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In the context of REPowerEU:

European Commission wants to increase biomethane production to make Europe independent of fossil fuels from Russia - state aid rules must be changed to make it happen

EU can reach independence from Russian gas. Barriers in the EU-legislation must be abolished in order not to stand in the way of increased biogas production. Biogas can contribute to security of supply and reduced dependence on imports.

The 8th of March 2022 the EU-Commission proposed an outline of a plan to make Europe independent from Russian fossil fuels well before 2030, starting with gas, in light of Russia's invasion of Ukraine. The communication is called REPowerEU: Joint European Action for more affordable, secure and sustainable energy. The communication states that the EU can be independent of Russian gas through increased production of green energy, diversified energy supply and reduced demand for energy. The President of the European Commission Ursula von der Leyen has stated that the EU can reduce its demand for Russian gas by two thirds before the end of this year.

The EU imports 90 percent of its gas consumption, with Russia providing more than 40 percent of the EU's total gas consumption. Russia also accounts for 27 percent of oil imports and 46 percent of coal imports to the EU.

In order for the EU to become independent of the import from Russia, several different measures are required. One of them is a sharp increase in biomethane production. If the Fit for 55 legislative package presented by the Commission in the summer of 2021 is implemented, it is expected to lead to increased demand and production of biomethane within the EU. In REPowerEU the Commission expresses the ambition to double the objective of Fit for 55 for biomethane and states that it would lead to a biomethane production of 35 billion cubic metres (bcm) per year by 2030 (corresponds to 350 TWh). That is an ambitious objective, but not at all impossible. The technology exists, the potential exists and the will to act exists. But there are barriers in the EU's own regulations. The Commission now urgently needs to review the obstacles and barriers that stand in the way of large-scale expansion of biogas and biomethane production within the EU.

Biogas offers solutions to several human long-term challenges: climate, soil fertility, clean water, and good air quality. Biogas turns a waste problem into a resource. Scientific findings show that biogas contributes, directly or indirectly, to every one of the 17 UN Sustainable Development Goals¹.

¹ <http://liu.diva-portal.org/smash/get/diva2:1161103/FULLTEXT01.pdf>

The state aid rules need to be changed – otherwise they will counteract the expansion of biogas and biomethane production in EU

The general block exemption rules (GBER)

According to article 43 in the General block exemption rules², abbreviated GBER, operating aid for the promotion of energy from renewable sources, such as production of biogas, is only to be granted to plants with an installed capacity of less than 500 kW or in cases where the aid relates to biogas that is to be used as motor fuel, to plants with an installed capacity of less than 50 000 tonnes per year. This article needs to be amended so that aid may be granted for the production of biogas in plants with an installed capacity of less than 50 000 tonnes per year, regardless of whether the gas is to be used as a fuel, for electricity production, in industry or for other uses.

The Commission has proposed amendments to Article 43 of the GBER. The Commission proposal limits the possibility of granting aid for biogas production to only plants with an installed capacity of less than 400 kW, regardless of the use of biogas. The change proposed by the Commission means in practice that a general operating aid for biogas or biomethane production in other than very small production installations at farms is made impossible.

In view of the Commission's increased objective for biomethane production, it is of the utmost importance that the Commission's proposed deterioration of GBER is not implemented. On the contrary, the Commission should improve the possibility of granting aid for the production of biogas under GBER by maintaining the current restriction that aid may be granted for biogas production in plants with an installed capacity of less than 50 000 ton per year but broadening the application so that it applies regardless the area of use of the gas.

Climate-, energy-, environmental state aid guidelines (CEEAG)

According to the new Guidelines on State aid for climate, environmental protection and energy 2022³, abbreviated CEEAG, support for renewable energy must primarily be granted through a competitive bidding process. According to point 107 of the CEEAG, exceptions from the requirement to allocate aid and determine the aid level through a competitive bidding process can be justified to small projects such as biogas production in plants with installed capacity of less than or equal to 1 MW.

A competitive bidding process means that only individual plants, which are selected according to established selection criteria, can be granted production support. In order for the Commission's objective of increasing biomethane production to be met, a general support for biogas and biomethane production must be allowed without limiting the size of the plant.

About Swedish Gas Association and further information

The Swedish Gas Association (Energigas Sverige)⁴ is a member-funded, industry association dedicated to promoting a greater use of gas energy. We work towards a safe, environmentally responsible and efficient utilization of gas and acts as a voice for all gases where safety, technical matters, marketing and advocacy are key elements. Please read more about us at <https://www.energigas.se/in-english/>

In addition to the barriers mentioned above, there are also other restrictions in the state aid rules and in other EU legislation that limit the demand and production of biogas. In this paper, the

² COMMISSION REGULATION (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty

³ COMMUNICATION FROM THE COMMISSION Guidelines on State aid for climate, environmental protection and energy 2022

⁴ The Swedish Gas Association/Energigas Sverige is registered in the EU transparency register with id-number: 872104121716-69.

Swedish Gas Association has chosen to focus on the limitation that operating aid for biogas production in other than very small production installations are made impossible by the proposed changes in the GBER and by the recently decided CEEAG.

If there is an interest to hear more about what rules in the EU legislation that limit the possibility of developing the production and use of biogas and biomethane, the Swedish Gas Association would be happy to come back with more information, or even better, to have a meeting with you.

Please, do not hesitate to contact us for a further discussion!

Best regards



Maria Malmkvist
CEO



Anna Wallentin
Head of department
Market and Communication