



3 March 2023
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Ms. Ebba Busch
Minister for Energy, Business and Industry and
Deputy Prime Minister
Ministry of Climate and Enterprise

Ms. Margrethe Vestager
Executive Vice-President and
Commissioner for Competition
European Commission

Ms. Elisabeth Svantesson
Minister for Finance
Ministry of Finance

Dear Executive Vice-President,

We are writing to you in an urgent matter due to a concern about the possible effects of the General Court's judgement T-626/20, Landwärme v Commission. The energy transition has entered a new phase of ambition for an accelerated decarbonisation of Europe's economy. It is therefore key that the State aid framework enables Member States to address market failures for the realisation of climate goals while at the same time ensuring the integrity and the functioning of the Internal Market.

The purpose with the Swedish aid schemes in question is to create incentives for consumers to choose biogas and biopropane by lowering the price through a lower tax level. The result is increased use of biogas and biopropane for heating and transport and at the same time reduced use of fossil fuels and their emissions of greenhouse gases. This instrument plays an important role for Sweden in ensuring compliance with the binding commitment on Member States imposed by the Effort Sharing Regulation, the necessary transition to a bioeconomy and the goal to become more self-sufficient of energy.

We are still analysing the consequences of the judgement but it is clear that it will have great impact on the industry, something that has also been underlined in contacts with industry representatives. The unfortunate legal uncertainty that arises for Swedish producers and consumers of biogas, as well as the insecure position of biogas on the market, is very worrying. This uncertain situation will remain during the formal investigation and will lead to increased costs for all concerned parties in the meantime. Hence, for the Swedish Government this is a prioritised issue and we are willing to assist to as quickly as possible achieve reinstated approvals for the tax exemptions.

Further, in a broader context, it is difficult to see how the purpose of the possible tax differentiations in the Energy Taxation Directive can be achieved in practice given the judgment. However, this is something which we are happy to discuss further with the Commission.

We urge the Commission to tackle the issue with great speed and sincerity. We are looking forward to a continuing comprehensive dialogue with the Commission with the hopes of finding a solution that will limit any unsatisfactory consequences of the judgment.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Ebba Busch', with a long horizontal stroke extending to the left.

Ebba Busch

A handwritten signature in blue ink, appearing to read 'Elisabeth Svantesson', written in a cursive style.

Elisabeth Svantesson