

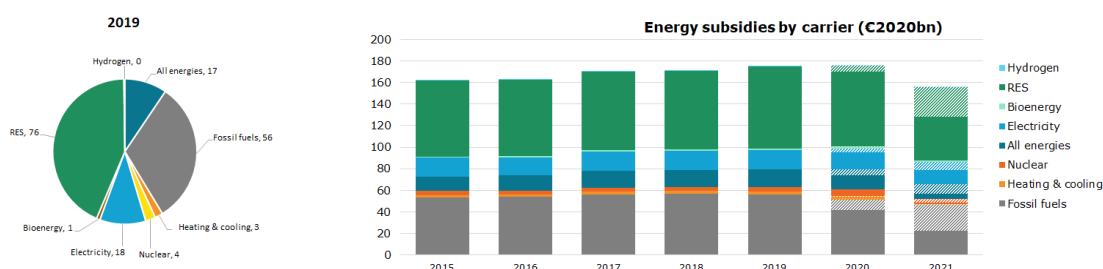
## ***Bioenergy Europe's feedback on the revision of General Block Exemptions Regulation***

Bioenergy Europe welcomes the possibility to submit a feedback concerning the revision of the Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

Together with the revised Climate, Energy, and Environmental Aid Guidelines (CEEAG), the state aid legal framework should allow targeted and efficient public support to enable fast deployment of clean technologies that are key to reaching EU climate and energy targets by 2030.

Bioenergy is the largest source of renewable energy in the EU. Overall, it provides 10% of the gross final energy consumption and it accounts for more than half of the entire consumption of renewable energy in the EU. With a direct and indirect employment of approximately 710 000 jobs, investments in bioenergy create an incentive effect for other economic activities and provide additional streams of revenues supporting sustainable local development in the EU<sup>1</sup>.

**In 2020, bioenergy was granted EUR 16 billion in public support out of the EUR 77 billion provided for renewable energy. Proportionally to the volume of produced energy (approximately 60% of all renewable energy), the level of subsidies was lower than for other technologies.**



Source: European Commission, [Study on energy subsidies and other government interventions in the European Union](#), 2021

For the efficient functioning of the state aid rules and clarity and certainty of the law, the General Block Exemption Regulation (GBER) must be coherent with the EU policies and their objectives as well as Climate Environment and Energy Guidelines. In practical terms, such coherence will minimize misinterpretation risks at the Member States level, which may lead to internal market disruptions and ultimately hamper the fast development of sustainable

<sup>1</sup> Bioenergy Europe, Bioenergy Landscapes Report 2020, Table 10m p. 37.

## RESPONSE TO PUBLIC CONSULTATION

bioenergy projects. Bioenergy Europe supports a fit for purpose revision of the GBER including the following considerations:

1. The transition towards climate neutrality will require unprecedented financial mobilization. State aid regulates access to public support and guarantees that will play the key role in tipping the market balance for numerous projects and allowing clean and innovative technologies to flourish. **While minimising red tape**, Member states should be given flexibility in granting state aid thanks to **higher notification thresholds** for low carbon energy projects.
2. Bioenergy Europe calls for phasing out support to fossil fuels including **natural gas projects (articles art 39 and 46)** Such projects in the longer-term (beyond 2030) must be phased out to meet the EU climate neutrality objective and their financing risks lock-in of fossil fuel technologies. Moreover, such support mechanisms risks divert funds that could been used in renewable solutions contributing to the EU Green Deal objectives. Therefore, such support decisions require extra scrutiny and should be conditioned upon a drafting and respect of rigorous transition plans. As a general principle, the EU should incentivize phase-out of fossil fuels subsidies. Moreover, Bioenergy Europe insists to update the definition of district heating networks to be coherent with existing legislation.
3. Essential innovations like bioenergy with carbon capture and storage and other biomass-based CO2 removal technologies are crucial for achieving the EU's ambition to become climate-neutral by 2050. For Negative Emissions Technologies to be viable in the 2040s, scale-up should be supported during the current decade. The GBER should include reference to NETs projects, providing clear options to exempt their support from state aid notification.
4. Efficient co-generation running on renewables such as sustainable biomass has an important role to play as it increases the share of renewables in heating and electricity sectors. This facilitates sector integration and provides crucial system services. Therefore, Bioenergy Europe calls for the acknowledgment of clean solutions contributing to further energy system integration within the GBER through a facilitated notification exceptions for aid for such investments.

## AMENDMENTS PROPOSALS

**Bioenergy Europe calls for higher notification thresholds for clean technologies increasing Member states flexibility**

DRAFT GBER	OUR PROPOSAL
Art 4 (sc) for investment aid for the combined improvements of the energy and environmental performance of buildings referred to in Articles 38(3b) and 39(2a): EUR 30 million per project; (sd) for investment aid for energy efficiency investments falling within the scope of Article 38(7):	(sc) for investment aid for the combined improvements of the energy and environmental performance of buildings referred to in Articles 38(3b) and 39(2a): <b>EUR 60 million</b> per project; (sd) for investment aid for energy efficiency investments falling within the scope of Article 38(7):

## RESPONSE TO PUBLIC CONSULTATION

<p>EUR 30 million of total nominal outstanding financing per project;</p> <p>(sf) for aid in form of reduction of environmental taxes or levies referred to in Article 44a: EUR 50 million per scheme per year;”;</p> <p>“(v) for operating aid for the promotion of electricity from renewable sources, as referred to in Article 42, and 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, as referred to in Article 43: EUR 20 million per undertaking per project;”;</p> <p>(va) for 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, as referred to in Article 43, and for operating aid for the promotion of electricity from renewable sources, as referred to in Article 42: EUR 250 million per year taking into account the combined budget of all schemes falling under the respective Article;”;</p> <p>“(w) for aid for district heating or cooling systems, as referred to in Article 46: EUR 50 million per undertaking per project;</p> <p>(x) for aid for energy infrastructure, as referred to in Article 48: EUR 70 million per undertaking per project;”;</p>	<p><b>EUR 60 million</b> of total nominal outstanding financing per project;</p> <p>(sf) for aid in form of reduction of environmental taxes or levies referred to in Article 44a: <b>EUR 100 million</b> per scheme per year;”</p> <p>“(v) for operating aid for the promotion of electricity from renewable sources, as referred to in Article 42, <b>operating aid for high efficiency cogeneration, as referred to in Article 42a</b> and operating aid for the promotion of energy from renewable sources, <b>high efficiency cogeneration running on renewables</b> in small scale installations and for the promotion of renewable energy communities, as referred to in Article 43: EUR <b>60</b> million per undertaking per project;”</p> <p>“(va) for operating aid for the promotion of energy from renewable sources, <b>high efficiency cogeneration running on renewable fuel</b> in small scale installations and for the promotion of renewable energy communities, as referred to in Article 43, and for operating aid for the promotion of electricity from renewable sources, as referred to in Article 42 <b>and for operating aid for the promotion of high efficiency cogeneration running on renewables in (new) Article 42a</b> : EUR <b>350</b> million per year taking into account the combined budget of all schemes falling under the respective Article;”</p> <p>“(w) for aid for district heating or cooling systems, as referred to in Article 46: <b>EUR 100 million</b> per undertaking per project;</p> <p>(x) for aid for energy infrastructure, as referred to in Article 48: <b>EUR 140 million</b> per undertaking per project;”;</p>
--	---

### Justification

Administrative burden and possible delays are one of the key factors which may prolong investment decisions or even discourage from taking them. The unprecedented scale of the investment needs requires more flexibility granted for the Member States. Similarly, the dynamic growth and the sheer size of the renewable energy market minimize the chances that market distortion may occur. Crucially, exemption from notification should be limited to renewable energy technologies and clean technologies and exclude any fossil fuels. Within points v) and va) we propose to extend eligible technologies on efficient cogeneration provided that it uses sustainable renewable fuels.

**Bioenergy Europe calls for the updated definition of district heating networks and exclusion of investments in fossil fuels from notification exception within heating sector**

RESPONSE TO PUBLIC CONSULTATION

DRAFT GBER	OUR PROPOSAL
<p><b>Article 2 (124a)</b> ‘district heating’ and/or ‘district cooling’ means district heating or district cooling as defined in Article 2, point (19), of Directive 2010/31/EU of the European Parliament and of the Council*;</p> <p>Article 1(1) - Article 2(124b) ‘district heating and cooling systems’, consist of heat generation facilities (heating/cooling production plants), the heating/cooling storage and distribution network (both ‘primary’- or transmission- and ‘secondary’ network of pipelines to supply heat to consumers. Reference to district heating is to be interpreted as district heating and/or cooling systems (DH/CS), depending on whether the networks supply heat or cooling jointly or separately;</p> <p>Article 2(130) (e) infrastructure used for transmission or distribution of heat/steam from multiple producers or users, based on use of zero or low carbon heat, steam or residual heat from industrial applications or from production processes (waste heat)</p> <p>Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).”;</p> <p><b>Art 39 11.</b> Aid may also be granted for the improvement of the energy efficiency of the heating or cooling equipment inside the building. Aid for the installation of oil-fired, coal-fired or gas-fired energy equipment shall not be exempted under this Article from the notification requirement of Article 108(3) of the Treaty. Aid may be granted for the installation of more energy-efficient gas-fired energy equipment provided that it replaces oil-fired or coal-fired heating equipment and that it is ensured that the gas-fired energy equipment is replaced by</p>	<p><b>Article 2 (124a)</b> ‘district heating’ and/or ‘district cooling’ means district heating or district cooling as defined in Article 2, point (19), of Directive 2010/31/EU <b>2018/2001/EU</b> of the European Parliament and of the Council*;</p> <p>Article 1(1) - Article 2(124b) ‘district heating and cooling systems’, consist of heat generation facilities (heating/cooling production plants), the heating/cooling storage and distribution network (both ‘primary’- or transmission- and ‘secondary’ network of pipelines to supply heat to <del>consumers</del> <b>final customers</b>). Reference to district heating is to be interpreted as district heating and/or cooling systems (DH/CS), depending on whether the networks supply heat or cooling jointly or separately;</p> <p>Article 2(130) (e) infrastructure used for transmission or distribution of heat/steam from multiple producers or users, based on use of <del>zero or low carbon heat, steam or residual heat from industrial applications or from production processes (waste heat)</del> <b>energy from renewable sources</b> <del>Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).”;</del></p> <p><b>Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82–209).”</b></p> <p><b>Art 39 11.</b> Aid may also be granted for the improvement of the energy efficiency of the heating or cooling equipment inside the building .Aid for the installation of gas fired, oil-fired, coal-fired or gas-fired energy equipment shall not be exempted under this Article from the notification requirement of Article 108(3) of the Treaty. <del>Aid may be granted for the installation of more energy-efficient gas-fired energy equipment provided that it replaces oil-fired or coal-fired heating equipment and that it is ensured that the gas-fired energy equipment is replaced by equipment using renewable fuels by 2050 at the latest.”</del></p>

RESPONSE TO PUBLIC CONSULTATION

<p>equipment using renewable fuels by 2050 at the latest.”</p> <p><b>Art 46 1b.</b> Aid shall not be granted for the construction or upgrade of fossil fuel based generation facilities, except for natural gas. Aid for the construction or upgrade of natural gas based generation may be granted only where compliance with the 2030 and 2050 climate targets is ensured.</p> <p>1c. Aid for upgrades of storage and distribution networks that transmit heating and cooling generated based on fossil fuels may only be granted where all of the following conditions are met:</p> <p>(a) the distribution network is or becomes suitable for the transmission of heating or cooling generated from renewable energy sources;</p> <p>(b) the upgrade does not result in an increased generation of energy from fossil fuels except for natural gas;</p> <p>(c) in case of an upgrade to the storage or network distributing heating and cooling generated from natural gas, compliance with the 2030 and 2050 climate targets is ensured.</p>	<p><b>Art 46 1b.</b> Aid shall not be granted for the construction or upgrade of fossil fuel based generation facilities <b>which are not coherent with the binding climate neutrality target of the EU.</b> <del>except for natural gas. Aid for the construction or upgrade of natural gas based generation may be granted only where compliance with the 2030 and 2050 climate targets is ensured.</del></p> <p><del>1c. Aid for upgrades of storage and distribution networks that transmit heating and cooling generated based on fossil fuels may only be granted where all of the following conditions are met:</del></p> <p><del>(a) the distribution network is or becomes suitable for the transmission of heating or cooling generated from renewable energy sources;</del></p> <p><del>(b) the upgrade does not result in an increased generation of energy from fossil fuels except for natural gas;</del></p> <p><del>(c) in case of an upgrade to the storage or network distributing heating and cooling generated from natural gas, compliance with the 2030 and 2050 climate targets is ensured.</del></p>
---	--

**Justification**

Article 2(19) of Directive 2018/2001/EU provides a more recent definition of district heating including decentralized sources, which should be used in the context of the revised GBER; We suggest using the term ‘final customer’ as defined in Directive 2012/27/EU article 2(23), instead of the undefined and potentially misleading term ‘consumers’. Similarly, the term ‘zero or low carbon heat’ is not defined and should be replaced with clearly delineated and tangible terms – namely energy from renewable sources and waste heat or cold. Regarding waste heat or cold, definition from directive 2018/2001/EU should be used. It is broader than just residual heat from industrial installations and covers data centres and tertiary sector as well.

Any type of public support for investments in fossil fuels should be thoroughly scrutinized and conditioned. Therefore, if state aid was granted to any fossil fuels, it should not be granted exemption for notification. The overall objective of the EU should be the incremental phase-out of fossil fuels subsidies which are persistently very high. Investment in fossil gas is not sustainable and not compliant with the long-term decarbonisation objectives.

**Bioenergy Europe calls for inclusion o reference to Bioenergy with Carbon Capture and Storage (BECCS)**

DRAFT GBER	OUR PROPOSAL
-	<b>(131c) ‘Bioenergy with carbon capture and storage’ or BECCS means a set of technologies that captures the (CO2) emitted from power plants, combined</b>

RESPONSE TO PUBLIC CONSULTATION

<p>“36 2a. Investments in carbon capture and utilisation or storage (‘CCUS’) shall fulfil the following cumulative conditions: (a) the CO2 capture, transport and use or storage, including individual elements of the CCUS chain, shall be integrated into a complete CCS, CCU or CCUS chain; (b) the net present value (‘NPV’) of the investment project over its economic lifetime shall be negative. For the purpose of calculating the project’s NPV, the avoided costs of CO2 emissions shall be taken into account; (c) the investment costs shall not relate to the CO2-emitting installation (industrial installation or power plant), but solely to the CCUS project.</p> <p>Article 36 (6a). In case of investments relating to CCUS, the aid intensity shall not exceed 20%, or the funding gap approach should determine the level of aid.</p>	<p>heat and power plants, heat only plants and industrial plants based on sustainable biomass, transports it to a storage site and injects the CO2 in suitable underground geological formations for the purpose of permanent storage of CO2. In this way delivered are negative emissions.</p> <p>“art 36 2a. Investments in carbon capture and utilisation or storage (‘BCCUS’) shall fulfil the following cumulative conditions: (a) the CO2 capture, transport and use or storage, including individual elements of the CCUS chain, shall be integrated into a complete CCS, CCU, <b>BECCS</b> or CCUS chain; (b) the net present value (‘NPV’) of the investment project over its economic lifetime shall be negative. For the purpose of calculating the project’s NPV, the avoided costs of CO2 emissions shall be taken into account; (c) the investment costs shall not relate to the CO2-emitting installation (industrial installation or power plant), but solely to the <b>BCCUS facility project</b>.</p> <p>Article 36 (6a). In case of investments relating to CCUS, the aid intensity shall not exceed <del>20</del> <b>40%</b>, or the funding gap approach should determine the level of aid.</p>
---	--

**Justification**

According to all scenarios within the 2030 Climate Target Plan, the negative emission technologies including bioenergy with carbon capture and storage need to play a bigger role to reach carbon neutrality. Investments in these technologies should start and accelerate in the current decade and speed up further afterward. Sufficiently high state aid notification exemption threshold may help trigger more support for small and medium-size projects in the district heating networks, which already are being implemented. Moreover, higher aid intensity should be allowed to incentivize development of such projects.

**Bioenergy Europe calls for an explicit reference of efficient cogeneration running on renewables such as sustainable biomass and exclusion from aid notification obligation for such projects**

DRAFT GBER	OUR PROPOSAL
article 38 (3b) For the buildings referred to in paragraph 3a, the aid granted for the improvement of the energy efficiency of the building may be	article 38 (3b) For the buildings referred to in paragraph 3a, the aid granted for the improvement of the energy efficiency of the building may be



RESPONSE TO PUBLIC CONSULTATION

<p>combined with aid for any or all of the following measures:</p> <p>(a) the installation of integrated on-site renewable energy installations generating electricity, heat or cold;</p> <p>-</p>	<p>combined with aid for any or all of the following measures:</p> <p>(a) the installation of integrated on-site or nearby renewable energy installations generating electricity, heat or cold, <b>including micro-CHP</b>;</p> <p><b>“Article 42a (new article)</b></p> <p><b>Operating aid for the promotion of electricity from high-efficiency cogeneration</b></p> <p><b>1. Operating aid for the promotion of electricity from high-efficiency cogeneration shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.</b></p> <p><b>2. High-efficiency cogeneration shall not increase the use of fossil fuels.</b></p> <p><b>3. Aid shall be granted in a competitive bidding process on the basis of clear, transparent, non-discriminatory and objective criteria, defined ex ante in accordance with the objective of the measure and minimising the risk of strategic bidding. Those criteria shall be published at least 6 weeks in advance of the deadline for submitting applications, to enable effective competition. The competitive bidding process shall fulfil all of the following criteria:</b></p> <p><b>(i) the budget or volume related to the bidding process shall be a binding constraint in that it can be expected that not all bidders would receive aid;</b></p> <p><b>(ii) the expected number of bidders shall be sufficient to ensure effective competition;</b></p> <p><b>(iii) the design of undersubscribed bidding processes during the implementation of a scheme shall be corrected to restore effective competition in the subsequent bidding processes or as soon as possible;</b></p> <p><b>(iv) ex post adjustments to the bidding process outcome (such as subsequent negotiations on bid results or rationing) shall be avoided as they may</b></p>
--	--

RESPONSE TO PUBLIC CONSULTATION

-	<p>undermine the efficiency of the process's outcome.</p> <p>4. The bidding process can be limited to specific technologies where a process open to all generators would lead to a suboptimal result.</p> <p>5. Aid shall be granted as a premium in addition to the market price whereby the generators sell their electricity directly in the market.</p> <p>6. Aid beneficiaries shall be subject to standard balancing responsibilities. Beneficiaries may outsource balancing responsibilities to other undertakings on their behalf, such as aggregators.</p> <p>7. Aid shall not be paid for any periods where prices are negative. For the avoidance of doubt, this applies as of the moment when prices turn negative.</p> <p>8. Aid shall only be granted until the plant generating the electricity from high-efficiency cogeneration has been fully depreciated in accordance with generally accepted accounting principles. Any investment aid received shall be deducted from the operating aid.”;</p> <p>Article 43 2b (new)</p> <p>“2a. Aid to renewable energy communities shall be exempted from the notification requirement of Article 108(3) of the Treaty only for projects with an installed capacity of less than 1 MW undertaken by entities falling with the definition of renewable energy community.</p>
---	--

**Justification**

Cogeneration based on renewable fuels like sustainable biomass brings multiple benefits for the functioning of energy systems and will help build a net-zero carbon neutral society by 2050. In particular micro-CHP, can be an extremely important solution for ensuring not only significant energy savings on a building level but also it can contribute to its smart readiness, producing electricity during peak times and reinforce the electricity grid, through demand response mechanisms. Operating aid for promotion of high-efficiency CHP will play a major role in some Member states to fulfil climate and energy objectives provided that it uses a sustainable biomass. Granting aid to such a solution via the means of competitive bidding processes has a very limited impact on the internal market and should be allowed under the GBER.