

Bioenergy accounts for 38 percent of the final energy use in Sweden. Just like in EU as a whole, bioenergy is the leading renewable energy source and will be a major contributor to climate change mitigation in the coming decades. Without deployment of bioenergy, the climate targets cannot be met.

Bioenergy solutions give substantial contribution to climate change mitigation in accordance with Article 10.1 in Regulation EU 2020/852, points a), generating, distributing and using renewable energy in line with the renewable energy directive EU 2018/2001, c) increasing clean and climate-neutral mobility, g) establishing energy infrastructure to enable decarbonisation of energy systems, and h) producing clean and efficient fuels from renewable or carbon-neutral sources. The activities are closely linked to d) switching to sustainably sourced renewable materials, and will enable e) deployment of bio-CCS and bio-CCU in large-scale applications for negative emissions.

Based on this, we strongly disagree with the categorisation of bioenergy as a “transitional activity” in the taxonomy. Bioenergy is a renewable energy source on par with all the other renewable energy sources. It is basically solar energy captured by trees and other plants, producing chemically stored energy that can be used both for solid, liquid and gaseous renewable fuels to substitute fossil fuels and play a strategic role in a fully carbon-free and 100 percent renewable energy system. Bioenergy is carbon-neutral and a part of the natural carbon cycle and as such qualifies as a “nature-based solution”.

The taxonomy has not captured the immense potential of the land-based sectors, agriculture, forestry and aquaculture, to contribute to climate mitigation. Europe has vast untapped resources of underutilized and abandoned farmland and under-developed forestry. To make use of these resources in an optimal way will reduce emissions from fossil fuels, improve energy security, and create jobs and economic development in rural areas and peripheral regions of EU and in neighbouring countries. The restrictions against agricultural energy crops must be removed.

Instead of mobilising these green resources the taxonomy introduces new administrative burdens on farmers and forest owners which will lead to decreased supply of biomass for energy. The sustainability criteria agreed on in RED II are sufficient to guarantee sustainability for biomass and biofuels.

By extending reporting on sustainability to heat plants under 20 MW, the taxonomy also increases the administrative burden on hundreds or even thousands of small energy plants around Europe using local biomass as energy source.

Svebio fully supports ambitious climate targets and a quick transition of the European energy system. The financial sector will play a central role in this change. In our opinion, **EU should use general incentives**, primarily carbon pricing, to reach these targets, strengthening ETS and introducing

carbon taxes in all member states and all sectors of the economy, combined with fair criteria for sustainability. This will lead to the most cost-effective transition and be in accordance with the fundamental idea of the European Union, to create a free and open common market where different solutions can compete.

EU has instead chosen to formulate more and more detailed regulations in a number of directives and acts. The taxonomy, the state aid regulation, the renewable energy and energy efficiency directives, all are full of such detailed regulations where EU favours certain solutions ahead of others, totally contrary to the principle of technology neutrality, which ought to be a guidance for fair legislation. This system, recently described by a professor of environmental economics as “a tsunami of regulations”, opens up for special interests and intense lobbying in Brussels, without resulting in lower greenhouse gas emissions than a system with general incentives and free market.