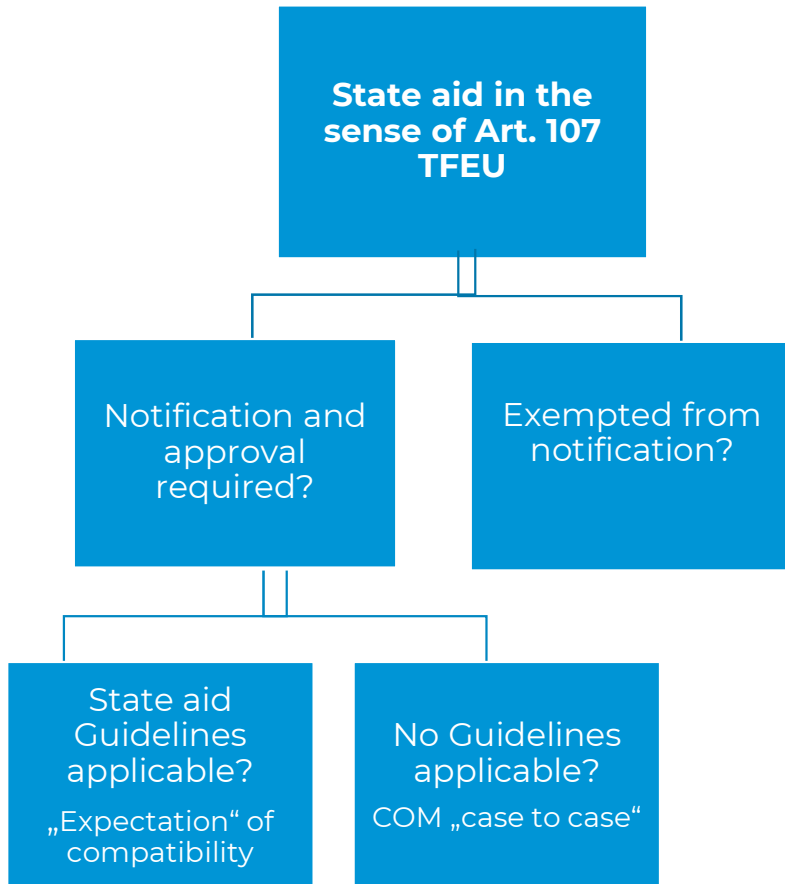


Climate, Environment and Energy (State Aid) Guidelines

Core Features of the Commission Proposal of June 7, 2021

EREF Workshop
Jana Nysten
09.07.2021

State Aid Guidelines – (legal) context and objective



„Legal“ Basis

- ▶ EU Commission responsible for „**State aid control**“ = assessing the compatibility of national aid measures with EU internal market
 - Art. 107 TFEU/Art. 108 TFEU

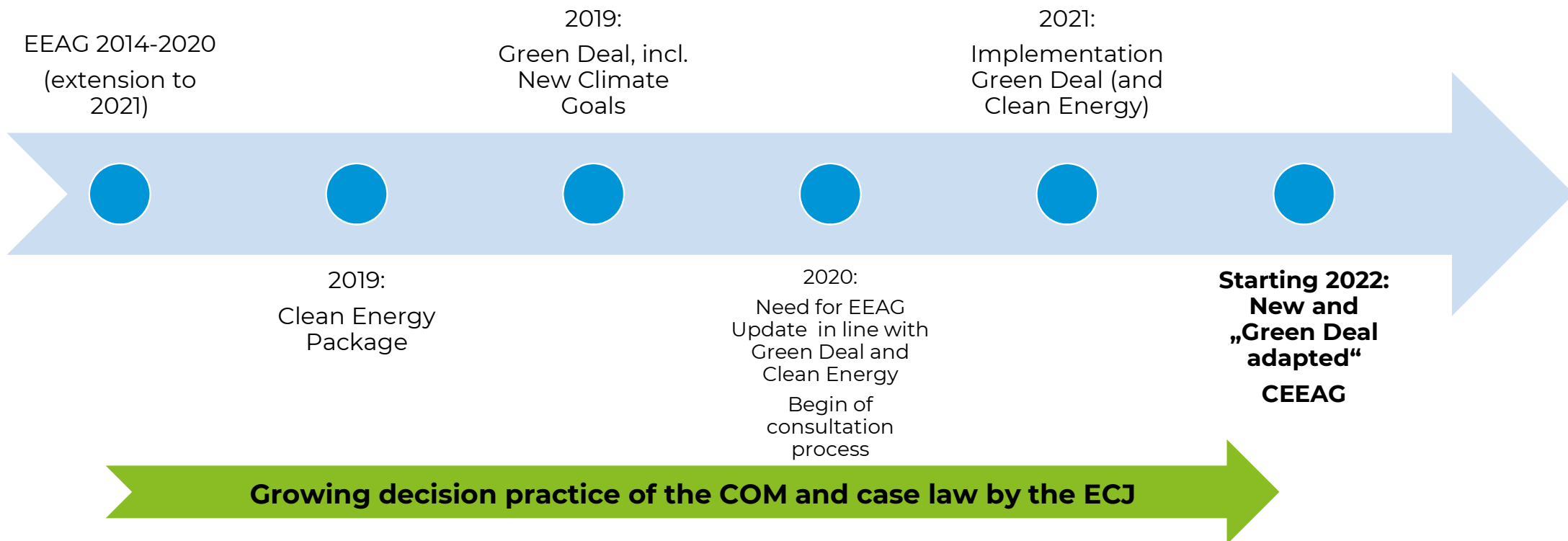
State aid Guidelines are not a law

- ▶ Guidelines for the MS on how the COM sees and will evaluate certain aid measures
- ▶ If at all - only **binding on the COM itself**
- ▶ Goal: **Transparency and (legal) certainty** for MS and aid beneficiaries

Different fields of application

- ▶ Energy and Environmental aid, but also Emission Trading system, undertakings in financial difficulties...

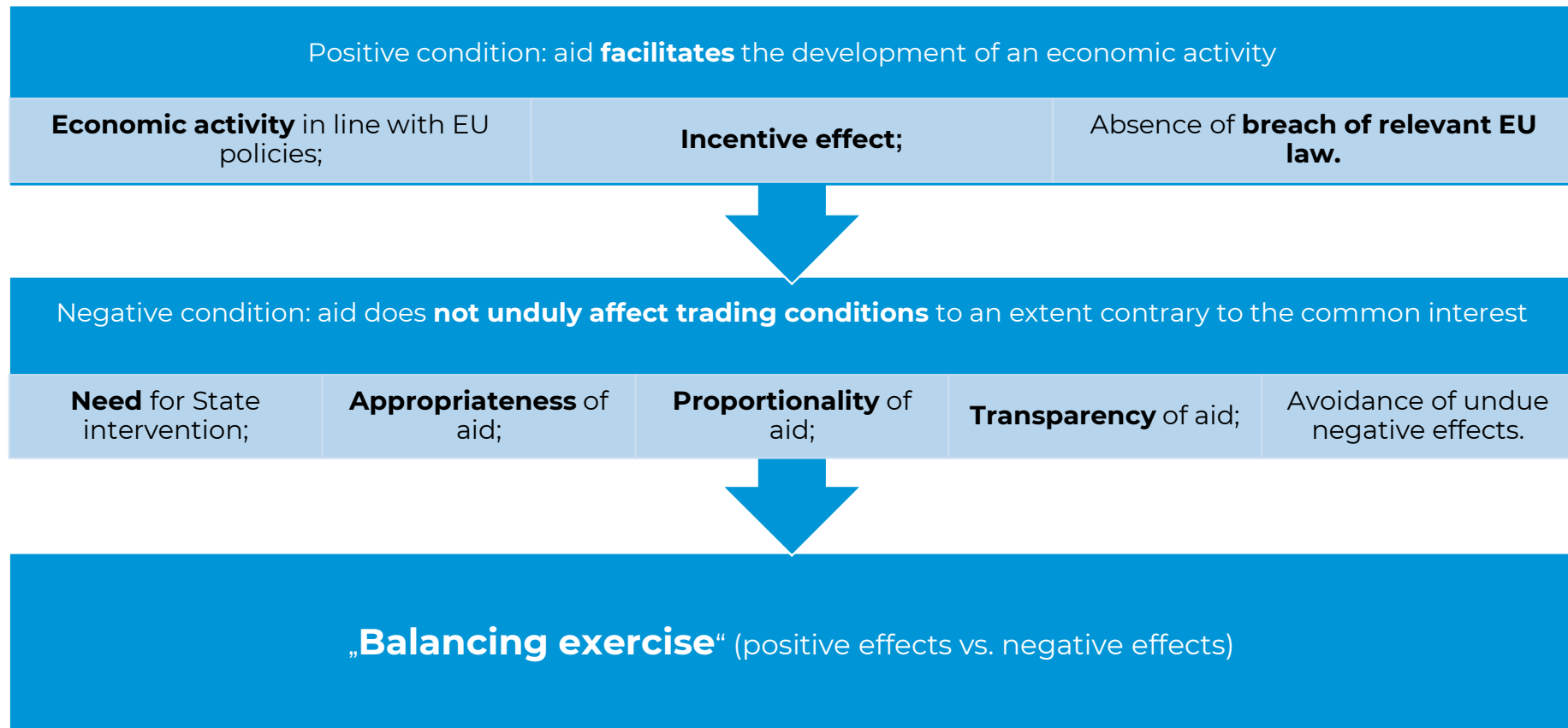
From EEAG 2014-2020 to CEEAG 2022



The proposed CEEAG 2022 - Core Features

- ▶ Section 2: **Extension of the scope** of application
 - However: Nuclear energy is explicitly excluded (par. 12d).
- ▶ Section 3: **General compatibility** criteria based on Art. 107(3) c) TFEU
- ▶ Section 4: **Specific categories of aid** (specific compatibility criteria)
- ▶ Section 5: Evaluation
- ▶ Section 6: Reporting and Monitoring
- ▶ Section 7: **Applicability**
 - CEEAG **applicable from 1 January 2022**;
 - EU COM proposes „as appropriate measures“ (transitional regime) (par. 414)
 - MS must **amend „where necessary“ existing aid schemes** until 31 December 2023;
 - MS shall give **explicit unconditional agreement to those measures** within two months.

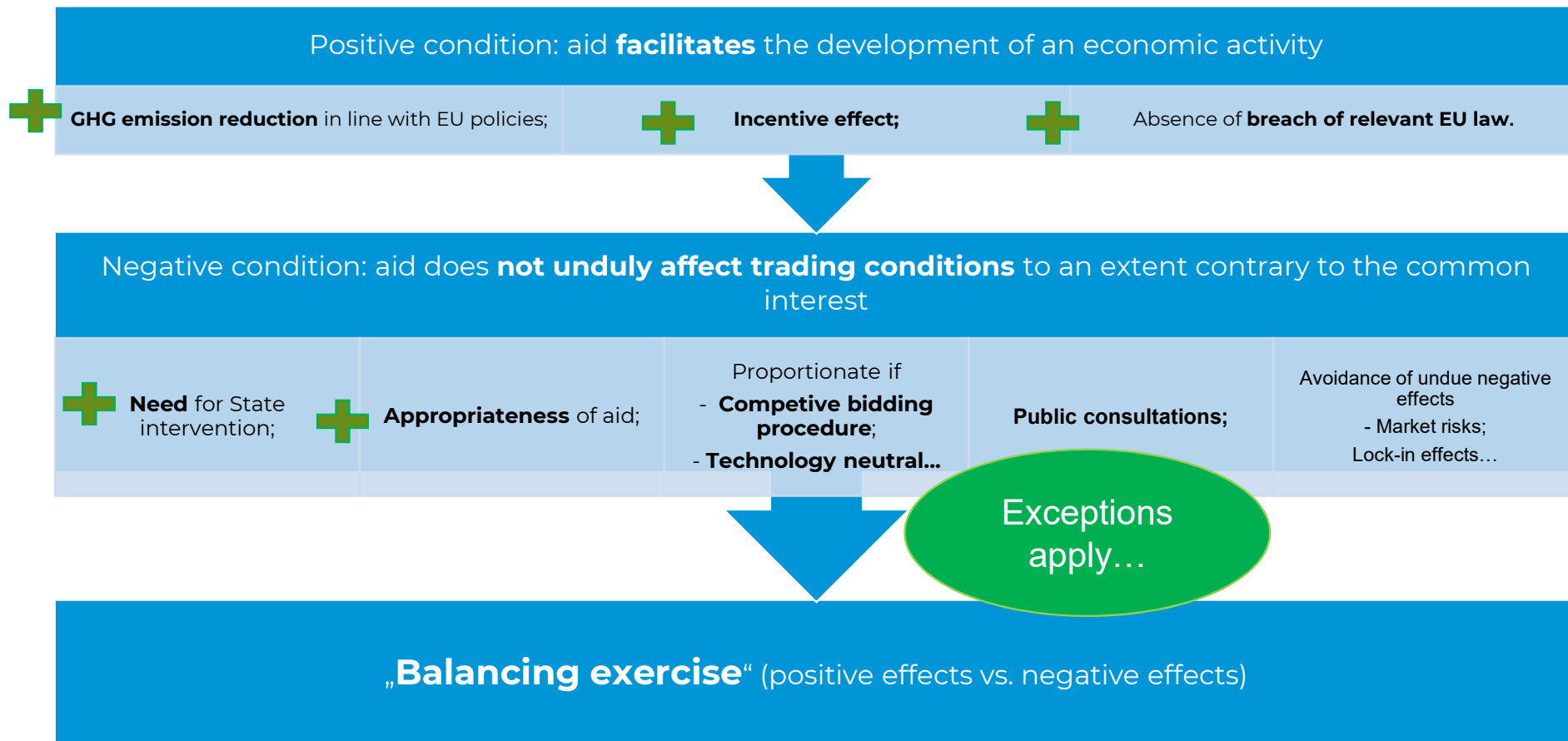
Section 3: General Compatibility Assessment



Section 4: Specific categories of aid

- ▶ **Reduction/removal GHG emissions**
 - Incl. **Renewable Energy**
 - Hydrogen...
- ▶ Energy and environmental performance in buildings
- ▶ **Clean mobility**
 - Clean Cars
 - Charging Infrastructure
- ▶ Resource efficiency
- ▶ Prevention/reduction of **pollution other than GHG emissions**
- ▶ Remediation of **contaminated sites/rehabilitation/biodiversity**
- ▶ Aid in the form of tax reductions
- ▶ Security of supply
- ▶ Energy infrastructure
- ▶ District heating and cooling
- ▶ Aid for energy intensive industry
- ▶ Aid for **coal, peat, oil shale closure**
 - Profitable undertakings
 - Exceptional costs
- ▶ Aid for energy studies

Section 4.1: Reduction of GHG Emissions



The (old and new) rules for RES support compared

EEAG 2014-2020	CEEAG 2022
Separate Chapter for RES support	Support for RES falls under „reduction of GHG emissions“ Though: With RES (EU law) target = specific RES support possible (par. 83a)
Market premium, standard balancing responsibility, no support at negative prices	Exposure to (some) market risks (par. 102) No support at negative prices (par. 104) + Rules in secondary law (RED II + EM-Regulation)
Competitive bidding procedures , unless Insufficient projects, overcompensation, undersigned; small projects (< 1MW/up to 18MW wind) or demonstration projects	Competitive bidding procedures , unless (par. 92) Insufficient competition and no remedy in auction design possible; small projects (< 400kW)
Technology neutral , unless Long term potential, diversification, grid stability, system integration, biomass/deforestation	Technology neutral , unless (par. 90) Suboptimal results (may relate e.g. to targets, diversification... In rare cases: grid stability, see fn. 55) Price difference of 15%
	Public consultations for support > 150 mio. EUR/year (par. 86)
Special transition regime for RES support – adaptation (only) when MS amend, renew, etc.	No special transition regime for RES support – adaptation „where necessary“ until 31 December 2023 (par. 414)

Hydrogen, cogeneration, coal...

▶ **Hydrogen:**

- No specific aid category, but
 - Chapter 4.1 Reduction of GHG Emissions (NOTE: **no „separate EU law target“!**)
 - Chapter 4.3 Clean Mobility (cars and charging infrastructure)
 - Chapter 4.9 Energy Infrastructure (new and remodeling, electrolysers)

▶ **Cogeneration:**

- No specific aid category, but Chapter 4.1. Reduction of GHG Emissions
 - No **„separate EU law target“**
 - Plus: As **„fossil technology“** EU COM to critically consider lock-in effects

▶ **Coal/peat/oil (other fossils...):**

- New chapter on **closures** in order to „remedy“ **political phase-out decisions**
- Limited possibilities in other aid categories as EU COM to critically **consider lock-in effects**

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