

BIOENERGY EUROPE



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European Bioenergy Future

November 2023 at BluePoint Brussels
28-29: Main conference 30: Technical sessions

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 **EUROPEAN
BIOENERGY
FUTURE
2023**

November 28-30, 2023



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BACKGROUND

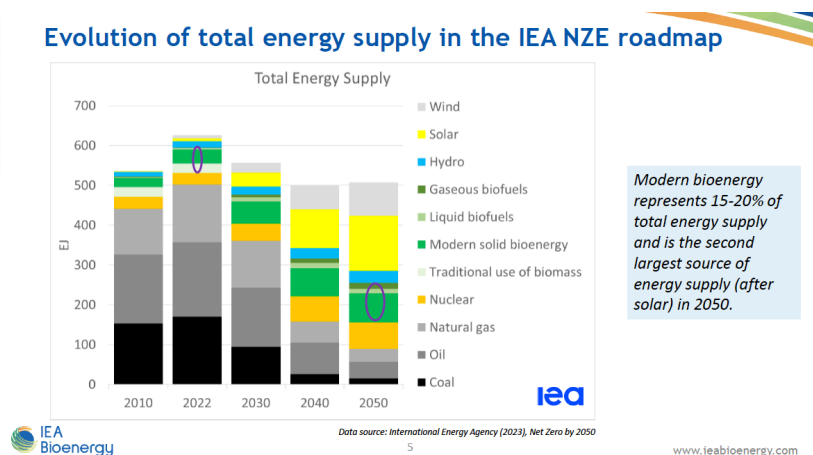
The Wood Pellet Association of Canada (WPAC) is a Bioenergy Europe (BE) trade association member. Other members include European electric utilities, European, Canadian and US national bioenergy and pellet associations, boiler manufacturers, European bioenergy companies and research institutions.

A key benefit of WPAC's participation in BE is to ensure ongoing market access for Canadian SMEs. The European Union (EU) and EU member state regulators are currently modifying legislation and regulations related to sustainability requirements for biomass used for heat and power generation in Europe. BE is a forum where EU, US, and Canadian trade associations can provide input into proposed legislation which is then communicated by BE to European regulators.

WPAC is an active participant in BE's Sustainability Working Group, where strategies for collectively adapting to European legislative and regulatory developments are discussed. A primary focus in 2023 was to ensure the revision of the European Union Renewable Energy Directive (REDIII) and the development of the European Union Deforestation Regulation (EUDR), included terms with which Canadian wood pellet manufacturers can comply.

The focus of BE's Sustainability Working Group in November was its participation in BE's flagship event, the European Bioenergy Future 2023 (EBF2023), held in Brussels, Belgium, from November 28-30, 2023. EBF2023 brought together a diverse group of speakers and panellists aiming to provide participants with updated knowledge on EU policy context and market trends as well as to offer networking opportunities.

The bioenergy sector finds itself in a very complex situation: on the one hand, it is expanding its scope and focus due to the speed of the energy transition and the need to reach net zero, but on the other hand, facing challenges arising from the geopolitical and economic context and the complications arising from updated and new legislation. Navigating these turbulent waters is complex.



EBF2023, with almost 200 participants representing the bioenergy industry, policymakers, academia, and civil society, featured comprehensive coverage of policies and market trends in the EU bioenergy sector. Key topics covered included:

- The new sustainability criteria of the REDIII.
- Synergies across bioenergy sectors (bioethanol, biodiesel, solid biomass, and biogases).
- Future business climate and prospects.
- Capturing the future through biobased carbon removals.
- The pivotal role of bioenergy in achieving a climate-neutral economy.

WPAC / CANADA OBJECTIVES

Gordon Murray, Executive Director of WPAC, Rene Landry, President of WPAC, and Nicholas MacGougan of Grand River Pellets attended the event. Key objectives included:

1. Sharing Canada's perspectives to policymakers and regulators in the EU.
2. Building alliances with like-minded nations.
3. Seeking joint solutions to addressing regulatory challenges and opportunities such as the European Union Deforestation Regulation and RED III.

ACTIVITIES, DELIVERABLES & OUTCOMES

Activities

1. Networking to share Canadian wood pellet sector perspectives, concerns, and suggestions on regulatory implementation at an international event in Brussels.
2. Meeting with EU stakeholders, as arranged by officials from NRCAN and Global Affairs Canada within various directorates of the European Commission.

Deliverables & Outcomes

- 50 potential foreign partners (agents, distributors, service contractors, etc.) were identified.
- 10 Canadian companies expanded their international business development efforts.
- 50 foreign participants interacted with Canadian participants.
- 3 Canadian participants interacted with foreign participants.
- 70 industry personnel were reached by a market intelligence/trip report.

KEY OBSERVATIONS

- Emma Wiesner, Member of the European Parliament (MEP) for Sweden, opened the conference and underlined that, when joining the European Parliament, she would have expected to promote regulations to end fossil fuels rather than putting in discussion renewable solutions such as bioenergy. She encouraged the bioenergy value chain to take ownership of sustainability and proactively address areas for improvement.
- By 2050, modern bioenergy will make up 15-20% of the energy supply in the EU; however, progress in bioenergy is slower than required, and there is a need to expand the deployment of existing technologies.
- Jean-Marc Jossart, Bioenergy Europe's Secretary General, presented [3 Steps Toward the Energy Transition, Bioenergy Europe Manifesto](#) for the 2024 EU Parliament elections, and called on future EU institutions to address pressing issues such as climate change, energy security, and a rising cost of living. He stressed ending all fossil fuel subsidies and developing a clear defossilization strategy.

- A timely session focused on carbon removal and the significance of Bioenergy Carbon Capture and Storage (BECCS) and biochar (BECCR) in delivering climate neutrality.
- Opening the second day, Lídia Pereira MEP (right), rapporteur on the Carbon Removal Certification Framework (CRCF), emphasized that “the role of negative emission technologies and bio-based carbon removals is crucial and irreplaceable.”
- The main priority for the advocacy department for 2024 will be on the finalization of ongoing key files and on the European elections that will take place from June 6-9, 2024. In this context, the Advocacy department’s goal is to:
 - Strengthen relations with current Members of the European Parliament and build good connections with newly elected ones, in particular in the Industry & Energy, Environment and Agriculture Committees.
 - BE will continue to monitor and actively participate in discussions about the EUDR. BE was recently appointed to the Commission’s Multi-Stakeholder Platform on Protecting and Restoring the World’s Forests.
 - There are a number of outstanding concerns with RED III from both a European and Canadian perspective, these are outlined further down in this report.



“We must decarbonize the energy system, increase our energy sovereignty, and decrease energy prices. For this, we need affordable, abundant net zero energy from renewable sources. Bioenergy ticks all the boxes. It can provide affordable heating for our population, low-carbon energy for our industries, advanced biofuels for our transports, and non-intermittent power to complement solar and wind energy.”

~ Thierry Breton EU Commissioner for Internal Market

“The IPCC and the International Energy Agency have made it clear that climate goals cannot be achieved without more bioenergy and BECCS. More and more industrial sectors, regions, and municipalities are realizing that phasing out fossil energy is not possible without bioenergy.”

~ Christoph Pfemeter, President of Bioenergy Europe

RECOMMENDATIONS

- Continue close engagement with BE, as a board member, as a general member and as a member of BE's sustainability working group to ensure that we can have input on EU policy, regulations, acts, and directives that impact bioenergy use and trade. The most immediately urgent topics are REDIII and EUDR.
- Continue communications with Canadian government officials regarding the pellet sector's concerns.
- Explore opportunities to develop systems in Canada addressing evolving topics such as geolocation and how they may work in the Canadian context.
- Continue with consistent and regular communications with allied nations.

BIOENERGY IN THE ENERGY TRANSITION

- Bioenergy goes hand in hand with the biobased economy. Biomass use for energy needs to be balanced with the provision of food and biomass for bio-based products; common co-production of bioenergy and other bioproducts, or cascading use.
- 60% of bioenergy would be derived from waste & residues by 2050.
- Progress in bioenergy is slower than required; expanding the deployment of existing technologies is needed.
- Commercialize new technologies that broaden the feedstock base.
- Develop sustainable supply chains and appropriate sustainability governance systems.
- Build technical and regulatory capacity in a much wider range of countries and regions.

2050 role bioenergy:

- 17% of industry energy use (mainly high temperature heat)
- 11% of transport energy use (shifting from road to aviation/marine)
- 9% of energy use in buildings

- 5% of electricity production (with electricity in 2050 representing 50% of final energy consumption, up from 20% now)



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EU DEFORESTATION REGULATION UPDATE

The EUDR became law in June 2023 and will be enforced as of December 2024. All Canadian exporters to the EU and UK must comply. This will account for approximately half of all Canadian pellet exports. Of particular concern are European requirements regarding primary forests, definitions of deforestation and forest degradation, non-EU country benchmarking, provisions for "substantiated concerns", and complicated tracing requirements for raw material sourcing.

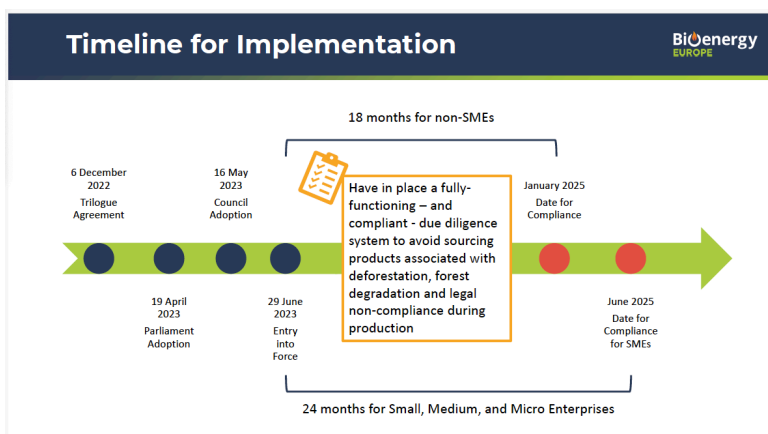
Over the past decade, the Canadian wood pellet sector has become one of the largest pellet producers in the world, exporting 3.6 million tonnes of sustainable wood pellets,

primarily to Europe and Asia; and domestic pellets are increasingly becoming a viable bioenergy solution in Canada. Wood pellets have been fundamental to the global transition from coal to biomass. Our sector is working toward commercializing bioenergy with carbon capture and storage, putting us on track to achieving negative greenhouse gas emissions.

BE will continue to monitor and actively participate in discussions about EUDR. BE was recently appointed to the Commission’s Multi-Stakeholder Platform on Protecting and Restoring the World's Forests.

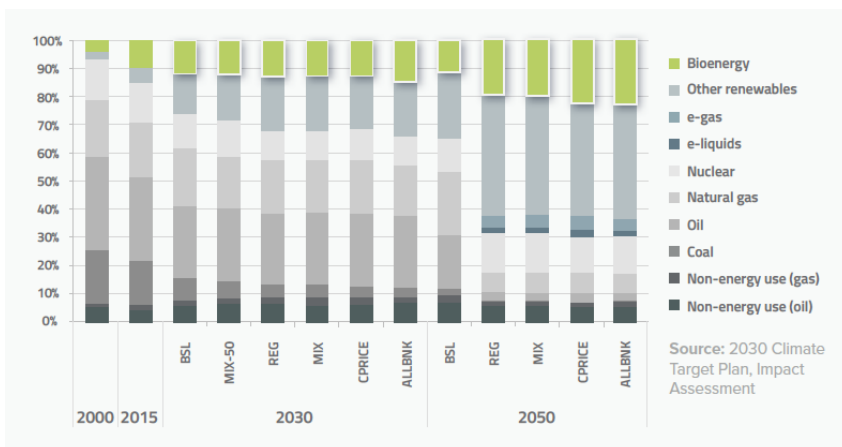
Main concerns shared by both WPAC and bioenergy members:

- **Definitions:** EUDR definitions of “forest degradation”, “primary forest”, etc. and how they interact with SFM in other jurisdictions.
- **Geolocation of industry residues/sawdust:** Infeasible to source every single wood particle to a specific plot of land, considering the sourcing practices and continuous operations of sawmills & pellet plants.
- **Transition period:** The transition period is short; no system or guidance in place now to collect information needed to sell a product in 2025; must demonstrate no deforestation since 2020.
- **Country benchmarking:** Which countries will be considered as “low risk”?
- **Costs:** New procedures and IT systems will be required.
- **Data Sensitivity:** Privacy and confidential market data.



RENEWABLE ENERGY DIRECTIVE UPDATE

Following its commitment to achieve climate neutrality by 2050, the EU is working to respond to the climate crisis the entire world is facing. In this context, the European Council and the European Parliament have reacted with enthusiasm to the European Commission’s proposal to revise the

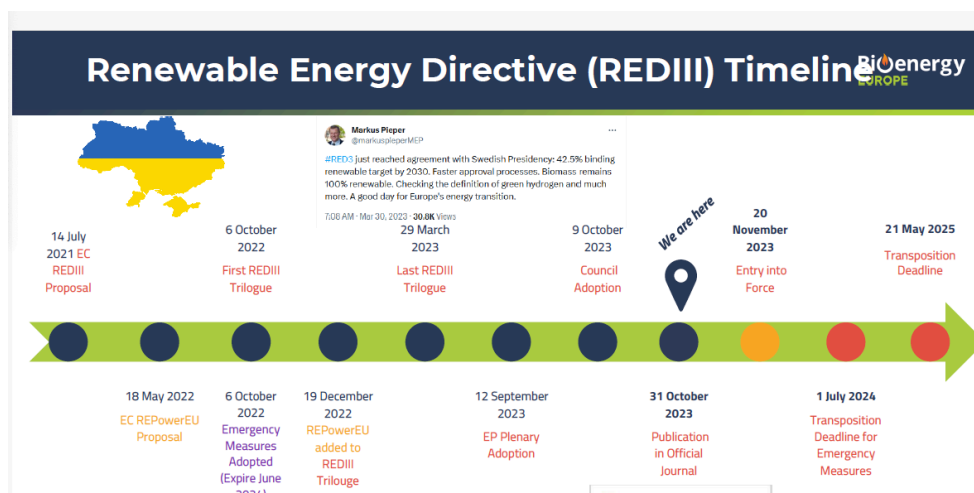


Renewable Energy Directive (REDIII), a fundamental tool for reaching this goal. Today, this revision is more relevant because not only does it address the climate crisis, but also needs to reflect the realities facing European energy in the wake of February 24, 2022, when Russia began its war against Ukraine.

Sustainably sourced biomass and its efficient use in energy applications are vital for any climate mitigation strategy. The EU must halve its greenhouse gas emissions by the next decade and slash its fossil fuel dependency. Biomass has an essential role to play in this fundamental transition.

Compared to REDII there are several substantial changes important in the Canadian context:

- **Ban on feedstocks:** No new definitions, such as primary woody biomass, and no bans.
- **Cascading use of biomass:** Regulated in the text, allows for exceptions.
- **Ability to provide support:** End of subsidies for IGR and stumps and roots, restrictions on new power-only using forest-biomass.
- **No-go areas:** Risk-based approach for A-level countries, strictly applied for B-level countries.
- **Details on SFM practices:** Stricter language, explicit references to clear cuts and deadwood extraction.



BIOENERGY EUROPE MANIFESTO

The next EU mandate will have to address pressing issues such as climate change, energy security, and a rising cost of living. BE has the knowledge and expertise to assist European policymakers in designing the necessary framework and proposes the following pathways.

1. Defossilising Europe: A Clear Fossil Fuels Exit Strategy.
2. Enhancing Energy Security: Sustainable and Efficient Bioenergy Enhances Energy Security.
3. Going Carbon Negative: Unlock the Potential of Bioenergy with Carbon Capture and Storage (BECCS), utilization (BECCU) and biochar (BCR).

2024 PRIORITIES FOR BIOENERGY EUROPE MEMBERS (INCLUDING WPAC)

The main priority for BE's advocacy department for 2024 will be on the finalization of ongoing key files and on the European elections that will take place from June 6-9, 2024. In this context, the Advocacy department's goal is to:

- Strengthen relations with current Members of the European Parliament and build good connections with newly elected ones, in the Industry & Energy, Environment and Agriculture Committees. This will be done in cooperation with national associations and members to create the local link with MEP constituencies.
- Build on the network of high-level relations created in previous years through frequent cabinet meetings and improve reach with the Directorate-General for Climate Action (DG CLIMA) and Directorate-General Environment (DG Environment).
- Demonstrate the need to rely on bioenergy for long-term GHG reductions through a science and industry-based approach.
- Explain with the help of partner EU trade associations how sustainability policy for biomass will impact all the Forest-based sectors. BE will also follow up.

Coming out of the November meetings, BE's Sustainability Working Group also committed to prioritizing several key policy files:

- Discussion on the EU 2040 targets.
- Taxonomy Regulation, including sustainability requirements for biomass.
- Implementation of REDIII - Permitting, sustainability criteria.
- Implementation of EUDR.
- The Advocacy department's work will include:
 - Provide input and actively participate in the development of the 2040 targets and push for the recognition (or prevent the exclusion!) of bioenergy in future energy plans.
 - Monitoring the developments of sustainability requirements for bioenergy under the Sustainable Finance Regulation and actively monitoring the related delegated acts.
 - Monitor the implementation of EUDR. Provide input to the European Commission's Multi-Stakeholder Platform on Protecting and Restoring the World's Forests, if accepted.
- Monitor the implementation of the REDIII and work with national associations to track the progress and provide advice and input as possible.
- Cooperation with forest-based industries where possible to promote common interests.

LEAD GENERATION

Gordon Murray met numerous existing and potential important contacts:

1. Jean-Marc Jossart, Secretary General, Bioenergy Europe
2. Christophe Pfemeter, President & Managing Director, Bioenergy Europe & Austrian Biomass Association
3. Luc Pelkmans, Technical Coordinator, IEA Bioenergy
4. Alan Sherrard, Editor in Chief, Bioenergy International
5. Daniel Reinemann, Senior Policy Officer, Bioenergy Europe
6. Erisa Senerdem, Editor Biomass Markets, Argus Media
7. Manolis Karampinis, Business Development and Membership Director, Bioenergy Europe
8. Simon Lavergne, Technical Officer, Bioenergy Europe
9. Agnieszka Jankowska, Certification Officer, Bioenergy Europe
10. Matteo Favero, Wood Biofuel Area Manager, Aiel
11. Altina Ribeiro, Eng, AIMMP
12. Bhuvam Patel, Producer, Argus Media
13. Pablo Rodero, Project Manager, Avebiom
14. Hannes Tuohiniitty, Sector Manager, Bioenergy Association of Finland
15. Danny Vancoppenolle, Sales Manager, Bureau Veritas Commodities NV
16. Helen Cottiss, Senior Market Analyst, Drax
17. Kasia Wilk, Head of Public Affairs and Policy, EU and Asia, Dra
18. Esther Bustillo, Project Engineer – Biomass & Green Fuels, Engie Laborelec
19. Yves Ryckmans, CTO Biomass, Engie Laborelec
20. Justin Tait, Director Responsible Sourcing, Enviva
21. Florine Serrault, Policy Officer, Fedarene
22. Melissa Miklos, Communications Manager, Fedarene
23. Vanessa Gallo, National Secretary, Fiper
24. Gerolf Bucheler, Executive Director, German Bioenergy Association (BBE)
25. Beate Paleja, Project Manager, Latvian Biomass Association
26. Ieva Medne, Project Manager, Latvian Biomass Association
27. Herbert Ortner, CEO, Okofen Forschungs-Und Entwicklungsges. M.B.H.
28. Eric Vial, GM, Propellet France
29. Christian Rakos, CEO, Propellets Austria

30. Doris Stiksl, Co-CEO, Propellets Austria
31. Hansjorg Temperli, Assistant Director, Propellets.Ch
32. Sabine L'Eplattenier-Burri, Director, Propellets.Ch
33. Andre Bedard, Manager, Wood Pellet Group, Quebec Wood Export Bureau
34. Nicolas Viart, Technical Director, Sustainable Biomass Program
35. Gert Pettersson, Development and Sustainability Manager, Scandbio AB
36. Maria Persdotter Isaksson, Industrial Policy Specialist, Sodra
37. Anders Haaker, Editor, Svebio
38. Anna Torner, CEO, Svebio
39. Kjell Andersson, Policy Director, Svebio
40. Jamie Stephen, Managing Director, Tourcehighlight
41. Andrew Johnson, Vice President, TSI
42. Elizabeth Woodworth, Interim Executive Director, USIPA
43. Viljo Aros, Quality and Environmental Manager, Warmeston Ou
44. Christophe Dauriac, General Manager, Woodtech France SAS
45. Dobromir Yankow, Marketing Manager, Bioenergy Europe
46. Elena Dumitru, Certification Manager, Bioenergy Europe
47. Ennio Prizzi, Policy Officer, Bioenergy Europe
48. Irene Di Padua, Policy Director, Bioenergy Europe
49. Jeremie Geelen, Market Intelligence Manager, Bioenergy Europe
50. Jonathan Canon, Market Intelligence Manager, Bioenergy Europe

SHARING INFORMATION WITH CANADIAN PELLET SECTOR

WPAC has shared this report and its observations and recommendations with more than 70 companies, including WPAC members. The report is anticipated to be shared, reaching more than 500 key Canadian industry leaders.