Sweden the 7th of December 2021

Coments to the review of the General Block Exemption Regulation (State aid): revised rules for State aid promoting the green and digital transition

The Swedish 2030-secretariat is an organization committed to the decarbonization of the transport sector. We are a “do tank”, an organization mad eup of a coalition of the willing from companies, organizations and municipalities in Sweden. We focus on the Swedish national target of 70 percent reduction in CO2 emissions by 2030, but we are equally interested in supporting the ambitious of the EU Fit for 55 package.

We are strong supporters of the State Aid regulation. We need an even playing field for products and services, and especially in the challenging times we are in green industry need frameworks that support low carbon development.

We are supportive of recent developments in several of the amended directives and regulations, and in the new initiatives on maritime and aviation fuels, where GHG reduction has become the target. This is in line with a technologically neutral position that supports fair competition.

Our final general comments, the review of the general block exemption regulation should allow for the development of new technologies and allow for a scale up of

1. We find it interesting that the proposal defines low-carbon hydrogen as “fossil-based hydrogen” but with CCS resulting 73,4 percent emissions saving, or a maximum of 3 tCO2eq/tH2. This an important reasoning, and should define how we measure emissions from all fuels. If not, the State Aid rules does not treat all fuels equally. We understand the limit corresponds to the Taxonomy.

   However, as this is decided in a delegated act not yet presented by the commission, we fail to see the how this information can be commented upon. The delegated act will have a direct effect.
   We note that CCS and CCUS are separated. Both are important technologies, and should be dealt with in similar ways.

2. Already in paragraph 102f the proposal leaves this important position. Clean vehicles should be judged on their merits, ie the emissions from driving on a certain fuel. By referring to Directive 2009/33/EC and Regulation (EU) 2019/1242 the scientific basis for determining who contributes to climate mitigation is lost.

3. The contradictions continues as we move down para 102. Inland vessels are defined as acceptable depending on using a share of zero tail pipe emissions. That is not only scientifically wrong, it takes away any signal for a true sustainable development of the EU27 market of vehicles. An electric vessel, whether on inland waters or on land, in Poland is not, unfortunately, good for the environment due to the high fossil carbon content in electricity.

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Talking about tail pipe emissions takes away all the benefits of having State aid promoting the green and digital transition. Tail pipe is not accurate enough to be the basis of decision, nor a decision to select what technology to be exempted.

4. In article 36 the proposal the focus is technologies for electrification and hydrogen. This follows the same path of favourizen few technologies, and making a judgement on tail pipe rather than actual GHG reductions.

   It is important to base all regulation on real emissions, in line with the scientifically sound Well to Wheels calculations done by the EUs scientists in the Joint Research Centre.

   All infrastructure in the Fit for 55 package should be based on GHG emission, logically real emissions. Europe needs all innovation that decreases emissions, and can not afford to censor the solutions of today that supplies the absolute majority of all CO2 emissions. Sweden is a good example. The rate of electric vehicles in sales is almost 50%, and has been high for some years. But it is still biofuels and biogas that makes up 90% of the CO2 reduction in transport that Sweden has seen 2010-2020.

5. We believe that the condition in article 41 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 or biofuels 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. We have noted that the commission is moving in that direction with the delegated act.

6. As to article 43, the 2030-secretariat 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[1] (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.

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.

7. Finally, Article 44. Article 44(4) states that tax reductions for the products defined in Article 16(1) of the Energy Tax Directive[2] shall be exempted from the notification requirement of Article 108(3) of the Treaty only to the extent that they are compliant with the sustainability and greenhouse gases emissions saving criteria in the Renewable Energy Directive and are made from the feedstock listed in Part A of Annex IX to that directive.

   We believe that this condition should not be limited to fuels from feedstock listed in Part A of Annex IX to the Renewable Energy Directive, but should instead be broadened to apply to the entirety of Annex IX to that directive. The reasons for this are outlined in the comments on Article 41, above.

Yours faithfully,

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