

## Swedenergy's position on the proposed amendments to the EU RED 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.*

### **Supporters of increased climate and renewables ambitions**

Swedenergy is a strong advocate of increased use of renewable energy to achieve the increased ambition for 2030 of at least 55 percent CO<sub>2</sub> reduction, as well as climate neutrality by 2050. For the power sector, Swedenergy's view is that the EU ETS is the most important tool to foster carbon dioxide neutrality and higher shares of renewable energy.

While Swedenergy welcomes the increased overall ambition of the revised RED, we are concerned about some of the detailed provisions in the Commission proposal. In many cases, **the level of detail introduces administrative burden** to small and medium sized installations that isn't matched by an environmental benefit, thereby making **renewable energy a less attractive** option for heat and electricity production and increasing the costs for meeting the renewable target.

### **Bioenergy**

Sustainably produced biomass will play a crucial role in achieving the higher climate targets. Neither the EU nor Sweden will be able to meet the climate targets without increasing the share of bioenergy. The use of bioenergy from forest residue accounts for a very large share of the Swedish energy supply; for heat and electricity production and for industrial use. In total, bioenergy accounts for about 37 percent of total energy use in Sweden today. The potential to further reduce emissions by increasing the use of sustainably managed residual forest biomass for energy purposes is significant in Sweden, as well in the EU. Consequently, it is worrying that the proposal introduces unjustified restrictions which reduce the supply of renewable fuels from sustainably managed forestry. The political agreement of 2018, which was transposed nationally as late as 1 July 2021, provides an adequate protection of the sustainability of biomass. Since the effects of the criteria have not yet been evaluated, Swedenergy believes **a revision is premature and would imply increased costs without achieving corresponding benefits to neither climate nor environment**. Swedenergy particularly regrets that the **Risk-Based Approach**, which was introduced in 2018, no longer will be applicable.

- Market forces have proven very effective in ensuring that it is mainly residuals and damaged wood that is used for energy purposes, i.e. the **cascading principle** already

applies in Sweden. Swedenergy would therefore warn against prescribing how to use the raw material, since it would disturb an already well-functioning market allocation through increased costs and cumbersome implementation. Swedenergy believes that maintaining the Risk-Based Approach is a far less interfering way of ensuring biomass sustainability.

- The proposal **to extend the agricultural biomass land criteria to forest bioenergy** is another source of unnecessary restriction to the use of sustainably managed forest biomass. The agricultural criteria are not well-suited to be directly applied to forest-based biomass. If the purpose is to protect primary forest and highly biodiverse forest, this can rather be included in paragraph 29.6 that already regulates biomass from forests.
- Since conditions differ across Europe, any **no-go areas** for forest bioenergy should rather be based on the Risk-Based Approach for forest biomass and existing national forest legislation. The proposed approach would imply unproportionate costs that would make small-scale use of forest residues impossible and make it impossible to use the forest residuals in a resource-efficient way.
- One example of increased red tape without evident environmental benefits is the provision in **article 29, paragraph 10**, whereby all facilities, including all existing ones, should be required to reduce greenhouse gas emissions by 70%. This is of course a welcome general ambition. However, the vast majority of Swedish smaller heat and electricity plants already has made significant climate reductions when they converted to bioenergy and the majority thereby already comply to this requirement, since their bioenergy is sourced from waste and residues from the surrounding forests, industries or infrastructure projects. However, since the many small bioenergy plants often lack human resources, proving compliance constitutes a significant administrative burden and cost that rather risk discouraging a resource efficient use of renewable sources, and distracting attention from performing truly efficient environment measures.

### ***District heating***

To achieve the climate targets in a cost-efficient manner, it is vital to provide national governments and market actors with as much **flexibility** as possible to choose the exact measures to reduce CO<sub>2</sub> emissions. **Conditions and starting points differ** between Member States, and it is difficult to find the one size that fits all.

- For this reason, Swedenergy **strongly advises against binding renewable sub targets** for the heating sector, and specifically the burden sharing where Sweden is proposed to “top-up” its share by 0,6% annually between 2020-2030. Given that only 1 percent fossil fuels remain in the Swedish heating sector, this is a particularly disproportionate measure.
- Also, the proposal in art. 15a that prescribes a **minimum share of renewable energy** in buildings is an example of an inefficient sub target. Generally, the level of detailed provisions on buildings in the REDIII seems unwarranted, and there is an evident need for coherence on building sector legislation between the EED, ETS and RED directives and the upcoming revision on EPBD.
- In article 24.1 on district heating and cooling, Swedenergy opposes the suggested **information requirements on transmission losses**, since such costs aren’t transferred to the end consumer. Providing consumers with irrelevant information on the bill

adds to the administrative burden without offering corresponding environmental benefits.

- Considering the different starting points, it is vital that current **derogations to third party access** in art. 24.10 are kept (for those Member States where more than 90% of the DHC systems already qualify as efficient) and extended to apply to all parts of art. 24.2 to 24.9. Swedenergy generally questions third party access requirements to be an effective tool to increase the share of renewables in district heating. This is better achieved through the ETS system.

### *Industry*

For the reasons outlined above, Swedenergy **questions the sub target** for renewable energy in the industry sector. To support industry's energy transition, the directive should rather underpin positive developments, such as the use of fossil-free hydrogen. One potential spill-over threat stems from the delegated act corresponding to art. 27 in REDII, whose requirements of **additionality** risk undermining current large-scale hydrogen-based electrification of industrial processes in Sweden.

### *International cooperation*

Swedenergy does not consider that joint projects between Member States should be made mandatory. Such projects should be based on a clear value added and on opportunity for cost reduction.

### *Requirements on network operators to provide real-time information on renewables share and CO2 content*

Swedenergy questions the value added of the requirements on network operators to provide real-time information on the share of renewables in their network. It would be very challenging for other network operators than TSOs to provide such information, and there are other ways collecting such data under current rules.

### **For more information**

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