

## **Position paper Estonian Fund for Nature (ELF): Estonian wood pellets compliance with Dutch SDE+ sustainability standards**

ELF has decades of experience researching logging practices and its impacts in Estonian, as well as advocating for forestry policies that protect the climate, wildlife, and people's enjoyment of forests. Our work related to wood pellet exports includes:

- 1) a detailed report about wood pellet production and impacts [published in 2020](#), responding to consultations related to certification under the Sustainable Biomass Program (SBP);
- 2) cooperating with [SOMO in 2021](#) to help ascertain whether pellets used for co-firing in Dutch power plants are produced in compliance with the Dutch criteria for sustainable biomass under the SDE+ scheme;
- 3) co-publishing a [report on the SBP](#) with other NGOs in 2023.

We disagree with the [conclusions and recommendations by International Conflict and Security Consulting \(INCAS\)](#) who had been asked for their input by the Dutch Emissions Authority (NEa). The same and additional recommendations are included in a [letter by Secretary of State Heijnen and Minister Jetten](#) on 12<sup>th</sup> May 2023. We disagree with them for the following reasons:

### **NGOs cannot be expected to help implement sustainability standards**

INCAS and the Dutch minister's letter call for greater involvement of NGOs based in pellet exporting countries in stakeholder consultations about the implementation of sustainability standards. ELF does not support a system where the burden of proof is placed on NGOs in countries from which the Netherlands sources wood pellets. It is not acceptable to require such NGOs to spend endless amounts of their limited time and resources on supporting the implementation of far away countries' sustainability criteria for biomass, criteria that were developed and are being implemented without regard to the precautionary principle. ELF would like its work to be driven by our vision and not to act as a voluntary [watchdog](#) on SDE+ compliance.

Unfortunately the harmful incentives in other countries, driving up demand, leave us little choice. We have therefore been giving detailed input to certifiers and biomass producers for years. Despite arguments going back and forth, assessing word to word compliance with specific requirements, it is a fact that forestry practices in Estonia are causing significant adverse biodiversity and climate impacts. These impacts are directly linked to biomass exports to countries that are incentivising wood burning, even if those realities are excluded from mass balance exercises or are made to look irrelevant by other paper exercises.

### **RED implementation does not address the shortfalls of Regional Risk Assessments**

According to the ministers' letter of 12<sup>th</sup> May, "*the entire system of sustainability assurance and supervision that the RED [Renewable Energy Directive] prescribes is the most robust and widely supported system that we currently have at our disposal*". They further claim that using RED implementation rules addresses problems with Regional Risk Assessments (RRAs) identified by INCAS. This is incorrect. The new RED implementation rules require operators of medium- or large-scale biomass plants to either submit evidence that the biomass is certified under an eligible certification scheme, or they must provide their own third-party audit. Most if not all wood pellets exported from Estonia have long been certified by the SBP, so the implementation rules will make no discernible difference to pellet exports from our country.

SBP relies heavily on RRAs. Those are based on desktop research, without any requirement on certifiers to visit forests from which pellets are sourced. NGOs such as

ELF are consulted, but our inputs have been frequently ignored. One stark example of the flaws of SBP RRAs is the fact that, according to the [RRA for Estonia](#), there is no evidence linking the decline of any forest bird species to logging practice. Yet according to the SBP RRA for Latvia, such evidence exists, and impacts of logging on birds should be considered on a case-by-case basis. Given that Estonia and Latvia share the same bird species and that logging practices are largely identical, these different conclusions show how flawed the SBP procedures are.

### **Flawed discussion around Estonia's compliance with all European legal requirements**

The minister's letter of 12<sup>th</sup> May focusses heavily on the question whether Estonia complies with all European requirements. Regardless of whether this is the case, such a debate misses the point that Dutch SDE+ as well as EU RED2 biomass sustainability standards are supposed to go beyond legality. Even if Estonia was fully compliant with the EU Habitats and Bird Directives, that does not mean that Dutch sustainability criteria, for example about preserving important ecological cycles or maintaining and, if possible, enhancing biodiversity are met.

Furthermore, ELF notes that the INCAS report points to specific shortcomings within the current system. For example it states: *"There are also two areas where INCAS believes that further investigation is warranted. These are the issues of peatlands and carbon stocks", "INCAS would also note that application of the mitigation measures could be improved via regular engagement of stakeholders to discuss concerns of impacts on Woodland Key Habitats (WKH) sites as well as ways to further improve mitigation measures.", "carbon balance requires closer examination by SDE+"*. These and other observations contained in the INCAS report leave no doubt on actual environmental harm.

Finally, we note that both the INCAS report and SBP certification reports are based entirely on desktop research and questionnaires, without any inspection of forests and logging sites.

### **SDE+ criteria are not met in respect of peatland drainage**

The INCAS report claims that more information is needed whether SDE+ criteria are met regarding peatland drainage. SDE+ criteria clearly state that wood must not come from *"from permanently drained land that was classified as peatland on 1 January 2008, unless it can be demonstrated that the production and harvesting of the biomass does not result in water depletion of a formerly undrained soil"* and that *"important ecological cycles present in the forest management unit are preserved, including carbon and nutrient cycles"*. The SOMO report, for which ELF provided evidence, clearly shows new drainage canals being dug on peatland from which wood is sourced. The INCAS report cites Estonian wood pellet producer Graanul Invest saying that this land is classified as 'forest' not 'peatland' under Estonian law. Yet SDE+ criteria clearly do not allow wood to be sourced from drained peatlands just because a country attributes a different land use category to some of its peatlands. The evidence for new drainage canals being dug on peatlands used for forestry is undisputable.

### **SBP allows forest carbon sinks to be depleted for a period of over 75 years**

SDE+ criteria require the protection and, where possible, enhancement of forest carbon stock in the long- and in the medium term. SBP criteria only require this in the long term, i.e. over more than 70 years. According to its RRA for Estonia, this criterion can be met by simply assuming that Estonia's forests will become a net carbon sink by 2100 (without demanding measures at all), even though they have recently become a net source of emissions due to intensive logging.

## **Requests**

ELF requests that:

1. Dutch politicians and the government act to rapidly stop the use of biomass and to stop the further use of certification systems for biomass energy.
2. That SBP certification should no longer be allowed to be used to show compliance with SDE+ criteria. Given that wood pellet burning in Dutch power stations relies mostly on SBP certification, this means that those subsidies must be stopped because there is no credible evidence of compliance with Dutch criteria.