

Swedenergy's comments on the draft report by ENVI MEP Peter Liese on the EU Emissions Trading System (EU ETS) directive

Swedenergy is a non-profit industry and special interest organisation for companies that supply, distribute, sell, and store energy. Mainly electricity, heating, and cooling. Swedenergy monitors and promotes the interests of its members and the Swedish energy sector in general. The organisation has a total of 400 members, which includes state-owned, municipal, and private companies as well as associations within the energy sector.

Swedenergy's comments can be summarised as follows:

Swedenergy supports the report in general:

Swedenergy is a strong supporter of the increased 2030 ambition of 55 percent, the alignment of the linear reduction factor (LRF) and the one-time adjustment downward of the emission cap to reach the new 2030 ambition. We also support the inclusion of the maritime sector in the EU ETS and that the Market Stability Reserve (MSR) intake remains at 24%. Furthermore, we consider that lowered MRS-threshold from 833 M EUA:s would make the ETS more efficient.

Swedenergy supports the rapporteur's suggested amendment 73 on BECCS and amendment 44 on waste incineration, but we would like to raise additional amendments on bioenergy installations and hydrogen.

Swedenergy would like to add the following amendments:

Incentivise full phase out of fossil fuels in bioenergy installations

As advocates of clear incentives, Swedenergy opposes the introduction of a **threshold** of a maximum of **95 percent bioenergy use** to qualify for free allowances (recital 42 in ETS-Directive (Procedure 2021/0211 (COD) amending Directive 2003/87/EC). Such a restriction would in the Swedish case imply a negative incentive that could limit the phase-out of the final fossil percentage-points in district heating which is mainly in peak load boilers. It is very costly to fully convert boilers with few load hours.

Proposal from the Commission	Proposal from Swedenergy
<p>The exclusion of installations using exclusively biomass from the EU ETS has led to situations where installations combusting a high share of biomass have obtained windfall profits by receiving free allowances greatly exceeding actual emissions. Therefore, a threshold value for zero-rated biomass combustion should be introduced above which installations are excluded from the EU ETS. The threshold value of 95 % is in line with the uncertainty parameter set out in Article 2(16) of Commission Delegated Regulation (EU) 2019/33123</p>	<p>The exclusion of installations using exclusively biomass from the EU ETS has led to situations where installations combusting a high share of biomass have obtained windfall profits by receiving free allowances greatly exceeding actual emissions. Therefore, a threshold value for zero-rated biomass combustion should be introduced above which installations are excluded from the EU ETS. The threshold value of 95 % is in line with the uncertainty parameter set out in Article 2(16) of Commission Delegated Regulation (EU) 2019/33123</p>

Make it easier for hydrogen to receive free allocation (Annex 1)

If the use of hydrogen is to expand, it is important to lower the threshold for free allocation. The level of the threshold is so high that it will be very hard to reach in the near future and therefore will result in an ineffective regulation. Production of hydrogen (H2) and synthesis gas with a production capacity exceeding 25 tonnes (corresponds to 1,25 GWh) input per day. But the threshold is too high and should be reduced to at least 15 tonnes.

Proposal from the Commission	Proposal from Swedenergy
<p>(v) : “Production of hydrogen (H2) and synthesis gas with a production capacity exceeding 25 tonnes per day</p>	<p>(v) : “Production of hydrogen (H2) and synthesis gas with a production capacity exceeding 25<u>15</u> tonnes per day</p>

For more information

Per Holm

Senior Adviser Climate Policy

per.holm@swedenergy.se

+46 (0)70 648 01 08

Sara Emanuelsson

Acting Head of Brussels Office

sara.emanuelsson@swedenergy.se

+46 (0) 70 164 44 45