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Subject: HT.5934_Reply_from_Göteborg Energi
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Comments to the review of the General Block Exemption Regulation (State aid): revised rules for State aid promoting the green and digital transition

Göteborg Energi AB, the municipally owned utility company in Göteborg, Sweden, wishes to make the following comments on the review of GBER

Yours Faithfully

Lars Holmquist
Public Affairs

Article 2(102f-g)

Göteborg Energi opposes the proposal to formulate maximum CO₂ emissions purely on the basis of local emissions from vehicles and ships (that is, tailpipe emissions). Göteborg Energi believes that both European and Swedish legislation should instead be based on a research-based WTW or LCA– approach to climate emissions. The outdated tailpipe perspective does not take into account whether electricity is derived from fossil or renewable origin. It is not technology neutral and it hinders the use of biogas and other sustainable renewable biofuels. The tailpipe perspective in EU regulations makes the task of mitigating climate change more difficult.

Article 36

Paragraph 6a proposes that for investments relating to the capture, storage and use of carbon dioxide, the aid intensity may not exceed 20%. We consider this to be a very low support intensity given that many CCUS technologies today are far from established and will be dependent on significant support at least in perspective until 2040. For example, the establishment of large-scale bio-CCS be completely dependent on state operating support to be able to establish the technology on the market in order to be able to switch to a more market-driven demand in the longer term.

We also oppose the proposed very low the support intensity for CCUS technologies, as it is a very important tool to mitigate climate change, and which can contribute to negative CO₂ emissions. We propose that the support intensity is increased up to 100% to enable a faster introduction of CCUS technologies of biogenic carbon dioxide on the market, but with an ambition to be able to gradually reduce the support intensity in the future. One reason for a higher aid intensity for bio-CCS is that this technology benefits society in a way that fossil-based CCS does not where the polluter should basically pay for its own emissions.

Article 38

P. 2b. We generally believe that support for established technologies should be limited as far as possible. However, we see risks in stating that energy efficiency support may not include support for district heating and district cooling, as connection to district heating and district cooling should be considered equivalent to using individual heating or cooling solutions with e.g. a heat

pump in a building. It is important that there are technology-neutral conditions in the heating and cooling markets and that support for energy efficiency does not disadvantage the choice of district heating or district cooling. On this basis, we reject p. 2 b that support should not be provided for connection of district heating or district cooling.

P 3a. It is important that there are technology-neutral conditions in the choice of heating form that do not disadvantage the choice of district heating or district cooling as heating or cooling forms. It also needs to be safeguarded that support based on the definition of near-zero-energy buildings is designed in a technology-neutral manner when it is proposed that a building should have 10 percent better energy performance than what follows from national near-zero-energy building rules.

Article 39

P. 2a, a) It is important that there are technology-neutral conditions in the choice of form of heating that do not disadvantage the choice of district heating or district cooling as sustainable forms of heating or cooling. The proposal unilaterally favors individual forms of heating "on-site". We believe that additions need to be made so that connections to communal forms of heating such as district heating may also be eligible if support which also includes heating solutions is introduced. It is also important that the utilization of waste heat from industrial processes, computer halls and other activities are included. We propose the following additions in order to give the rules a more technology-neutral design:

"Installation of integrated renewable energy installations on site, or nearby, which produce electricity, heat or cooling, or for the recovery of waste heat."

Article 41

Göteborg Energi believes that the condition which states that investment aid for the production of biofuels, bioliquids, biogas and biomass fuels should be exempted from the notification requirement if the fuel derives from the feedstock listed in Part A of Annex IX to the Renewable Energy Directive should be changed, so that the condition refers instead to the entirety of Annex IX to that directive. There are demarcation problems between Part A and B, in that Part B includes certain waste products that could be advantageously co-processed into biogas with other waste products mentioned in Part A. Excluding Part B from the proposed amendment would lead to unnecessary administrative costs and inhibit, among other things, biogas production from waste. We also see a clear risk that the Commission's ongoing revision of Annex IX (done through the delegated act detailed in the Renewable Energy Directive) could alter the negotiated distribution between Parts A and B, and thus damaging the conditions for biogas production in general and from certain residues and waste products in particular. Therefore, the condition should refer to the whole of Annex IX.

Furthermore, Göteborg Energi believes that the conditions outlined in the proposed Article 41(3) should apply to low-carbon hydrogen rather than exclusively to renewable hydrogen.

Article 43

This article concerns operating aid for the promotion of energy from renewable sources and renewable hydrogen in small scale installations, and for the promotion of renewable energy communities.

Göteborg Energi opposes the proposal that operating aid for renewable gas production is to be limited to projects below 400 kW installed capacity. The current version of the General Block

Exemption Regulation (GBER) permits operating aid for biofuel production plants with an installed capacity of less than 50,000 tonnes per year. This provision should remain in place for the production of biogas and other renewable gases, and be extended to apply to all its uses, rather than exclusively to fuel. This measure is very important to the introduction of a production support scheme to biogas, as proposed in the Swedish budget bill to be introduced in Sweden in 2022.

Furthermore, Göteborg Energi believes that the proposed paragraph 2b should be changed so that operating aid for the low-carbon hydrogen is exempted from the notification requirement, rather than exclusively renewable hydrogen as stated in the current proposal.

Finally, point 3 should be changed so that the opportunity to provide operating aid is not limited to installations that use fuel derived from the feedstock listed in Part A of Annex IX to the Renewable Energy Directive, but instead extended to the entirety of Annex IX to the same directive. The reasons for this are outlined in the comments on Article 41, above.

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