

2016 will be a pivotal year *for Bioenergy in Europe*

It's a fact, when considering renewable energy, bioenergy often faces a lack of recognition in the public debate. However, as bioenergy is currently concerned by multiple EU policies and legislations, it's time to say it more loudly: Bioenergy accounts for more than 60% of the overall renewables consumption, contributing all across Europe to the fulfillment of the 2020 renewable energy targets! Let's be coherent, pragmatic and ambitious when discussing bioenergy's future, as more than half of the 2020 EU's renewable development is relying on it and this contribution is expected to remain by 2030.

THERE is no doubt that bioenergy will be high on the agenda in 2016 and beyond. In fact, new frameworks and regulations will be discussed this year in Brussels, with critical impact on the bioenergy sector as a whole. Depending on the direction set by European policy makers, the European bioenergy industry will be facing either challenges or opportunities after 2020. Listing all those existing or coming policies could actually give the impression of a Prévert-style exercise: the *EU 2030 Climate and Energy packages*, the *EU bioenergy sustainability policy*, the *EU strategy on Heating and Cooling*, the *EU Bioeconomy strategy*, the *Circular economy package*, the *Eco-labelling revision*, the *air emissions* legislation implementation (medium combustion plants and large combustion plants directives), the *state aid guidelines revision*, the *Forest strategy implementation*, the *LULUCF decision*, the *EU market design* and the *ETS revision* are among the key policy files we could mention.

However, we must not forget that the bioenergy sector is still representing a small segment when compared to fossil fuels. It remains an industry populated by players of very different sizes and capacities ranging from the local traditional SME to larger producers or users.

Therefore, EU policy makers should take this into account and stay pragmatic when producing policies and legislations. We should not lose sight of the big picture and avoid putting too much of a burden on renewable fuels while fossil fuels remain largely subsidised and subject to limited requirements. After the COP21 agreement, let us not risk hindering the dynamism and innovation of a key sector for renewable energy production, as we do not have a plan B!

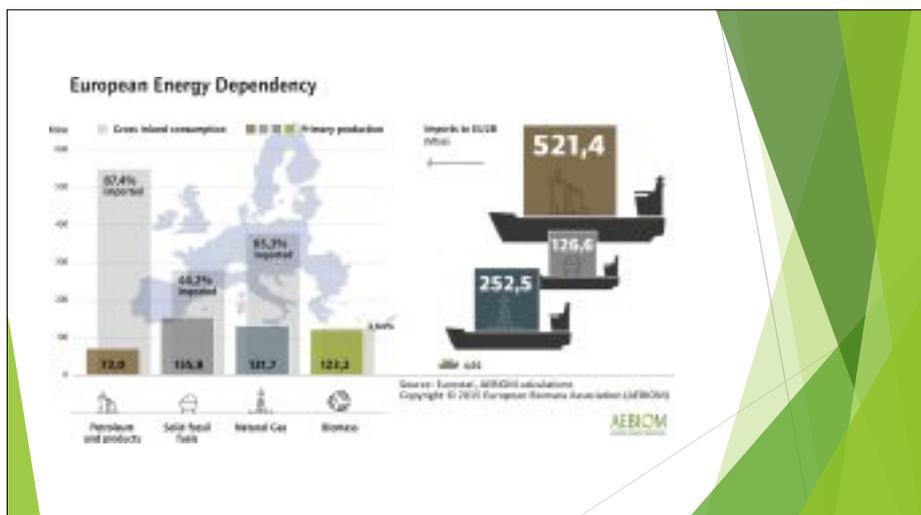
Among the policies abovementioned, three ongoing discussions are focusing all of AEBIOM's attention, as they are considered to have an important impact:

- **FIRSTLY**, the EU strategy for Heating and Cooling (H&C), which the European Commission presented in mid-February. Until today, renewable energy policies have been almost exclusively focusing on the electricity and transport sectors, despite the importance of the heating and cooling segment when considering EU energy consumption. The European Commission decision to tackle the issue and decarbonise the H&C sector is therefore considered as a very positive signal, especially for the bioenergy sector. In fact, biomass is considered to repre-

sent 89% of the total EU renewable heat consumption and 15% of the total EU heat consumption. Aside from some traditional uses, such as wood logging, biomass has the potential to deliver innovative and cost-effective solutions for growing heat demand. In fact, technologies like CHP, advanced efficient stove/boilers, are mature and ready to deliver for heating buildings, cities and industrial processes. The main barrier to the deployment of these renewable alternatives is the low price of fossil fuels and the continuous support that these receive, which has often been hushed up. Fossil fuel subsidies should be phased-out urgently and carbon outside the ETS sectors should be priced, as is already the case in several Member States that have introduced a carbon tax. With such an approach, bioenergy and other RES could become logical alternatives and truly competitive. Overall, we need coherence and a constant eye on the long-term decarbonisation objective (i.e. 80-95% GHG emissions reduction by 2050) if we want to steer clear of technology lock-ins or stranded assets within a fossil fuel infrastructure (like new fossil gas pipelines).

- **SECONDLY**, the 2030 Climate and Energy Framework and the new Renewable Energy Directive will establish the policy framework for renewable energy (RES) for the period 2020-2030. In fact, within the development of its Energy Union Framework Strategy, the European Commission announced a new renewable energy package for the post-2020 period, including a new renewable energy directive (REDII) with 2030 targets. While preparing the directive, the European Commission has launched a wide consultation on the new renewable energy directive.

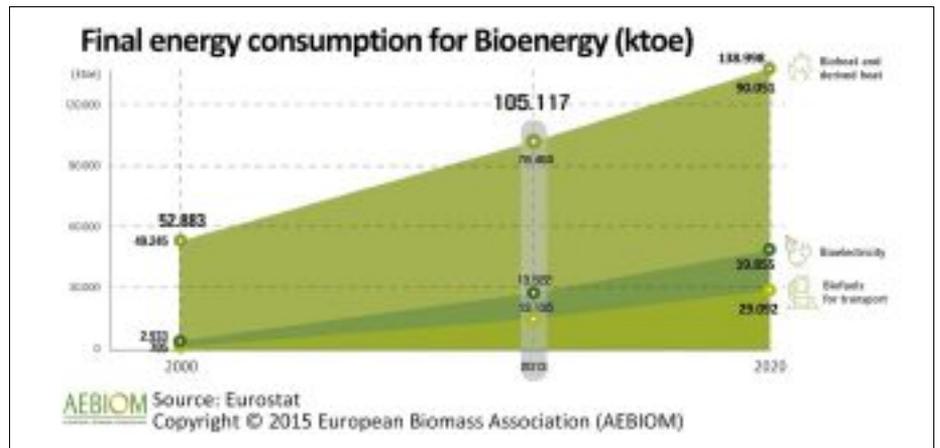
This review was actually a very good opportunity to look back on achievements and lessons learnt. So far, despite a few specific sectoral concerns, most observers agree that the first renewable energy directive (RED) allowed renewable energy operators to develop and plan investments within a



European Energy Dependency.

stable medium-term regulatory framework. The RED, pioneer initiative at the time, has encouraged Member States to support RES projects, sometimes with financial incentives that were key in terms of developing a more mature sector that could face the competition of fossil-derived energy. This stability and support was a strong signal for economic operators who answered the call *en masse*, allowing the development of renewables and progress towards the 2020 20% EU target.

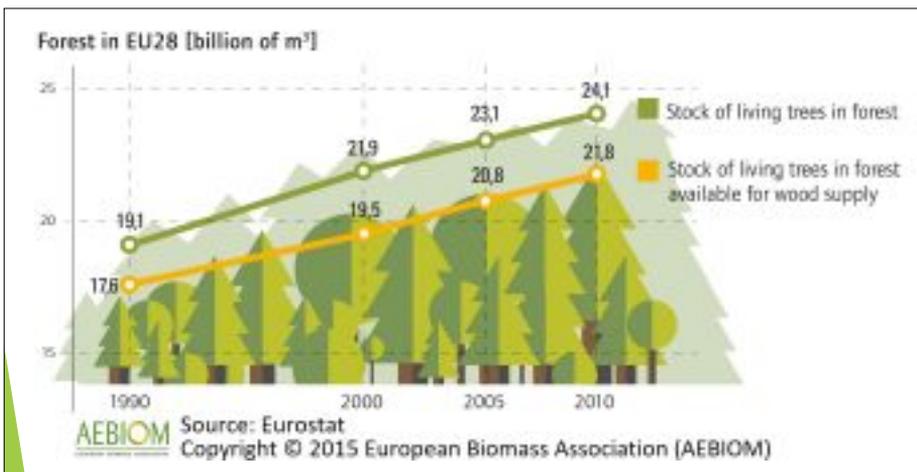
However, political stimuli are short-lived and need to be renewed when the time comes. As a matter of fact, contrary to all expectations, investments in renewable energy assets in the EU fell by 18% in 2015, reaching their lowest level since 2006! When you take the time to ask key European bioenergy industry players' about their main concerns, responses are often twofold: a lack of regulatory visibility after 2020 and the recent changes in some national support schemes which are no longer considered as secure as they



Final energy consumption.

build on the existing RED and seek to improve it. Thirdly, the recent EU Heating and Cooling strategy challenges and conclusions should be taken into account in the RED revision. Finally, as a key role is played by the building sector, a minimum share of RES should be required for all new buildings and long-term renovation strategies of existing buildings should be established at national level.

cratic approach, would make sure that sufficient volumes of sustainable biomass will be mobilised and delivered to the market. In stark contrast, a dogmatic approach based on theoretical principles and simplistic communication concepts, such as "a cap on biomass", as proposed by some NGOs, would certainly hinder the development or the switch to bioenergy. This would also cause some more devastating, unintended consequences, one of which is the maintenance of or increase in fossil fuel consumption! Let us think about small scale project developers: in the current context, while already facing difficulties to implement their plan, adding additional burdens, will certainly be a critical deterrent leading them to keep more convenient fossil fuels solutions. Let us not make bioenergy something perceived as a long, hard battle, an endless ordeal.



Forest stocks.

once were. In this context, the positive outcomes of COP21 are an opportunity not to be missed, and should be used by the EU to renew its momentum. What RES market players need above all today is a strong positive message and a solid medium term vision within the framework of this new renewable energy directive. With this in mind, AEBIOM has thrown its weight behind an ambitious post-2020 renewable energy package, as we think that the EU renewable energy sector can deliver much more than the 27% of the 2030 target set so far by both the Commission and Member States! We also regret that the EU target is not implemented into nationally legally binding targets.

In addition to these key concerns, AEBIOM is advocating for an approach meant to reassure market players based on 4 simple principles: firstly, it's always good to remind ourselves that we should meet the 2020 objectives (20% RES). Secondly, we need to

• **FINALLY**, in mid-February, the European Commission announced a 3 month public consultation which should lead to the development of an improved EU bioenergy sustainability policy announced for the end of the year. For years, AEBIOM has been supporting the concept of a harmonised EU policy on sustainability that would simultaneously provide investor trust and visibility, avoid market barriers and give the opportunity to the sector to show its commitment to delivering sustainable bioenergy. Over the last few years, the absence of such harmonisation has led to the onset of varying national sustainability rules, making trade barriers more complex. Worse still, this gap has also given room for discrediting the bioenergy sector on the whole, on the basis of oversimplified and stereotyped messages based on individual cases which are now winding their way into the EU public debate. An EU sustainability policy, based on a realistic, balanced and non-bureau-

The European energy policy framework can sometimes be considered as a complex puzzle. Every piece is important in order to get the big picture, and you need them all to clear the way towards the development of a sustainable bioenergy market. Many stakeholders, often with different visions and objectives, are today involved in the bioenergy debate. Working together, and moving in the same direction, is becoming a key challenge. However it will be mandatory if we want to benefit from the various advantages that bioenergy can deliver, whether dealing with the EU's future energy security, the EU's contribution to climate change mitigation, the creation of local jobs and the multiplication of disruptive innovations.



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