on compliance with EU environmental legislation are fulfilled. In our opinion, the following improvements are needed:

1. **Hydropower**

The EEAG prescribe that environmentally harmful subsidies must be phased out. Since it is expected that this principle is reinforced in the revised EEAG with a view to make it truly operational, the regime of aid to hydropower must be revised. Hydropower has impacts not only on habitats and species[[1]](#footnote-1) but also on human populations and health through human displacement and resettlement; restrictions of the right to access to water and/or land; effects on water quality and ultimately on health; employment patterns; impairment of property rights and so on[[2]](#footnote-2). Because of the risk of fragmentation of rivers, the Technical Expert Group on Sustainable Finance recommended to avoid the construction of hydropower projects below 10MW[[3]](#footnote-3), which also contribute insignificantly to energy production and security of supply.

Moreover, the EEAG currently prescribe that hydropower projects shall be compliant with the Water Framework Directive (WFD). Although clearly relevant, this is not the only environmental legal framework that applies to those projects. Compliance with the Habitats Directive (for projects that have a proven impact on water status, habitats and species), inter alia, is directly relevant, too. As recommended above, the EEAG should rather include a general provision according to which an activity that breaches any of its environmental law obligations is not eligible to aid. Under the WFD, Member States are required — unless an exemption under Article 4(7) is granted — to refuse authorisation for an individual project where it may cause deterioration of a water body or failure to achieve good status or potential. In practice, the overuse of derogations under Article 4(7), especially for hydropower projects, including the scope of discretion of “overriding public interest”, bypasses the principles of the WFD and leads to failure to meet the aims of the WFD to achieve good ecological status of waters bodies. The Habitats Directive requires that any plan or project not directly connected with, or necessary to the management of a Natura 2000 site, but which is likely to have a significant effect on the site shall be subject to an Appropriate Assessment. To authorise a plan or project, which may adversely affect a Natura 2000 site, the competent authorities shall ensure that the conditions listed in Article 6(4) are met. This provision allows hydropower projects to be authorised despite adversely affecting a Natura 2000 site.

Hence, we recommend:

* the **incompatibility of any aid to small hydropower plants,** since their contribution to the decarbonisation objective is too small compared to the damages they inflict on people and the environment[[4]](#footnote-4);
* the **mandatory compliance of hydropower plants** with all relevant environmental standards and provisions conjunct with the **absence of derogations under Article 4(7) of the Water Framework Directive and Article 6(4) of the Habitats Directive.**

1. **Biomass**

Under the current EEAG, biomass can benefit from the same aid as any other renewable energy, but in addition, Member States can also provide operating aid for existing biomass plants after their depreciation. However, there is increasing evidence that biomass is receiving overly favourable treatment considering its environmental impact, which includes air pollution, deforestation and greenhouse gas emissions.

Central and Eastern European (CEE) countries overall plan logging and the use of biomass above sustainable levels. Estonia cuts down 30% more forests than which grow back for biomass use, while in Bulgaria 40% of households are inefficiently using wood for heating. In Czech Republic and Poland, projected increase of biomass use will lead to imports of wood, and in Slovakia logging grew by at least 75 per cent from 1990 to 2015.[[5]](#footnote-5) This means both an increase in CO2 emissions from biomass, and a decline in CO2 storage by forests. Moreover, even in cases where forest is regenerated, there are significant uncertainties about greenhouse gas emissions from biomass combustion and the long period between cutting and regeneration.

Hence, we recommend:

* the **incompatibility of any aid to forest biomass** given its significant negative environmental impacts, which include air pollution, deforestation and greenhouse gas emissions.
* the revised guidelines should explicitly recognize that different types of biomass have differing impacts on net greenhouse gas emissions, and that harvesting biomass directly from forests can impact forest ecosystems.
* the state aid requirement should at a minimum assess full net CO2 and other pollutant emissions from projects, and employ full biogenic carbon accounting as appropriate, to show the net GHG impact of projects over timeframes relevant to meeting EU targets for emissions reductions.
* since air pollution and significant net CO2 emissions from burning forest biomass are inevitable, the simplest resolution is to eliminate subsidies for this activity. That does not mean that wood-burning would cease, since even without subsidies, residential wood-burning would persist, and many facilities would likely continue to burn certain residues and wastes even if they did not receive state aid. But removal of eligibility for state aid would eliminate the problem of how to negotiate and reconcile the so-called “benefits” of bioenergy (which are based on faulty carbon accounting) with the multiple ways that burning biomass undermines environmental goals.
* One difficulty is that it’s actually the RED II and not the guidelines on state aid that renders biomass eligible for state aid. Thus, to fully eliminate eligibility of forest biomass (or any biomass) for state aid we recommend reforming the RED.

1. Due to river fragmentation, severe modiﬁcation of river ﬂow and temperature regimes, and dramatic reductions in sediment transport. [↑](#footnote-ref-1)
2. For instance, small plants are usually derivation-type plants, involving rivers and streams being dammed and put into pipes to increase the water velocity and therefore the efficiency of the plant. However, this can severely impact access to and quality of water for local people in remote areas, whilst deforestation for the construction of access roads and pipelines can lead to erosions and impact access to land and disrupt kilometres after kilometres of river banks. These are only examples of negative effects. See also for a detailed analysis, [Policy Guidelines by the Energy Community Secretariat on small hydropower projects in the Energy Community](file:///\\lon-fp01\home$\JDelarue\Downloads\HPP_PG_02-2020%20(1).pdf) PG 02/2020 / 17 September 2020 [↑](#footnote-ref-2)
3. [Technical annex to the TEG final report on the EU taxonomy](https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf), p. 465 [↑](#footnote-ref-3)
4. Some Energy Community countries such as Bosnia and Herzegovina will cease granting feed-in tariffs as of January 2021, and Montenegro is planning to reassess concessions and aid support for small hydropower projects for these reasons. See <https://balkangreenenergynews.com/federation-of-bih-to-scrap-feed-in-tariffs-for-small-hydropower-plants-from-2021/> and <https://balkangreenenergynews.com/montenegros-new-cabinet-to-ban-small-hydropower-revise-concessions/> [↑](#footnote-ref-4)
5. See <https://bankwatch.org/wp-content/uploads/2019/06/biomass3.pdf> [↑](#footnote-ref-5)