# Bioenergy Europe's answer to the Public Consultation on Taxonomy

Bioenergy Europe welcomes the opportunity to contribute to the simplification of the Taxonomy technical screening criteria.

Sustainable bioenergy plays a key role in the overall bioeconomy by valorising underutilised feedstock along the value chain and supplying reliable, around-the-clock energy. It already provides almost 13% of the EU's energy consumption, making it the largest renewable energy source in the Union. Commission modelling shows that bioenergy use must increase by around 69–80% by 2050 for the EU to reach climate neutrality. No credible pathway achieves the 2050 target without an expanded contribution from sustainable biomass across power, heat, industrial processes, advanced fuels and permanent carbon removals such as bioenergy with carbon capture and storage (BECCS).

The EU Taxonomy should encourage, not restrict, private investments in renewable energy solutions such as sustainable bioenergy and BECCS. If access to private finance is constrained, the underlying need for these projects does not disappear; the cost simply shifts to taxpayers through increased public financing. This is the opposite of what the EU sustainable finance framework is designed to achieve.

The Taxonomy should aim to integrate, not duplicate or diverge from, existing legislation and should not increase administrative burden in an already complex and shifting policy landscape.

## 1. Need for stability and alignment with RED sustainability criteria

To achieve Europe's energy and climate goals it is pivotal to ensure regulatory stability and consistency among interconnected policy files. The Renewable Energy Directive (RED III) has not yet been implemented in most countries while review clauses are already foreseen in 2026 and 2027. This creates uncertainty among investors and comes on top of a 10-year period of regulatory change triggered by the switch from RED II to RED III and the associated implementing acts.

RED II fundamentally rewrote sustainability rules in 2018. Before those rules were fully transposed or operational, RED III was proposed in 2021 and adopted in 2023, reopening core provisions. In parallel, the Commission adopted detailed RED II implementing regulations in 2022. In practice, RED III was negotiated while RED II was still being implemented and details were still being finalised. Companies had to repeatedly redesign compliance systems in moving regulatory conditions, precisely the pattern of complexity and legal uncertainty highlighted in the Call for Evidence.

Introducing further changes to bioenergy sustainability criteria through the Taxonomy now would intensify this cycle and create a "regulatory ratchet", with rules repeatedly reopened and tightened before previous ones have settled. For capital-intensive assets this raises financing costs, creates hesitation and ultimately suppresses the very investment the EU needs in renewables.

In this context, the Taxonomy should retain the sustainability requirements already defined in Article 29 of RED and refrain from introducing additional or parallel rules. The RED III greenhouse gas (GHG) methodology and sustainability framework are already in use and well understood by industry and regulators. They should remain the sole reference upon which the Taxonomy methodology is based, to ensure a harmonised policy framework and to avoid turning the Taxonomy into a competing or contradictory regulatory layer.

It is also important to emphasise that RED sustainability criteria will also apply to BECCS. This is particularly relevant in the context of certification methodologies for permanent removals currently considered by the Commission under the EU Carbon Removals & Carbon Farming Regulation (CRCF).

Only a coherent and stable framework will allow the sector to implement existing rules effectively and deliver the contribution that EU decarbonisation pathways depend upon.

**The description of bioenergy activities (4.8., 4.20., 4.24.) should be revised to more clearly reflect the purpose of the Taxonomy.**

The term "*exclusively*" used in the descriptions causes interpretative challenges among operators and does not take into account multi-fuel boilers, co-incineration plants, or, if interpreted strictly, even start-up and support fuels. The term "exclusively" also fails to consider temporary needs to replace biofuel with other fuels. The description should be changed to indicate that the taxonomy accepts energy production with bioenergy regardless of any other fuels that may also be used.

We propose to delete the wording "*exclusively*" from the description of the activity (4.8.,4.20 and 4.24) as follows: "*Construction and operation of electricity generation installations that produce [electricity, heat/cool and power, heat/cool] exclusively from biomass, biogas or bioliquids, excluding electricity generation from blending of renewable fuels with biogas or bioliquids (see Section 4.7 of this Annex)*."

**2. Greenhouse gas emissions savings criteria**

Proposals have been discussed to introduce differentiated and potentially higher GHG emissions savings thresholds for bioenergy within the Taxonomy, beyond those established under Article 29 of RED. If adopted, such an approach would run directly counter to the aims of the current review. It would constrain private investment forcing greater reliance on taxpayer-funded support and slowing progress towards climate-neutrality.

- **No tightening of GHG criteria**

The GHG savings methodology under the RED is a comparator-based lifecycle assessment, evaluating emissions reductions achieved when bioenergy displaces fossil fuels. This approach is fundamental to the RED framework and widely understood by market participants. Proposing higher GHG savings thresholds for bioenergy in the Taxonomy, without a methodological basis in RED and

without a clear, evidence-based rationale for specific values, would create an inconsistent system for the same pathways. This would undermine coherence with RED and contradict the aim of improving alignment with the overall EU legislation.

The Taxonomy should also take into account the specific structural constraints of isolated energy systems, including those of the EU's Outermost Regions as recognised under Article 349 TFEU, where grid-balancing requirements, tropical efficiency limitations, the absence of CHP, operational flexibility needs, multi-fuel configurations and reliance on imported biomass mean that the current efficiency and GHG thresholds are not technically achievable.

- **Recognition of supply-chain emissions for fuel-based renewables**

Bioenergy is the only renewable energy source in the Taxonomy that requires a continuous fuel supply chain. This necessarily involves supply-chain emissions, which are already comprehensively regulated and accounted for under the RED. Applying uniform kg/CO2e limits across technologies, or tightening thresholds without acknowledging these inherent characteristics, would disproportionately penalise bioenergy simply because it is fuel-based, even when it delivers substantial net GHG reductions versus fossil fuels.

- **System value and hard-to-decarbonise sectors**

Higher GHG thresholds set in isolation from system needs may fail to reflect bioenergy's essential role in providing dispatchable electricity and heat, long-duration seasonal storage and grid balancing services to enable higher shares of variable renewables. Beyond electricity and heat, biomass is indispensable in hard-to-decarbonise sectors: as a feedstock for sustainable aviation and maritime fuels, as a renewable industrial fuel, and as a basis for durable carbon removals (e.g. BECCS, biochar). Tightening and differentiating GHG savings criteria in the Taxonomy for these pathways could restrict private capital from flowing into critical transition sectors, despite their centrality to EU climate objectives.

Most energy investments have long lifecycles, during which there is a need to refinance or restructure existing loans. Revising the EU Taxonomy GHG thresholds mid-way through such projects would create significant practical and economic challenges, including the risk of stranded assets. For these reasons, we strongly advocate keeping the current thresholds aligned with RED and avoiding additional or stricter GHG requirements for bioenergy in the Taxonomy.

**3. Cascading principle and industrial grade roundwood**

The Taxonomy should not attempt to incorporate or reinterpret RED III's new provisions on the cascading principle and subsidy restrictions for industrial grade roundwood.

Article 3 of RED III introduced these novel concepts exclusively for the design of national support schemes for energy, to ensure that public subsidies do not distort markets where higher-value material uses may exist. The co-legislators explicitly limited these rules to subsidy design, recognising their complexity, sensitivity and dependence on local forest and market conditions. It also limited them to support for energy – rather than other more advanced uses of biomass – such a

BECCS - which has a significantly different economic and environmental added value to production of just energy alone.

Extending these subsidy-related controls into the Taxonomy would:

- Change their purpose entirely, shifting obligations from Member States to companies and investors.
- Introduce new administrative requirements that RED III was never designed to impose at project-level.
- Blur the line between rules for public support and environmental sustainability classification.
- Create misalignment with RED III, contradicting the aim of avoiding overly granular criteria and reducing legal uncertainty.
- Have a negative impact on BioCCuS and biochar.

In practice, economic cascading is widely applied in forest product markets, which have evolved over decades into efficient systems that allocate forest resources across multiple uses. However, turning "cascading" into detailed, binding regulation has proven extremely difficult and often counter-productive. Member States are only now beginning to interpret and operationalise the new RED III provisions in their support schemes, and considerable uncertainty remains about how these rules can work in practice.

Introducing this unsettled, context-dependent area into the Taxonomy would export that uncertainty directly to companies and investors and further complicate the framework. In particular, the newly introduced definition of industrial grade roundwood is a matter for Member States within RED III's scope and should not be addressed at EU level through the Taxonomy, especially given that RED III has not yet been implemented nationally.

**Conclusion**

Sustainable bioenergy is a core pillar of the EU's decarbonisation strategy, a major contributor to security of supply and one of the most cost-effective and versatile renewable options available. At a time when the EU needs more investment in sustainable biomass – not less – to meet its 2030 and 2050 climate targets, the Taxonomy should provide clarity and stability, not an additional and shifting layer of regulation.

We therefore urge the Commission to:

- Keep bioenergy-related Taxonomy criteria fully aligned with Article 29 RED sustainability and GHG rules, without introducing additional or parallel requirements.
- Avoid new differentiated or higher GHG thresholds for bioenergy in the Taxonomy that are not grounded in the RED methodology and realistic counterfactuals.

- Refrain from extending RED III cascading and industrial-grade roundwood provisions into the Taxonomy, preserving their intended, limited role in Member State support-scheme design.
- Prioritise regulatory stability so that sustainable bioenergy can attract the private finance needed to deliver the contributions that EU climate and energy security pathways rely upon.

Only a coherent, stable and RED-aligned Taxonomy will ensure that sustainable bioenergy can continue to play its indispensable role in Europe's transition to climate neutrality while safeguarding affordability and security of supply for EU citizens and industry.