



EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
Ares(2016)

Opinion

Title **SG – Bioenergy sustainable policy**
(submitted version of 21 July 2016)*

(A) Context

Bioenergy is the conversion of biomass resources into electricity and heat. The Renewable Energy Sources Directive (RES) promotes bioenergy as a renewable energy source. In 2014, the Commission proposed and the European Council agreed new climate and energy targets for 2030, including an EU-wide target that 27 per cent of final gross energy consumption would consist of energy from renewable sources.

The objective of this initiative is to assess the sustainability of various forms of bioenergy in relation to their potential contribution to the EU's renewable energy target for 2030. The initiative is closely related to the revision of the RES directive, the initiative on the future design of electricity markets, Land Use Land-use change and Forestry (LULUCF), and initiatives aiming at a reduction of greenhouse gas emissions in the Emissions Trading System and outside of the ETS sector.

B) Overall opinion: POSITIVE

The Board notes that the impact assessments on the improvement of the EU Electricity Market Design, on the Energy Union Governance, on the revision of the Renewables Directive and on the Bioenergy sustainable policy have been considered in parallel and that they are in many ways interlinked. As a result, a number of issues raised by the Board in the context of the consideration of the present impact assessment are cross-cutting to the other related impact assessments.

The Board gives a positive opinion on the present impact assessment, on the understanding that the report shall be adjusted in order to integrate the Board's recommendations.

Issues cross cutting to other impact assessmentss

- **Support schemes have played an important role in promoting bioenergy and are key drivers of the future sustainability of bioenergy. The problem definition and baseline should assess and integrate the influence of existing and future support schemes for renewable energy. The report should integrate how changes to the Renewables Directive and the market design initiative will affect the demand for bioenergy. Given the importance of support schemes in driving the demand for bioenergy, the IA should explore the need for policy options explicitly covering the design of support schemes.**

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

- ***Biofuels:*** This IA assesses sustainability requirements for bioenergy, but it explicitly excludes biofuels included in the IA on renewable energy. Given that the issues for biofuels are not different from the issues for other sources of bioenergy, the reference to the impact assessment on renewables should demonstrate the coherence or the possible differences in policy approach.

Issues specific to the present impact assessment

- The IA addresses all forms of bioenergy, but the analysed options mostly concern solid biomass. The IA should explain and justify this focus better. In addition, the report characterises some issues as problems without much support from evidence, including stakeholder views. One such example is fragmentation of the internal market. While the report should explain the issues it considers, it should only retain the most relevant ones throughout the analysis (objectives, options and impacts).
- The IA should explain better its choices regarding examined and discarded policy options. It should explain whether other policy options (like more restrictive support schemes) could have been considered.
- The report does not explicitly present a preferred option. While this is not obligatory, doing so would enhance the usefulness of the IA in the subsequent decision making process. At least, the report should reduce the number of potential "preferred options" to a few realistic ones.

The lead DG shall ensure that these recommendations are integrated in the report prior to launching the interservice consultation.

(C) Main recommendations for improvements:

(1) Problem analysis and baseline

The report should better structure the problem analysis and explain the links with other initiatives, such as the revision of the Renewables Directive and the future design of electricity markets. In this context, the baseline should reveal the role played by renewable energy targets, dispatch priority and support schemes for bioenergy in the likely evolution of bioenergy use and its impact on emissions. Moreover, the report should clarify whether it deals with bioenergy in general (as currently in the problems analysis) or rather focusses on solid biomass (as in the policy options; although biofuels appear in the discarded options). Finally, the report should re-examine in how far internal market aspects (mentioned by some stakeholders) constitute a relevant problem to be addressed in the context of this initiative (as biomass is mainly locally consumed).

(2) Policy options

The report should clarify on the basis of which criteria a number of policy options have been discarded (in particular when some of them could tackle administrative burden concerns) while others have been kept for further examination. Given that the overall impacts of the policy options are found to be rather limited, the report should explain why it has not considered more far-reaching policy options (e.g. moderating the demand for biomass). Moreover, in light of the consideration of support schemes in the problem analysis (see above), the report should reflect why policy options to reform or ban such support schemes have not been examined.

(3) Impact analysis

The report should clearly set out the most significant impacts and separate limited from uncertain impacts. The report currently does not identify a preferred policy option; however, as section 7.2 indicates that the policy options have only limited impacts, the report should evaluate, taking into account the analytical uncertainties, whether the baseline is itself a viable policy option. In the absence of a preferred policy option, the report should clearly present how the different options compare, including stakeholders' views when available and at least reduce the number of potential "preferred options" to the most credible ones.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated into the final version of the impact assessment report.

(D) Procedure and presentation

The report needs to be more reader-friendly. Non-expert readers should easily be able to discern the main policy tradeoffs. The issues and the examined policy options should be easy to recognise and understand. Policy makers should have straightforward access to the main arguments in a way that allows them to rank the various policy options. The report should be shorter and better structured, with minimal use of jargon and acronyms.

(E) RSB scrutiny process

Reference number	2016/ENER/025
External expertise used	No
Date of RSB meeting	14 September 2016