



# Jüngste Entwicklungen der europäischen Beihilfekontrolle im Energiebereich und ihre Auswirkungen auf die Industrie

**Christof Schoser**

Europäische Kommission

GD Wettbewerb

Beihilfenkontrolle Umwelt & Energie

# Context

## 2008 Environmental Guidelines:

- have supported progress towards 2020 targets
- only partially suited for the new challenges.

## Impact of RES support in the market:

1. Significant cost increases for electricity systems, consumers and industry → concerns about competitiveness
2. Reduced price signal for investments → concerns about generation adequacy/security of supply
3. Lack of integration of RES in the market → distortion of competition and partitioning of the internal market

# Energy policy and State aid

Increasing **national energy policy** interventions and **use of State aid** in the energy sector, some measures not covered by 2008 Guidelines:

- Support to renewables; Exemptions from renewables costs; Support for capacity mechanisms; Infrastructure support; Exemptions from energy taxes

Considerable volumes of **non-notified aid**

Need for **effective State aid control**

- Allow achievement of public policy objectives while preserving internal market and limit distortions

# Guidelines: areas of change

1. Operational aid to Renewable energy sources

2. New categories of aid (energy)

Reductions on RES charges for energy-intensive users

Infrastructure

Generation adequacy

3. Higher notification thresholds and simplification

# Operating aid for electricity from RES (I)

## Integrating RES into the market:

Only new installations (no changes for existing ones)

### From 2016:

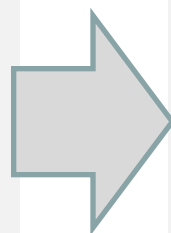
- **Sell electricity** directly on the market  
(aid as premium on top of the market price)
- **Balancing** responsibilities  
(if liquid intra-day market)
- No incentives to generate with **negative prices**.

# Operating aid for electricity from RES (II)

## Introduction of competitive bidding processes:

### Transitional phase 2015-2016

Competitive bidding  
for at least **5%**  
of the planned  
RES capacity.



### From 2017

Competitive bidding for  
**100%** of the planned  
RES capacity

Open to all RES generators  
and technologies

Flexible criteria

# Operating aid for electricity from RES (III)



## **Flexible rules for small installations:**

- **Feed-in tariffs** still possible for installations below:
  - 500kW (e.g. solar and biomass)
  - 3MW or 3 generation units (only wind)
- **No competitive bidding process** required for installations below:
  - 1MW (e.g. solar and biomass)
  - 6MW or 6 generation Units (only wind)

# Scope of Guidelines: aid categories

2008 Guidelines Environmental aid	2014 Guidelines Environmental and <u>energy</u> aid
<ul style="list-style-type: none"><li>• Cogeneration &amp; district heating</li><li>• Waste management</li><li>• Energy saving</li><li>• Reductions/exemptions from environmental taxes</li><li>• Environmental studies</li><li>• Early adaptation to/going beyond EU standards, or for higher environmental protection in their absence (incl. new transport vehicles).</li><li>• Relocation of undertakings</li><li>• Remediation of contaminated sites</li><li>• Renewable energy sources</li><li>• Tradable permit schemes</li></ul>	<ul style="list-style-type: none"><li>• and cooling</li><li>• and resource efficiency</li></ul> <p><b><u>New categories</u></b></p> <ul style="list-style-type: none"><li>• Reductions in funding support for electricity from renewable sources</li><li>• Energy infrastructure</li><li>• Generation adequacy</li></ul>



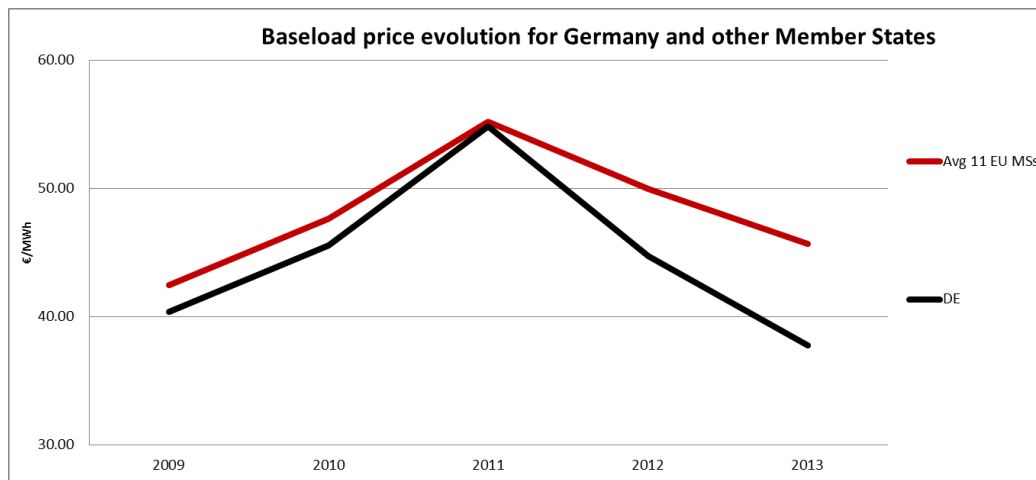
# Reductions in funding support for RES (I)

## Aim:

Targeted reductions to preserve competitiveness while securing a sufficient financing base for RES.

## The merit order effect:

Increasing share of renewables generation capacity has a significant downward effect on wholesale prices.



# Reductions in funding support for RES (II)

## Eligible beneficiaries:

- 68 sectors based on their high trade intensity & electro-intensity.

Trade intensity above	Electro-intensity above
10%	10%
4%	20%
80%	7%
Economically similar sectors	

- Member States can add other beneficiaries with similar criteria (electro-intensity above 20% and trade intensity above 4%).

# Reductions in funding support for RES (III)

## **Own contribution**

Compensation is partial: beneficiaries pay at least 15% of the additional costs without reduction.

## **Caps**

Member states can decide to cap this contribution (for all eligible undertakings) to:

- 4% of the gross added value of the company.
- 0.5 % of the gross added value if the electro-intensity of the company is above 20%.

## **NB**

Only minima: Member States may require a higher own contribution.



# Reductions in funding support for RES (IV)

## **Transition**

Eligibility and proportionality criteria applicable at the latest by 1.1.2019.

## **Ajustement plan**

Until 2019: progressive adjustment to the aid levels of the guidelines.

## **Notification & Commission approval**

Member states must notify any adjustment plan within 12 months of the adoption of the guidelines.

## **Retroactive application**

Application of the criteria from 1.1.2011 and adjustment plan.

Aid granted prior to 2011 deemed compatible.

# Energy Infrastructure

Current **regulatory framework applies** (TSO invests and recoups through access tariffs)

BUT: Some types infrastructure **more difficult to deploy**

- Positive externalities, Coordination problems

Need for State aid assumed for

- **Projects of Common Interest** (including in particular cross-border projects)
- **smart grids** and
- **assisted regions** (receiving EU structural funds)

**Limited competitive distortions** when regulatory obligations apply

Case by case assessment for infrastructure exempted from internal market regulation



# Generation Adequacy

Capacity mechanisms come under several forms.

When they entail State aid, need to limit distortions and preserve internal market

- Clear assessment of **causes of problem** of generation adequacy
- Support only for **availability**
- Include **demand-side response / storage / interconnection** measures
- Open to **new and existing** generation
- Allow for **sufficient lead time**
- Open to **other Member States** when possible



# Simplification

## Higher thresholds for individual notifications

Category (individual aid)	Notification threshold:
Investment aid	€15 million
Operating aid for RES	250 MW
Operating aid for cogeneration	300 MW
Operating aid for biofuels	150 000 t/year
New - Energy infrastructure	€50 million
New - Carbon capture and storage	€50 million
New - Generation adequacy	€15 m/project/undertaking

**No individual notification** for competitive bidding processes

**New General Block Exemption Regulation (GBER)**

# Next steps

**1 July 2014:** Guidelines enter into force.

**1 January 2015:** competitive bidding for 5% of new RES capacity

**1 July 2015:** Deadline for notification of adjustment plans for reductions from RES costs.

**1 January 2016:**

- New RES installations sell electricity in the market
- Existing schemes must comply with new Guidelines.  
Exceptions:
  - Approved schemes operating aid for RES and CHP: can continue until expiry, unless modified
  - Aid committed to existing RES installations

**1 January 2017:** competitive bidding for all new RES capacity

**1 January 2019:** Adjustment plan in place for reductions from RES costs