



Advanced Woody  
Biomass Alliance

# **Sustainability & Policy Working Group Meeting**

March 19<sup>th</sup>, 2026

# Agenda

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1. Welcome and Anti-trust
2. EU updates
3. Market updates
  - UK
  - Denmark
4. Guest Presentation: Carsten Huljus, Chief Executive Officer, Sustainable Biomass Program
5. AOB

# AWBA Anti-trust Policy

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We will conduct today's meeting in compliance with AWBA's Anti-trust Policy. According to this policy, we will not discuss pricing or price-fixing of pellets or any underlying wood pellet fiber. We will also not discuss anything that could be construed as a boycott.

If we hear the conversation move in this direction, we will quickly bring it back to the agenda. If anyone has any questions about AWBA's Anti-trust Compliance Policy, please do not hesitate to ask. Thank you.

# AI Note Takers

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We kindly ask all participants to refrain from using AI-powered note-taking tools (such as Otter.ai, Fireflies, and similar services)

Thank you!



## Commission proposes changes to Taxonomy for Bioenergy

- EU Taxonomy is a sustainable finance policy, defines what is “green” aiming to shape investor behaviour and steer capital
- RED compliant bioenergy currently included at the highest level (making a “substantial contribution”)
- Commission has proposed changes for biomass used for heat, power and CHP:
  - Co-firing exclusion now explicit, was previously implied
  - Alignment with RED III sustainability criteria
  - GHG criteria aligned with RED III, including gradual move to 80% savings
  - **Key issue:** criteria now includes **cascading-type language** (not as specific as in RED) and an exclusion of saw logs, veneer logs, **industrial grade roundwood**, stumps and roots
- We are coordinating with allies to push back on the addition of cascading and industrial grade roundwood restrictions from RED
- We have long been engaged in the Taxonomy process and have successfully pushed back on ideas to aggressively increase GHG saving requirements

# EU: Recent events



## Pressure to lower EU-ETS prices

- Pressure to lower EU carbon prices is increasing substantially, prices already fallen due expected intervention
- Initiative led by Italy and Central and Eastern European countries; North-Western countries and Spain are opposing intervention
- Options under discussion: suspending ETS obligations for power, delaying the phase-out of free allowances, restricting financial traders and windfall taxes on non-fossil power generators
- Commission is pushing a less destabilising technical fix
- There has been stakeholder pushback, but the debate is highly political will dominate this week's European leaders' summit
- All measures under discussion would weaken the competitive position of pellets to fossil fuels in the power sector, heat and industry, or both

## EU CRCF BECCS methodology finalised

- Following publication by the Commission the Parliament and Council have two-months to raise any objections
- Parties on the left of the Environment Committee tabled an objection motion, which was defeated
- The group can try again in the next full parliament (plenary), their like of majority is likely to continue to be a hurdle
- We will continue to follow the process and intervene where needed
- Due to pass into law on April 3<sup>rd</sup>.
- A key preliminary step for EU-ETS integration, creation of demand mechanisms (i.e. EU buyers club) and will influence voluntary market



## Government consults on terms for SAF subsidies (Revenue Certainty Mechanism)

- The UK is introducing a Revenue Certainty Mechanism (RCM) to complement the SAF Mandate
- SAF mandate creates demand (obligations and certificates); the RCM provides revenue certainty for domestic production
- RCM is similar to a CfD, offering SAF producers a guaranteed price per litre over a 15-year, inflation-linked contract
- Government is consulting on key aspects:
  - Projects to be awarded through a negotiated allocation process (not an auction)
  - How to set a reference price: Government indicating this will be based on average of real sales, later moving to a market mechanism
  - Government is also considering linking strike prices to carbon performance (would drive greater interest in secondary feedstock)
  - The treatment of sustainability criteria remains unresolved, options include:
    - **Grandfathering:** criteria stays the same as SAF Mandate at point of signing through out
    - **Dynamic alignment:** criteria changes as SAF Mandate criteria changes
    - **Hybrid approach:** combination of the above
    - **No criteria:** relies on the incentive to sell into the SAF mandates
- Efforts are ongoing to ensure low-grade roundwood and thinnings are eligible under the SAF mandate



## National elections could swing Government to the left

- A general election has been called in Denmark, decision to call driven by PM (centre-left) bounce in support from robust position on Greenland
- They are seeking a mandate around security, US-DK relationship, European strategic autonomy and welfare/tax, however facing headwind on the cost-of-living
- The current Government is traditional centrist coalition and has led to steady, disciplined and less ideological policy making (esp. for biomass policy)
- Far-left parties, who did well in local elections, carrying momentum into general election and expected to do well
- This sets up the possibility of a large leftwards swing, with many of the emerging parties have strongly anti-biomass views and strong scepticism on US relations
- New Government expected to be formed by the end of April, ongoing biomass policy (cascading principle guidance still expected to around April 20<sup>th</sup>)

# **Guest Presentation: Carsten Huljus, Chief Executive Officer, Sustainable Biomass Program**

**Any other business?**