

To: Commissioner Frans Timmermans

Swedenergy's views ahead of the European Commission's decision on installations in National Implementation Measures (NIM's-list) in EU ETS

Dear Commissioner Mr. Frans Timmermans,

Swedenergy is an association for companies that supply, distribute, sell, and store energy, mainly electricity, heating, and cooling. The association has a total of 400 members, which includes state-owned, municipal, and private companies as well as associations within the energy sector.

Swedenergy believes EU ETS is the most important climate policy instrument in the EU and supports strengthening and broadening of EU ETS.

However, we are aware of that the European Commission ahead of the upcoming decisions on the National Implementation Measures (NIM) questions the Swedish opt-in of biomass installations which has been a part of the functioning of the EU ETS in Sweden since the first trading period. The installations that under the period 2014-2018 have only used biomass are covered by the Swedish opt-in according to article 24 of the EU ETS Directive. That opt-in is implemented by national legislation, namely the ordinance (2004:1205) on emission's trading, where it is stated that installations that only use biomass and are connected to a districting heating grid exceeding 20 MW are included and require a permit. Swedenergy, do not think there is reasons to question the validity of these installations' permits only on the basis that they use exclusively biomass, since that is the exact criteria for their inclusion according to said national legislation. It could here be worth mentioning that the European Commission's guidance on the interpretation on annex I of the ETS Directive specifically mentions that Member States may opt-in pure biomass installations, while there is no indication that such installations are not eligible for free allocation.

These opt-in installations had a valid permit prior to 30 June 2019 and have successfully applied for allocation according to the FAR (Free Allocation Regulation, (EU) 2019/331) as incumbents before the deadline. Since we cannot find any provisions in the FAR that would make them non-eligible for free allocation purely on the basis that they have had only biomass emissions, we are of the view that they cannot be excluded from the NIM's.

The consequence of an exclusion of biomass installations from EU ETS, will be incentives for increased use of fossil fuels in affected installations which is totally contrary to the aim and functioning of EU ETS. We urge that the European Commission must reconsider it's positioning of exclusion of biomass installations as part of the Swedish opt-in and

approve all those about 45 installations in the upcoming decision on installations included in the national implementation measures, the NIM's-list.

Yours sincerely,



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