



“Greening” State aid: Guidelines on State aid for Climate, Environmental Protection and Energy (CEEAG)

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The Green Deal

- The **European Green Deal** is about **improving the well-being of people**. Making Europe climate-neutral and protecting our natural habitat will be good for people, planet and economy. No one will be left behind.

The EU will:



Become climate-neutral by 2050



Protect human life, animals and plants, by cutting pollution



Help companies become world leaders in clean products and technologies



Help ensure a just and inclusive transition

“The European Green Deal is our new growth strategy. It will help us cut emissions while creating jobs.”

Ursula von der Leyen, President of the European Commission



Elements of the Green Deal



Competition policy and the Green Deal

- Speech by EVP Vestager in September 2020 with a general question: “Can we do more, to apply our rules in ways that better support the Green Deal?”
- DG COMP launched a call for contributions on how competition rules and sustainability policies work together.
- Conference “Competition policy contributing to the European Green Deal” took place 4 February 2021.
- Reflection fed into the revision of State Aid guidelines and in particular the Energy and Environmental guidelines.

All competition instruments to contribute

- All competition instruments will contribute to the Green Deal:
 - **State aid:** allow public support for green investments and projects (renewables, clean mobility, industry decarbonisation, circular economy, biodiversity).
 - **Antitrust:** stop behaviors restricting development of cleaner technologies, restricting access to infrastructures or free flow of resources.
 - **Mergers:** ensure mergers do not create excessive market power, eliminate emerging entrants or reduce incentives to innovate.

From EEAG to CEEAG

- 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 and the Recovery after COVID-19

A challenging balance between objectives

- The revised rules need to find the right balance between different objectives
 - Widen the possibilities to address Green Deal goals
 - Allow operating aid where needed to reach environmental objective
 - Direct aid where it is needed (no crowding-out of private investment, no greenwashing / avoid favouring incumbents)
 - Calibrate aid to the amount needed to trigger the project
 - Limit competition distortions to the minimum needed to address the problem at stake
 - Cost-effectiveness (minimum cost to the taxpayer in relation to the problem)

CEEAG will support the Green Deal

- The new *Guidelines on State aid for Climate, Environmental Protection and Energy (CEEAG)* reflect the increasingly important role of more ambitious climate policies in the green transition and 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 effects 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 infrastructure, resource efficiency, biodiversity)
- All technologies that can deliver the Green Deal (e.g. renewable and low carbon hydrogen, e-storage)

FLEXIBILISING COMPATIBILITY RULES

- Higher aid amounts (100% of funding gap) and new aid instruments (e.g. CCfDs)
- 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-ISING 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

How are grey and brown measures treated?

SCRUTINY OF GREY MEASURES

- To prevent lock-in effects, grey measures will need to be compatible with the 2050 climate target to receive aid
- For example, support for investment in natural gas infrastructure will be subject to the infrastructure being hydrogen-ready
- Aid for gas vehicles and refuelling infrastructure will be subject to cleaner alternatives not being readily available on the market

PHASING OUT OF BROWN MEASURES

- Measures that involve support to the most polluting fossil fuels are unlikely to create positive environmental effects and often have important negative effects because they can increase the negative environmental externalities in the market
- The same applies for measures involving new investments in natural gas, unless it is demonstrated that the investments are compatible with the 2050 climate neutrality target
- Therefore, in the CEEAG it is indicated that for such measures a positive conclusion to the balancing test is unlikely (and State aid is therefore unlikely to be possible)

Next GBER will facilitate

- Horizontal enlargement: wider and newer exempted possibilities to support renewables and other decarbonisation measures
 - Provisions revised to include CCUS, storage, green hydrogen, renewable energy communities
 - New provisions for clean vehicles, wider coverage of recharging infrastructure
 - Wider scope for rehabilitation and restoration of biodiversity, resource efficiency
- Vertical enlargement: higher notification thresholds and aid intensities
 - Higher notification thresholds in all areas
 - Up to 100% aid intensities when aid granted via competitive bidding; green bonus for energy performance in buildings and district heating and cooling

Thank you



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