



Guidelines on State aid for Climate, Environmental Protection and Energy (CEEAG)

*Alejandro Donnay
DG Competition
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Context

- The **Guidelines on State aid for environmental protection and energy** (EEAG) were adopted in 2014
- The EEAG already provide a framework for supporting several areas of the Green Deal (e.g. decarbonisation, circularity and zero pollution)
- A **fitness check** on the State aid modernisation package was carried out in 2019. The results showed that the EEAG and corresponding GBER rules have generally delivered on supporting climate targets but that certain aspects should be revised to be fully up to the challenge of the Green Deal
- The revision was also based on input from a consultant study and a public consultation in late 2020

The rationale of the revision

- The two main buildings blocks of the revision are:
 - An enlargement of the scope of the guidelines to new areas and technologies
 - A flexibilisation of compatibility rules
- The wider scope of the guidelines needs to be accompanied by safeguards to ensure that the aid:
 - is effectively directed where it is needed to improve environmental protection
 - is limited to what is needed to achieve the environmental goals
 - does not distort competition or the integrity of the internal market
- The revision also aims at ensuring alignment and coherence with relevant EU legislation and policies in the environmental and energy fields

From EEAG to CEEAG

- The new *Guidelines on State aid for Climate, Environmental Protection and Energy (CEEAG)* reflect the increased importance of the role of more ambitious climate policies in the green transition and the role of competition policy in supporting the Green Deal
- In particular, the revised guidelines have the aim to:
 - Open up and facilitate to a maximum and far above the 2014 EEAG those aid measures that are 2030-2050 compliant (**green**)
 - Closely scrutinise measures that are not fully 2050-proof (**grey**) to avoid lock-in effect and stranded assets
 - Phase-out support for measures that do not deliver for the Green Deal (**brown**)

How are green measures facilitated further?

ENLARGING THE SCOPE OF THE GUIDELINES

- New areas (e.g. industry, clean mobility, circularity, biodiversity)
- All technologies that can deliver the Green Deal (e.g. renewable and low carbon hydrogen, e-storage)
- Higher aid amounts (100% of financing gap) and new aid instruments (e.g. CCfDs)

FLEXIBILISING COMPATIBILITY RULES

- Simplified assessment of cross-cutting measures
- Generally no individual notifications for large green projects within approved schemes

ENDORISING GREEN SECURITY OF SUPPLY

- Allow stricter environmental requirements
- Allow more generous contract terms for green technologies

GBER-IZING GREEN ELEMENTS

- New articles for new measures
- Increased thresholds
- Higher aid intensities

Safeguards are needed to preserve the integrity of the internal market and the proper functioning of the energy market

Aid for the reduction of greenhouse gas emissions

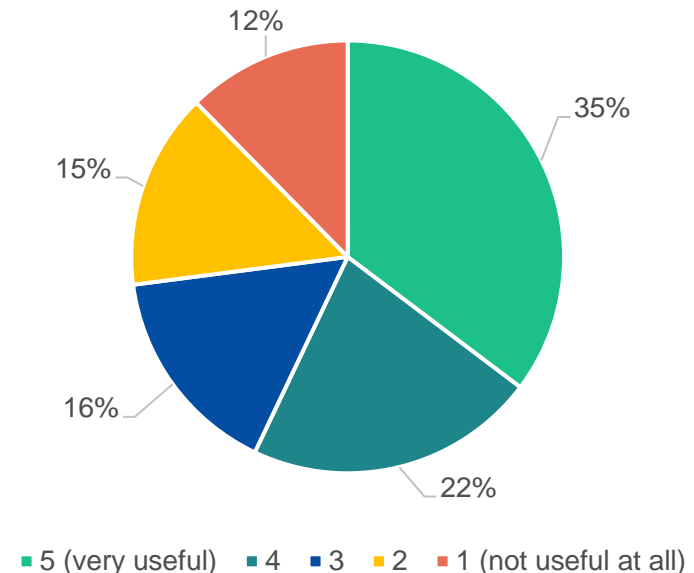
Enlarged scope and forms of aid

- The scope of the guidelines is extended to all technologies that can deliver the Green Deal
- Aid is allowed up to 100% of the additional costs of more environmentally friendly investments
- Operating aid is more generally available, including through (carbon) contracts for difference
- Schemes should generally include all beneficiaries that are in competition. However, a narrower eligibility can be approved where justified, for example to enable RES-specific schemes for meeting RES targets

A more inclusive State aid procedure

- To enhance transparency, ensure extra flexibility is not abused and incentivise stakeholders' participation in the design of support measures, the CEEAG introduces a public consultation requirement
- Member States setting up a support scheme have to consult stakeholders on the main features of the scheme under certain circumstances

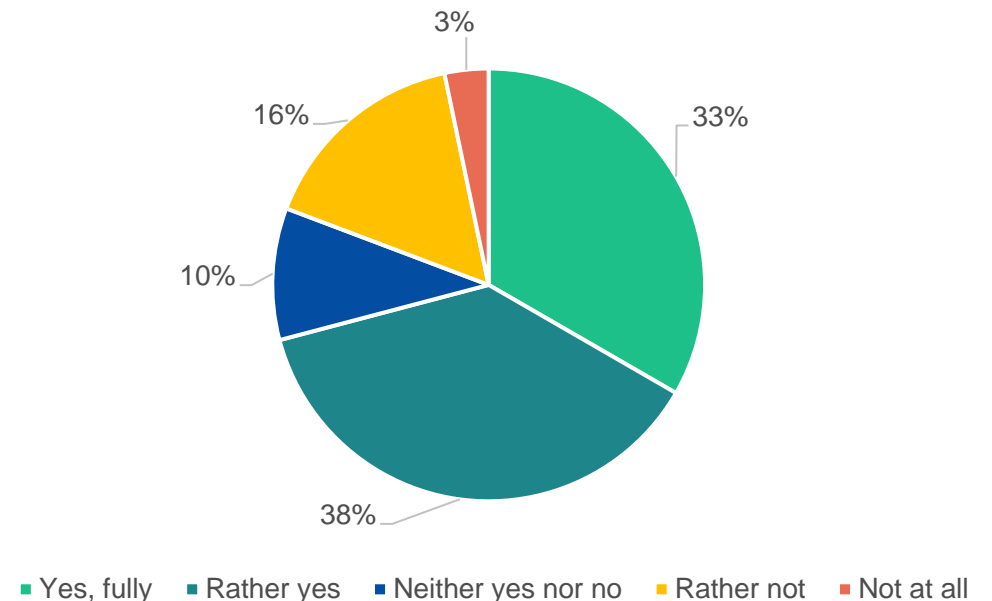
On a scale from 1 to 5, how useful would you consider a consultation to ensure a proposed scheme is reasonably open to competitors and avoids unduly distorting competition?



Transparency of environmental protection cost

- To ensure that aid is necessary and to disincentivise aid for less cost effective investments in terms of decarbonisation, a transparency requirement is introduced
- Member States will have to identify the contribution of projects to environmental protection, as aid amount per unit of environmental protection achieved (€/tCO₂ reduced)

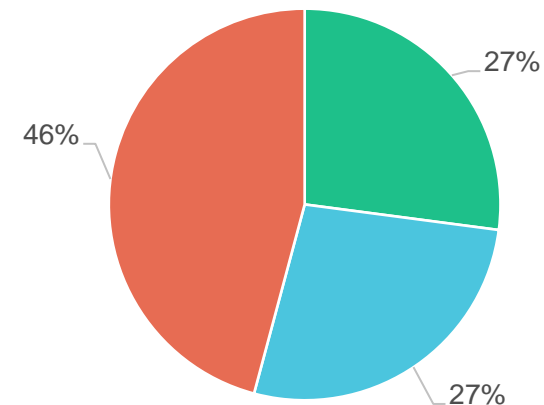
Do you think a calculation of the cost per tCO₂ emissions reduced should be reported for aid measures targeting decarbonisation for the sake of transparency?



Competitive bidding to minimise distortions

- To reduce overcompensation and market distortions, competitive bidding is the default mechanism for awarding aid
- Where possible, tenders should be open across comparable areas and technologies
- Exceptions will be allowed if justified and proportionate

Do you think that a competitive bidding procedure across heterogeneous projects is suited to reduce the risk of overcompensation?

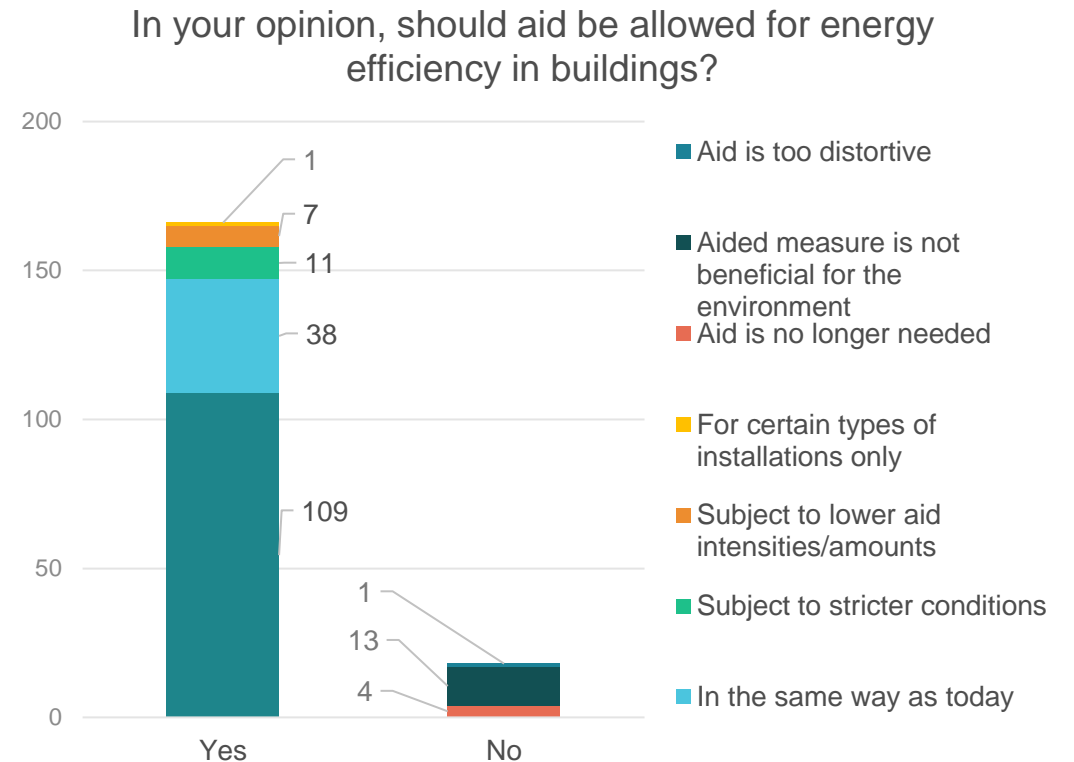


- Well suited
- Contributes to reducing the risk but not sufficient on its own
- Not at all suited (no impact on that risk)

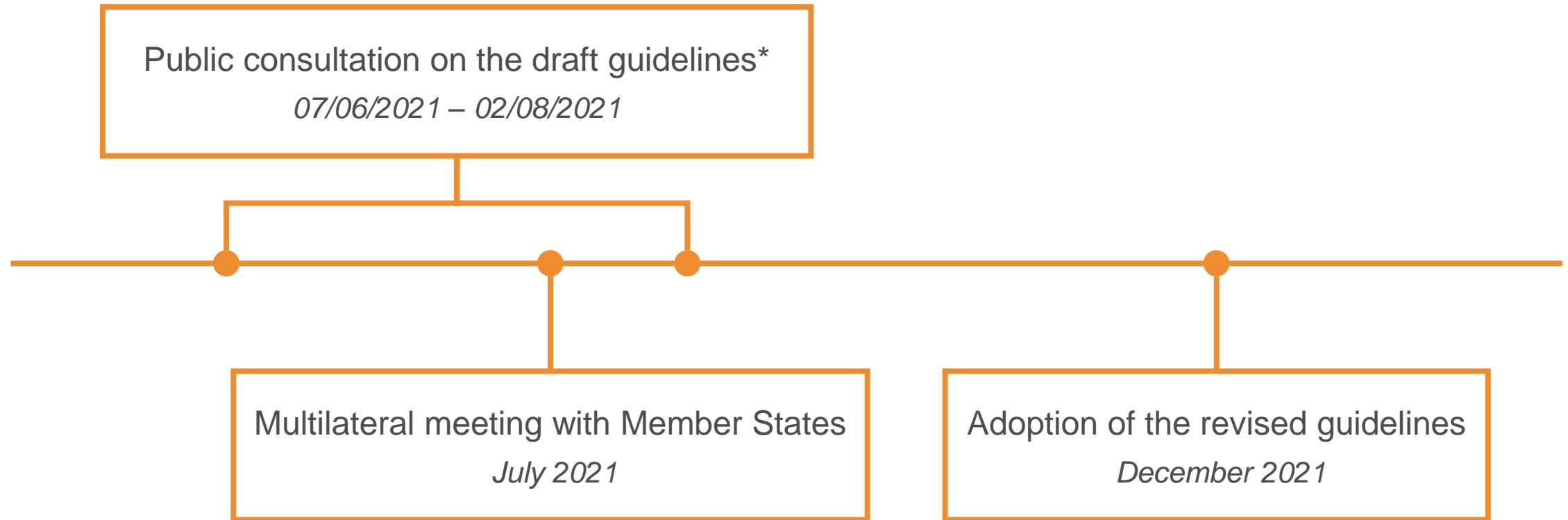
Other environmental aid

A new approach to energy efficient buildings

- The CEEAG allows Member States to combine aid for the improvement of the energy efficiency of buildings with aid for any investments that improve their energy or environmental performance
- All the costs linked to the environmental objective constitute eligible costs
- The aid must induce a minimum level of energy savings. A green bonus applies to aid measures inducing significant energy savings



Next steps



* https://ec.europa.eu/competition-policy/public-consultations/2021-ceeag_en

Thank you



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