

Introduction

ViGo Bioenergy is committed to accelerating the energy transition in the Netherlands and therefore strongly supports ambitious climate legislation in the Netherlands. This encompasses both this amendment to the Energy Transport Decree for 2025 and the drafted RED III implementation that will come into force in 2026.

However, we insist that the Netherlands must treat biomethane equally to other bio and renewable fuels. While we welcome most of the measures proposed, as they support the adoption and free movement of decarbonized energy, we do note the discriminatory treatment imposed on biomethane and the following increasing disconnects:

- Both hydrogen and biodiesel delivered to shipping now being allowed to claim HBEs but biomethane not being allowed to claim HBEs; and
- National Guarantee of Origins (GOs) are no longer required for hydrogen booking but are still required for biomethane booking hindering the market; and
- Hydrogen may now be imported but biomethane cannot be imported despite this clearly contravening EU laws on the free movement of energy.

We ask that in addition to the positive amendments already drafted the Netherlands commits to treating biomethane equally to other bio and renewable fuels by adding the following points to the amendment as they will significantly support the uptake of bioLNG, thereby contributing further to achieving the RED III objectives.

Leveraging the existing network of LNG refuelling stations/terminals and the broad availability of LNG trucks and ships, the implementation of the proposed amendments will yield the desired short- to medium-term outcomes:

- Recognize biomethane imported via the interconnected European grid in both the current HBE scheme and the succeeding ERE scheme:
 - Recognize the interconnected infrastructure as one mass balance system and swiftly implement the necessary for the activation of the Union Database (UDB) for biomethane; and
 - Remove the role of GOs in registering grid biomethane as these are book and claim instruments, instead use the Proof of Sustainability and gas shipping evidence consistent with mass balance; or
 - Alternatively add GOs to the information on the Proof of Sustainability in the Union Database, to clarify the hierarchy between Proof of Sustainability and Guarantee of Origins in the context of proving conformity with sustainability criteria.
- Allow bio liquefaction using existing LNG terminals based on the recognition of the definition of single mass balance facility as per EU law which includes LNG terminals; and
- Allow bioLNG bunkered to both inland and oceangoing vessels to be eligible in the current HBE scheme and the succeeding ERE scheme.

Other Members State implementations of RED II have already been implemented (e.g. Germany now accepting biomethane imports via the grid and bio liquefaction using existing LNG terminals) while the proposed Dutch amendment contributes to market fragmentation. We see both a market and legal risk stemming from the proposed amendment: the Netherlands will not be able to attract biomethane volumes (domestic or international) away from competing Member States' implementation; the amendment as proposed is bound to attract legal recourses by market participants.

Responses to the key legislative changes

- 1. The expiry of the opt in for aviation and shipping fuels on the 1st Jan 2025 is deleted – this means aviation and shipping fuels will continue to be able to generate HBEs in 2025 in advance of the sector specific obligations for shipping in aviation in the RED III implementation, further contributing to depressing carbon pricing and continuing to deter investment decarbonized energy production in the Netherlands**

ViGo Bioenergy supports consistent legislative frameworks that incentivize long term investments in the supply of bio or renewable fuels. We therefore believe that a lapse in aviation and shipping fuels being eligible for HBEs in 2025 before the ERE scheme starts in 2026 is an unfavorable outcome that should be avoided. We therefore support the deletion of the opt in expiry.

- 2. The previous book and claim GO system for Dutch RFNBOs is replaced, now RFNBOs must meet the EU DAs and be certified by a voluntary scheme but biomethane still requires GOs to book**

GOs are book and claim instruments that should play only an ancillary role in the booking of bio or renewable fuels. We therefore support the replacement of the previous system that required GOs for booking of RFNBOs with a system based on RFNBOs being certified as meeting EU requirements through a proof of sustainability.

We note however that biomethane still requires GOs to book. We ask that the ministry does not discriminate against biomethane and amends the law to remove the role of GOs in booking biomethane and instead requires Proof of Sustainability and gas shipping evidence consistent with EU rules on mass balance and the functioning of the UDB as the sole necessary conditions.

- 3. In addition, RFNBOs that meet the EU DAs and have been certified by a voluntary scheme can be imported but imports of biomethane via the grid are still not allowed**

Again, we support measures that promote open cross border trade and result in increased liquidity and efficiency in EU renewable fuel markets but we note that biomethane is not treated fairly in the same manner as RFNBOs or liquid biofuels.

We ask that the ministry amends the law to also allow biomethane imported via the interconnected European gas system to be booked in both the current HBE scheme and the succeeding ERE scheme. Clear precedent was set in the E.ON Biofor Sverige v. Statens energimyndighet case that such barriers to biomethane trade must not be imposed by member states.

- 4. RFNBOs like Hydrogen supplied to shipping is now eligible for HBEs but biomethane is still not**

We support increasing fulfillment options possible under the both the current HBE scheme and the succeeding ERE scheme to include all decarbonization solutions under the principle of technological neutrality.

We note however that while RFNBOs and liquid biofuels may generate HBEs when supplied to shipping, bioLNG bunkers cannot generate HBEs. This again discriminates against biomethane and stops the most competitive low carbon shipping fuel from contributing

towards decarbonization. LNG is the future shipping engine of choice, with the order book dominated by LNG vessels. As such the Port of Rotterdam is poised to become the LNG bunkering hub of the world. It would be a missed opportunity if the Netherlands did not allow bioLNG to contribute. We therefore ask the ministry to amend the law to allow bioLNG bunkered to both inland and oceangoing vessels to be eligible in the current HBE scheme and the succeeding ERE scheme.

5. The ability of obligated parties to carry is reduced from 25% of its obligation to 10%

To promote market stability, ViGo Bioenergy strongly supports this proposal to curtail the ability of obligated parties to carry overcompliance into the following year. In the German market and the Low Carbon Fuel Standard in California we have observed the market become increasingly dysfunctional and prices crater due to the accumulation of large amounts of carried compliance. We therefore support strengthening caps on the carry to keep the market balanced and stop anomalous and unexpected overcompliance having a knock-on effect on the following years.