

European Commission

Stockholm, 5 February 2021

Response on the Consultation on how the Renewable Energy Directive should be revised

This consultation aims at collecting views and suggestions of the possible proposal for a revision of RED II. The Confederation of Swedish Enterprise wish to thank the Commission for the opportunity submit our comments and would like to make the following observations.

The Confederation of Swedish Enterprise supports the objectives of the European Green Deal and the implementation of Renewable Energy Directive (RED II). Given that the implementation of RED II is still ongoing, as well as the short timeframe of the Climate Target Plan for 2030, the focus in future must be on ensuring that the much-needed investments required to fulfil the requirements of current version of RED II are realised. Therefore, the Confederation suggests maintaining RED II without any further changes. If a revision ultimately is required, these changes should be kept to an absolute minimum.

Regulatory stability

The current regulatory framework will need changes in future in order to meet the European Green Deal and climate targets. However, it is important to consider that repeated changes in the regulatory framework that require long-term investments can create increased and unnecessary financial risks for the companies during the transition. Therefore, stability in regulatory framework is essential for delivering a level playing field, sustained investment and economic growth; at the same time, it also allows European industry to be competitive in a global marketplace. The Confederation of Swedish Enterprise suggests expanding the Commission's impact assessment to also incorporate assessments of how frequent regulatory changes impact on companies' willingness to invest and what the increased risk of needed investments are.

Technology neutral approach

Member States use different starting points in their work for achieving climate neutrality and net-zero greenhouse gas emissions by 2050. Energy systems are key in the transition from fossil fuels, but the status of these systems also differ significantly between Member States. They also differ in how they use different energy sources and for what purpose, the need of change and expansion of the grid as well as the different conditions for producing and distributing renewable energy within each Member State. Similarly, Member States will have their own opinions on what is the most cost-efficient route to achieving climate neutrality. Each country will have the best knowledge of where, within the energy system, different fossil-free energy sources can be used in the most cost-efficient fashion. It is therefore not relevant to add additional targets in the Directive for specific energy sectors or technologies. The Confederation of Swedish Enterprise considers that technology neutrality in the use of

fossil-free energy, along with equal treatment of the various low-carbon solutions, is the key to effectively achieving climate neutrality. This must be reflected in RED II.

Bioenergy

Biofuels play an important role in the Swedish energy system and are a vital component in the transition to reach climate neutrality, in particular in replacing fossil-based energy in the transport sector. Bioenergy provides large amounts of renewable heat and power in the Swedish energy system, offering flexibility in when and where it is needed.

Forest-based bioenergy consists of waste and residues from forestry and forest industries, such as treetops and branches, sawdust and bark. In Sweden, as well as in many other Member States, there is an abundance of such by-products that are not yet properly used due to the high costs of handling and transport. These have the potential to be part of a resource-efficient and fully circular process for providing renewable power, heat and fuel. Instead, this biomass is decomposed, releasing carbon dioxide back into the green carbon cycle without substituting fossil fuel. The Confederation of Swedish Enterprise therefore consider it important that RED II should continue to acknowledge the importance of sustainable forest-based bioenergy, side by side with other renewable energy technologies.