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Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 170 member organisations from 38 European countries, representing over 1.500 NGOs and more than 47 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

CAN Europe contribution to the Public Consultation for the Revision of the Guidelines on State aid for Environmental protection and Energy 2014-2020 (EEAG)

A) Environmental protection and energy

[Environmental protection should be understood as covering covers all measures that contribute to the protection of the environment, including the fight against climate change, across the various sectors of the economy, including through the deployment of clean energy sources]

A.1) Context

22 Do you consider that due to the COVID19-pandemic, the ensuing recession as well as the national policy response and taking into account the European response through the Recovery Plan and the Next Generation package:

	Yes	No	I don't know /No opinion
Your country will redirect public resources to environmental protection including decarbonisation?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Your country will have enough resources to support environmental protection including decarbonisation?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The difference between Member States' resources to support environmental protection including decarbonisation have increased since 2019?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

A.2) Necessity for aid

In the light of technological progress and market evolutions (significant decrease in equipment costs), it might be that State aid possibilities for environmental protection purposes should either be more restricted or be subject to stricter conditions or on the contrary widened to achieve the Green Deal objectives.

23 In your opinion, should aid be allowed for the following areas?

With regard to the area of **biodiversity**, please note the following. Measures to promote biodiversity and nature capital, as long as they constitute state aid, can fall under Article 53 GBER, or Article 29 of the Agricultural Block Exemption Regulation (ABER) or they may qualify as a Service of General Economic Interest (SGEI), while support for biodiversity measures are excluded from the current EEAG. Stakeholders are here asked to explain whether they believe that aid should also be granted under the EEAG for biodiversity insofar as it is not covered by the other provisions.

	Yes, in the same way as today	Yes and more than before (higher aid intensities or new aid forms)	Yes, but subject to stricter conditions	Yes but subject to lower aid intensities /amounts	For certain types of installations only within the category (Please specify)	No: aid is no longer needed	No: aid is too distortive	No: aided measure is not beneficial for the environment	Don't know /No opinion.
Renewable electricity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Renewable heating /cooling	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Renewable and low carbon hydrogen production	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alternative transport fuel (other than hydrogen)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Combined Heat and Power (CHP)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
District heating /cooling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Energy efficiency in production processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Energy efficiency in buildings	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Industrial decarbonisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(Solid) Waste recycling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resource efficiency /Circular economy (water)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Resource efficiency /Circular economy (waste heat)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Low/zero emission vehicles	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Low/zero emission transport infrastructure	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Carbon Capture and Storage (CCS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Carbon Capture and Use (CCU)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Energy storage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Demand response	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Energy infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Biodiversity	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (e.g., reduction of pollutants beyond EU standards). Please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

24 If you selected 'other', please specify.

1000 character(s) maximum

Hydropower: It should no longer be eligible for any kind of state aid. New hydropower projects cause large impacts on freshwater biodiversity and are comparatively more detrimental to the environment than other renewables. The pressure caused by hydropower on habitats and species is larger than the one caused by wind and solar (EEA, 2020). New hydropower projects can only make a negligible contribution to the EU renewable electricity generation while the rivers are already saturated by hydropower facilities. State aid to hydropower is not cost effective unlike solar and wind.

Nuclear energy: It cannot be considered as sustainable. Waste: there is no foreseeable solution. Risks: It exposes people and the environment to the risk of serious accidents with substantial emissions of radioactive substances. Negative learning curve: due to its inherent need for caution and safety, the technology grows in complexity, with resulting spiralling costs.

25 If you replied that aid should be allowed for certain types of installation only, please explain which type(s).

3000 character(s) maximum

Renewable electricity: Supporting renewables and fostering energy efficiency should not be at the expense of the participation of smaller operators (including renewable energy communities) who have a tremendous role to play in the energy transition. Not all energy sources that qualify as RES under REDII should be supported due to certain harmful environmental effects; notably the case of forest biomass and hydropower plants.

Renewable and low carbon hydrogen production: Renewable hydrogen could be a solution for sectors and activities that are not easy to decarbonise (e.g. cement, steel, shipping and aviation). It also presents inefficiencies, high costs compared to renewables-based electrification. Overestimating the potential volume of renewable hydrogen, while not investing in renewable energy capacity, would lead to the continued use of fossil gas to produce hydrogen without climate benefits. The so-called low-carbon hydrogen, based on fossil gas should not receive aid.

District heating/cooling: The EEAG should state that the incompatibility of aid for fossil fuels extends to district heating/cooling relying on fossil fuels. The EEAG and the GBER should set up an enabling framework for their upgrading or the creation of new systems to use renewable energy sources only, with the exception of biomass other than waste, residues and biofuels.

(Solid) Waste recycling: The provision on aid to waste recovery operations -other than preparing for re-use and recycling- shall not be covered by the GBER. New aid for incineration with or without energy recovery should be avoided and it should certainly not be exempted under the GBER.

Carbon Capture and Storage (CCS): The implementation of CCS is expensive, highly energy intensive, it only partly captures CO₂ (max. around 85%), does not capture other air pollutants. The geological sequestration of CO₂ entails important environmental risks (leakage), CO₂ is emitted during the transport of the CO₂. For electricity generation, no aid should be given to CCS for fossil fuels and biomass. For hard to abate industries with unavoidable CO₂ emissions such as cement, CCS projects can constitute a valid decarbonisation solution.

Energy (electricity) storage: Aid to batteries which fulfil sustainability and transparency requirements taking account of the carbon footprint of battery manufacturing and ethical sourcing of raw materials, should be considered. The future Battery Regulation may be used as a reference for such criteria in the EEAG. No support should be given to non-rechargeable batteries.

Energy infrastructure: Aid to fossil fuel infrastructure should be qualified as incompatible with the internal

market, to align with the EGD, and the new 2030 emissions reduction target. Gas infrastructure does not need support from Member States' resources. It should be added (also in the section on resource adequacy measures) that fossil gas infrastructures are by no means required for security of supply.

A.3) Type of aid / aid instrument

A.3.1) Eligible costs: operating versus investment expenses

26 In your opinion, should aid covering operating costs (in particular energy costs and raw material costs) on top of investment costs be generally allowed for the following areas?

With regard to the area of **biodiversity**, please note the following. Measures to promote biodiversity and nature capital, as long as they constitute state aid, can fall under Article 53 GBER, or Article 29 of the Agricultural Block Exemption Regulation (ABER) or they may qualify as a Service of General Economic Interest (SGEI), while support for biodiversity measures are excluded from the current EEAG. Stakeholders are here asked to explain whether they believe that aid should also be granted under the EEAG for biodiversity insofar as it is not covered by the other provisions.

	Yes	Yes but only with sufficient safeguards against undue competition distortion	No, aid covering investment costs is normally sufficient to incentivise a project	No because surcharges financing the support would increase too much	I don't know
Renewable electricity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Renewable heating/cooling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Renewable and low carbon hydrogen production	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Alternative transport fuel (other than hydrogen)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Combined Heat and Power (CHP)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
District heating /cooling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Energy efficiency in production processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Energy efficiency in buildings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Industrial decarbonisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(Solid) Waste recycling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Resource efficiency /Circular economy (water)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Resource efficiency /Circular economy (waste heat)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Low/zero emission vehicles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Low/zero emission transport infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Carbon Capture and Storage (CCS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Carbon Capture and Use (CCU)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Energy storage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Demand response	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Energy infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Biodiversity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

A.3.2) Form of the aid: operating aid versus investment aid

28 Do you think that aid paid out as a premium covering the difference between the production costs for one unit and the revenues is more suited than aid paid ex ante as a share of the investment costs in any of the following areas?

	Yes – because operating aid can more easily be designed to precisely match the funding gap (eg. adapting over time to market revenues)	Yes – because operating aid allows the payments to be spread over the project lifetime rather than requiring an immediate disbursement from the budget	No – because operating aid is more distortive	No – because operating aid is generally financed from surcharges on the product	I don't know /No opinion
Renewable electricity	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Renewable heating/cooling	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Renewable and low carbon hydrogen production	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Alternative transport fuel (other than hydrogen)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Combined Heat and Power (CHP)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
District heating /cooling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Energy efficiency in production processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Energy efficiency in buildings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Industrial decarbonisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(Solid) Waste recycling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Resource efficiency /Circular economy (water)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Resource efficiency /Circular economy (waste heat)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Low/zero emission vehicles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Low/zero emission transport infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Carbon Capture and Storage (CCS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Carbon Capture and Use (CCU)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Energy storage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Demand response	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Energy infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Biodiversity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

30 Do you think operating aid for environmental protection impacts the aid beneficiary's behaviour on the energy or product market differently than investment aid?

- Yes
- No
- I don't know

31 Please explain in what areas and/or circumstances their impact may differ or why you consider that they have the same impact.

1000 character(s) maximum

A renewable power plant operator that receives a feed in tariff or a market premium benefits from higher investment security on the long term. Project financing becomes more easy and less risky, entering energy markets is better facilitated than with a single investment grant paid once in the beginning.

32 Do you think that the current rules include appropriate safeguards to avoid potential negative impacts or are additional safeguards required?

1000 character(s) maximum

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33 Various different instruments have been used to incentivise investments in renewable energy that pay beneficiaries over the project lifetime – for example fixed feed in premiums that pay a fixed subsidy for each unit of output, variable premiums that pay a top up equal to the difference between the market value of the output and a predefined price, and two way contracts for difference that pay this top up in the same way as a variable premium but also oblige the beneficiary to make a payback if market prices go above the predefined price level.

Do you think that these methods are equivalent in terms of incentivising new investments while keeping and product markets distortions limited to the minimum?

- Yes – all of them allow investments to be financed and take account of market revenues.
- No – fixed premiums are superior because they leave market participants more exposed to market price signals and adapt production to real demand. No –
- variable premiums are superior over fixed premiums as they are adapting to real costs.
- No – two-way contracts for difference are superior because they guard against overcompensation.
- Other (please explain) I
- don't know/No opinion

35 The introduction of carbon contracts (for difference) has been suggested to further incentivise the decarbonisation of the industry. Such contracts would reimburse the extra costs resulting from decarbonisation by paying the investor the difference between the costs of reducing one ton of CO₂ for the production of a given product (steel, cement, fertilisers, etc.) and the actual CO₂ price in the ETS, bridging the cost gap compared to conventional production of the given product.

Such type of contract would create a further incentive for industries to invest into decarbonisation technologies beyond the ETS incentive by removing uncertainties about the profitability of the investment and guarantee a certain rate of return for the investment.

Do you agree with the above statement and thus consider that this type of support should be allowed?

Those contracts for difference can be one way contracts (the difference in costs is paid to the producer of the industrial product when decarbonisation costs are higher than the carbon price or two-ways if the industrial producer also has to pay back the difference when the decarbonisation costs are below the carbon price.

- Yes
- No
- I don't know

39 Do you think that carbon contract for difference for the industry would imply certain risks for competition on the market?

- Yes
- No
- I don't know

A.3.3) Aid intensities – Funding gap

For investment aid, the EEAG and the GBER use two approaches to calculating the amount of aid that a project can receive: i) **funding gap** (for energy infrastructure, for district heating and cooling networks and for CO₂ capture, transport and storage); and ii) **aid intensities**.

According to a **funding gap** approach, all revenues and expenses over the lifetime of the investment, discounted to their current value (typically using the cost of capital) are forecasted. If the sum of the discounted cash flows is negative for the investment, aid can be awarded to cover the entire gap. The funding gap approach requires a thorough business plan. The funding gap can be calculated only on project per project basis.

Aid intensities, on the other hand, limit the aid awarded to a certain percentage (so-called maximum aid intensity) of the extra investment cost of the project which needs to be incurred to reach the environmental or energy objective compared with a defined counterfactual. This approach was chosen in 2014 for investment aid for equipment producing energy or products. It was considered to ensure predictability, be easy to use and to ensure a level playing field when comparing projects within a specific category. Aid intensities were calculated to roughly approximate the funding gap of a certain number of standard projects observed before 2014. In the meantime, however, new technologies have been developed.

42 Do you think that aid intensities combined with the use of a counterfactual should be maintained as a way to measure the proportionality of the aid?

The counterfactual allows excluding costs to cover the standard (and more polluting) equipment to conduct the activities concerned.

Yes – because easy to use

Yes – in particular under the GBER Yes –

in particular for small projects

Yes – but only for standard projects where costs and counterfactual are well established.

No – because aid amount is never correctly calibrated No

– because counterfactual is difficult to identify

I don't know

43 Please indicate if you consider there are specific types of investments where applying aid intensities would be particularly useful:

Renewable electricity Renewable

heating/cooling

Renewable and low carbon hydrogen production Alternative

transport fuel (other than hydrogen) Combined Heat and

Power (CHP)

District heating/cooling

Energy efficiency in production processes

Energy efficiency in buildings

Industrial decarbonisation (Solid)

Waste recycling

Resource efficiency/Circular economy (water) Resource

efficiency/Circular economy (waste heat) Low/zero

emission vehicles

Low/zero emission transport infrastructure

Carbon Capture and Storage (CCS) Carbon

Capture and Use (CCU)

Energy storage

Demand response

Energy infrastructure

Biodiversity

Other (Please specify)

49 Are you aware of projects eligible for support for environmental protection under the EEAG or GBER, which were not implemented because the aid intensity allowed under the EEAG or GBER did not make the project sufficiently financially attractive?

- Yes
 No

52 Do you have experience with the funding gap (as explained above) approach in receiving or granting of aid?

- Yes
 No

56 Do you think that a claw back mechanism should be introduced to avoid excessive funding?

- Yes
 No
 I don't know/No opinion

A.4) Aid award procedure: Transparency, broadening, cross border opening, competitive bidding process, public consultation, avoiding investment flow interruption

This section seeks views on potential competition distortions that may result from the continued and increasing use of State aid for environmental protection, as well as the pros and cons of various tools that could be used to reduce these distortions.

63 There are various situations, in which State aid for environmental protection might pose a risk to fair and equal competition, such as:

- **Overcompensation** (projects receive more aid than needed to carry out the investment/activity)
- **Crowding-out of private investment** (aid granted to projects which would have taken place without aid anyway or reducing the private incentive to invest)
- **Greenwashing** (projects claiming aid for alleged higher environmental benefits, while the real environmental benefits they provide are very low) **Lack of cost-**
- **effectiveness** (the cheapest projects to fulfil the environmental objective are not chosen)

- Deep pockets distortions (Member States with greater financial resources being able to over subsidise environmental protection activities in their territory, giving a competitive advantage to firms located in their territory).

On a scale from 1 (not at all important) to 5 (very important), how important is it that State aid rules seek to minimise/prevent these risks?

	1	2	3	4	5	I don't know /No opinion
Overcompensation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Crowding-out of private investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Greenwashing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of cost effectiveness	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deep pockets distortions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

A.4.1) Transparency of environmental protection costs

Transparency in this section refers to the transparency of the environmental protection cost. State aid rules could more systematically require Member States to identify the contribution to environmental protection in monetary terms in a harmonised manner, as cost (in EUR) per unit of environmental protection achieved (as for example, EUR aid per tCO₂ emissions reduced) *[or, where other objectives are identified, eg. EUR per measureable unit of improvement of air/water/soil quality or biodiversity]*.

Increasing the transparency of the cost in this way could provide a basis for ensuring aid is necessary, as well as comparing and choosing between different types of project that contribute to the same objective. Making the costs transparent might also discourage Member States from picking relatively expensive means to meet the targeted objective and reducing the risk that targeted support is used to support national industry rather than as an efficient means of increasing environmental protection, bearing in mind the need to support the development of technologies to decarbonise production processes that currently face high abatement costs in view of the climate neutrality objective by 2050.

For decarbonisation costs, such a calculation would need to take into account direct savings from the activity as well as emissions linked to primary energy consumption – for example, switching from a gas boiler to an electric boiler would reduce emissions because gas would no longer be burned to fire the boiler. The calculation would need to make assumptions about the carbon intensity of the electricity used to power the electric boiler. Similarly, for support for renewable electricity this could require a calculation taking into account estimates of the hours in which the supported generation would run, and the type of alternative electricity production that it would displace in these hours.

64 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?

-
-

Not at all



Rather not

- Neither yes nor no
- Rather yes
- Yes, fully
- I don't know

65 Please explain the reason for your response.

1000 character(s) maximum

Indeed, identifying the contribution to environmental protection in monetary terms in a harmonised manner would increase transparency but the calculation of the cost per tCO₂ emissions reduced on its own would not be enough to prioritise the different options. This is because this indicator alone does not capture the possible multiple benefits that the different options may have especially if they also serve more than one primary social and environmental objectives.

For other environmental protection objectives, such a calculation can also be complex, in particular when environmental protection projects tackle several types of environmental impacts. Allocating the costs to the various environmental benefits can be complicated. For instance, an investment that allows a company to both consume less water and release less pollutants in the air and water may be complex to convert into a cost per unit of pollution avoided. Also the types of pollution avoided vary and cannot be compared amongst each other. In those cases, instead of a cost per unit of environmental benefit, it might be more useful to require the quantification of the expected different environmental benefits of a given investment.

66 For environmental protection objectives other than decarbonisation, do you think that a calculation of the actual cost per unit of environmental benefit or where not possible a requirement for quantifying the actual environmental benefits of support measures should be required as part of the compatibility conditions:

- Not at all
- Rather not
- Neither yes nor no
- Rather yes
- Yes, fully
- I don't know

67 How do you rate aid intensities compared to a funding gap approach in terms of the likelihood of generating a reasonable rate of return or an excessive rate of return?

- Aid intensities are more likely than funding gap to lead to an excessive rate of return (because the aid intensity is too generous and/or ignores important savings/revenues)
-

Funding gap method is more likely to lead to an excessive rate of return (because costs and revenues cannot correctly be forecasted)

- When combined with a claw back mechanism (i.e. a mechanism that ensures that aid has to be reimbursed if actual costs are lower than foreseen in the funding gap calculation or when revenues are higher than initially planned), the funding gap method is more likely to lead to reasonable a rate of return than aid intensities
- Both approaches are equivalent I
- don't know/No opinion

68 Please explain the reason for your response.

1000 character(s) maximum

Having such indicators, such as actual cost per unit of environmental benefit, makes sense, when they are robust, transparent, measurable and objective. If these are to be set by Member States, it needs to be ensured that they are independently assessed on whether they bring real change compared to what would happen anyway

69 How difficult do you rate the quantification of the environmental benefits?

- Easy Rather
- easy
- Neither easy/nor difficult Rather
- difficult
- Difficult Very
- difficult I
- don't know

70 How would you rate this potential transparency requirement in terms of its suitability to mitigate the following risks?

	No impact on the risk	Only partially suited	Well suited	I don't know/No opinion
Overcompensation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Crowding-out of private investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Greenwashing	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of cost effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deep pockets distortions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

A.4.2) Broadening

Broadening in this context refers to increasing the eligibility for participating in an aid scheme from a specific beneficiary or group of beneficiaries (in terms of technology or sector) to other beneficiaries, sectors or technologies that can contribute to the same objective. For instance, a broadening requirement could prevent that a Member State limits support only to energy efficiency measures in buildings, or only to solar electricity production, or to renewable energy or only to low emission mobility through electric cars.

Rather, State aid rules could aim at opening schemes to a wider variety of projects that can all contribute to the targeted objective (like decarbonisation). Similarly, if a Member State aims to incentivise industrial decarbonisation, State aid rules could avoid limiting the support to one company only and rather require a broadening of the proposed support so that eg. all companies active in the same sector, or all companies which are competing against each other, or all companies facing the same decarbonisation challenge are eligible to apply for subsidies.

By opening up the possibility of support to the entire sector, to all competing undertakings or all undertakings facing the same environmental challenge, competition distortions may be reduced. For example, expanding eligibility to include more cost-effective options, or direct/indirect competitors to the originally targeted beneficiaries might reduce the possibility for Member States to use State aid for providing competitive advantage to the beneficiaries over competitors by subsidising emissions reductions only in one specific factory, in one specific part of the country, or in one specific type of factory.

Provided that the broadening is not accompanied by an increase in the budget and is combined with a selection procedure, it might also reduce the cost of achieving environmental protection objectives, given that Member States would have the possibility to select the projects that they will support from a larger range of potentially cheaper projects *[Broadening should not be understood as requiring Member States to increase the budget of their aid schemes or to broaden the support to more expensive approaches. Rather, such a requirement would be limited to requiring support for comparable projects when they can more cost-effectively achieve the targeted objective]*. A significant challenge associated with such a “broadening” approach would be the need to come up with an objective basis for defining an appropriate scope – ie. is it sufficient to broaden a measure to include all undertakings producing the same good or service, would the Member State have to also include undertakings producing products or services that compete with the originally intended beneficiaries, or would the Member State have to include all possible projects that could contribute to the targeted objective? An additional complexity would arise in schemes pursuing more than one environmental objective.

71 Would you consider beneficial a requirement for Member States to broaden their support schemes for decarbonisation?

- Yes
- No
- I don't know

73 Would you consider beneficial a requirement for Member States to broaden their support schemes for environmental objectives other than decarbonisation?

- Yes
-

No

I don't know

79 How would you rate this potential broadening requirement in terms of its suitability to mitigate the following risks?

	No impact on the risk	Not sufficient on its own to fully tackle the risk	Well suited	I don't know /No opinion
Overcompensation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Crowding-out of private investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Greenwashing	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of cost effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deep pockets distortions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

A.4.3) Cross-border opening of aid schemes

Cross-border opening of aid schemes in this context refers to the possibility for State aid rules to require national support schemes to be broadened beyond national borders. Schemes would need to be open to projects in other Member States that can contribute to the achievement of the targeted objective *[This would be similar to the rules already applicable for capacity mechanisms used to ensure security of electricity supplies. However, the existing sectoral rules for renewable energy (Renewables Directive) makes the use of cooperation mechanisms and the opening of support schemes across borders voluntary].*

The requirement to enable foreign participation could be limited to a percentage of the available budget for a scheme.

As with the potential national broadening tool described above, it would not be appropriate for State aid rules to require Member States to increase the budget of their aid schemes. Rather, such a requirement would be limited to requiring support for comparable projects in other Member States when they can more cost-effectively achieve the targeted objective.

Such a requirement would increase competition and could potentially serve as an important control against the risk of Member States with greater financial resources being able to over subsidise environmental protection activities in their territory, giving a competitive advantage to firms located in their territory.

However, it would also increase complexity and there may be challenges associated with monitoring and enforcing rules across borders, which would depend to some extent on the willingness of national authorities to cooperate.

However, there may also be situations when such approach would not be appropriate. Where a Member

State targets a specifically local pollution problem – air quality in a city for example – it would not be likely to be appropriate to open the support scheme to projects in other Member States unless these projects were geographically close enough to cost effectively make a difference to the objective pursued.

80 Would you support a requirement for Member States to open their support schemes for decarbonisation across borders?

- Yes
- No
- I don't know

82 Would you support a requirement for Member States to open their support schemes for environmental objectives other than decarbonisation across borders?

- Yes
- No
- I don't know

83 Please explain.

1000 character(s) maximum

We believe opening support schemes across borders should not become a requirement but still remains a voluntarily choice for Member states (in line with the current provisions of the REDII).
Such a requirement would be based on a cost effective and competitive approach, which is in our view not the best to address environmental issues. This approach would exclude small players which already encounter difficulties in winning procedures as well as emerging technologies with great potential for decarbonisation and remaining costly.

95 How would you rate this potential cross-border opening requirement in terms of its suitability to mitigate the following risks?

	No impact on the risk	Contributes to reducing the risk but not sufficient on its own	Well suited	I don't know /No opinion
Overcompensation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Crowding-out of private investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Greenwashing	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of cost effectiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deep pockets distortions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

A.4.4) Competitive bidding process

Competitive bidding process refers to selecting beneficiaries and determining the aid amount for the beneficiaries through a non-discriminatory and competitive bidding process, that provides for the participation of a sufficient number of undertakings and where the aid is granted on the basis of either the initial bid submitted by the bidder or a clearing price. The budget or volume related to the bidding process is a binding constraint leading to a situation where not all bidders can receive aid. Tenders can be limited to specific categories of projects.

Competitive bidding processes in general have been useful to drive down costs and increase the efficiency of the support and help ensure the proportionality of aid. They can be complex to design and may increase the administrative burden and costs especially for smaller participants, but they avoid the need for administrative assessments of the amount of aid that projects should receive.

To ensure the proportionality of the aid, competitive bidding processes require a sufficient number of projects and those projects should be sufficiently comparable. There may therefore be areas in which competitive bidding processes are less suitable because there are not enough projects on a regular basis to organise a competitive bidding process or because projects are so diverse that a comparison of costs only would not seem adequate.

96 Do you think that competitive bidding processes should be the general rule to allocate investment and operating aid for energy and environmental purposes?

- Yes
- No
- I don't know/No opinion

97 If you replied no, in which of the following area(s) do you think that competitive bidding procedures should not be applied to allocate operating aid?

- Renewable electricity
- Renewable heating/cooling
- Renewable and low carbon hydrogen production
- Alternative transport fuel (other than hydrogen)
- Combined Heat and Power (CHP)
- District heating/cooling
- Energy efficiency in production processes
- Energy efficiency in buildings
- Industrial decarbonisation
- (Solid) Waste recycling
- Resource efficiency/Circular economy (water)
- Resource efficiency/Circular economy (waste heat)
- Low/zero emission vehicles
- Low/zero emission transport infrastructure
- Carbon Capture and Storage (CCS)
- Carbon Capture and Use (CCU)
- Energy storage
- Demand response
- Energy infrastructure
- Biodiversity
- Other (Please specify)

98 If you selected 'other', please specify.

1000 character(s) maximum

We recommend that energy communities should be subject to a specific regime including higher thresholds for exceptions to tendering procedures or tailored bidding windows for them, so as to allow them to actually participate in the market, which is obviously not the case today.

99 If you replied no, in which of the following area(s) do you think that competitive bidding procedures should not be applied to allocate investment aid?

- Renewable electricity
- Renewable heating/cooling
- Renewable and low carbon hydrogen production
- Alternative transport fuel (other than hydrogen)
- Combined Heat and Power (CHP)
- District heating/cooling
- Energy efficiency in production processes
- Energy efficiency in buildings
- Industrial decarbonisation
- (Solid) Waste recycling
- Resource efficiency/Circular economy (water)
- Resource efficiency/Circular economy (waste heat)
- Low/zero emission vehicles
- Low/zero emission transport infrastructure
- Carbon Capture and Storage (CCS)
- Carbon Capture and Use (CCU)
- Energy storage
- Demand response
- Energy infrastructure
- Biodiversity
- Other (Please specify)

100 If you selected 'other', please specify.

1000 character(s) maximum

We recommend that energy communities should be subject to a specific regime including higher thresholds for exceptions to tendering procedures or tailored bidding windows for them, so as to allow them to actually participate in the market, which is obviously not the case today.

101 If you consider that competitive bidding processes should not be the general rule to allocate aid for energy and environmental purposes, why do you consider that a competitive bidding process should not be carried out?

Multiple answers possible.

The foreseeable number of potential projects/sites not sufficient to ensure competition

Certain participants could bid strategically (e.g. due to market power), preventing fair competition

Project realisation would be so uncertain that fewer projects overall would be developed

Not possible to create a suitable parameter against which the different environmental merits of the projects could be compared

Other (please specify)

102 If you selected 'other', please specify.

1000 character(s) maximum

We recommend that energy communities should be subject to a specific regime including higher thresholds for exceptions to tendering procedures or tailored bidding windows for them, so as to allow them to actually participate in the market, which is obviously not the case today.

A requirement for a competitive bidding process could be combined with other requirements being considered in this consultation, for example the potential requirement for broadening and the potential 'transparency' requirement for calculating the cost of achieving the targeted objective. If a broadening requirement were to be combined with tendering it could be expected to lead to a further reduction of the costs of support. Also, when combined with tender, the broadening requirement could ensure that the tender is competitive by contrast to a tender limited to a sector in which there are only too few competitors.

107 In your view, would a competitive bidding procedure that selected the cheapest projects to deliver industrial decarbonisation within a given sector and on national basis (steel only, cement only, fertilisers only) be sufficiently competitive to ensure that aid is limited to the minimum necessary to trigger the projects?

- Yes
- No
- I don't know

110 Competitive bidding procedures open to several technologies/sectors usually focus on one or very few parameters, on which participants bid and are compared, such as the actual aid amount for the construction of the project or the cost of delivering a MWh of renewable energy or the costs of reducing one ton of CO₂. Are there important environmental or social costs or benefits that cannot be internalised in a competitive bidding procedure with a broader scope?

- Yes
- No
- Don't know/No opinion

111 If yes, which one(s)?

Costs for electricity grid reinforcement

Costs for system integration

Long-term potential of projects/technologies

Lock-in into a technology which is not suitable in the long term Trade-offs with other environmental impacts (e.g. on local air quality, biodiversity, etc.)

Coordination with other policies (e.g. security of supply) Other

(please specify)

112 If you selected 'other', please specify.

1000 character(s) maximum

113 How would you rate a competitive bidding procedure across heterogeneous projects? In such a procedure, projects of different types all contributing to decarbonisation would compete and be compared on the basis of the cost per unit of CO2 emission reduction. This could involve for example a competitive bidding process in which renewable electricity and heat, insulation of buildings, acquisition of clean vehicles, process energy efficiency, waste heat recovery, renewable and low carbon hydrogen production/consumption, and CCS projects all participate.

	Not at all suited (no impact on that risk)	Contributes to reducing the risk but not sufficient on its own	Well suited	Don't know/No opinion
Overcompensation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Crowding-out of private investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Greenwashing	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Missing cost effectiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Deep pockets distortions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

A.4.5) Public consultation

The public consultation envisaged in this section would require Member States/authorities setting up a support scheme to publish as part of its preparation a consultation open to all interested parties on a public platform, covering the main features of the support scheme, as well as the proposed eligibility and the way projects would be selected for support. The responses received would be published, together with a summary report with the Member States' reactions to the main comments. This summary report would be provided to the Commission as part of the notification of the State aid scheme for approval. Failure to

conduct the prior public consultation would lead to the incompatibility of the aid measure.

Such a consultation would entail a significant administrative burden for Member States/authorities but could be a useful tool notably for larger and more complex schemes and those involving higher budgets. In particular, if a requirement for broadening (as explained above) is introduced, a requirement for public consultation could serve as a basis for determining whether the eligibility for the scheme is appropriate – ie. the Member State could consult the market on the proposed eligibility, providing an opportunity for market participants to provide evidence if they are aware of projects that could more cost effectively contribute to the objectives targeted by the scheme. The Member State could then consider broadening the scope of the proposed scheme to include such projects (and this information would be available to the Commission when the Commission examines the compatibility of the scheme). Another type of consultation that might be useful is a public consultation aiming at probing the market for potential project to verify that there is a need for a support scheme and that it would not crowd out private projects.

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

- 1 (not useful at all)
- 2
- 3
- 4
- 5 (very useful)
- I don't know/No opinion

117 When should such a consultation requirement apply?

- It should not apply to any measures
- It should apply to all measures regardless of their cost/complexity
- It should apply to all measures exceeding a certain budget threshold
- It should apply to all measures involving certain complex features eg. participation of multiple project types (please explain)
- It should apply to all areas as means to verify the necessity of an aid scheme
- It should apply to all notifiable amendments (i.e., amendments requiring a new State aid decision) to measures that originally required a consultation
- It should apply only to notifiable amendments related to certain complex features eg. participation of multiple project types
- Other (please explain) I
- don't know

A.4.6) Summary

Having responded to the questions above, please summarise your views by completing the following table.

119 On a scale from 1 (completely disagree) to 5 (completely agree): to which extent to you agree with the following statements?

	1	2	3	4	5	I don't know /No opinion
Currently, State aid for environmental protection is well spent.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
State Aid should allow Member States to target what they consider the most pressing environmental issues in their national context regardless of competition distortions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reducing the cost of environmental aid makes it more acceptable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Improving the transparency of the cost of environmental protection makes aid for environmental protection more acceptable	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
State aid rules should prevent Member States subsidising only more expensive ways to achieve environmental protection objectives and should require Member States to also/instead support more cost effective ways to achieve environmental protection objectives	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Awarding environmental aid through tenders makes it more acceptable	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Opening environmental aid schemes to as many contributors to the environmental objective as possible makes it more acceptable	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Opening environmental aid schemes cross border makes them more acceptable	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Making the rules clearer and simpler would significantly facilitate their use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

120 Other than the potential tools explained here (transparency, broadening etc) do you have any other suggestions as to how the risks of competition distortions could be mitigated through state aid rules?

- Yes
- No
- I don't know

A.4.7) Administrative burden

126 Do you have any suggestions for limiting the complexity and/or reducing the administrative burden of the options listed above?

- Yes
- No
- I don't know

128 Do you think that simplified rules should apply for smaller projects?

- Yes
- No
- No opinion

129 If yes, how should a small project be defined, bearing in mind the risk of abuse (eg. circumvention by splitting the budget or splitting the installation into smaller production units)?

3000 character(s) maximum

Defining small projects in the energy sector by their capacity installed in MW is a simple and objective method. Nevertheless, this raises issues for determining the appropriate threshold to set. Moreover, small projects, in particular citizen-led projects such as those owned by renewable energy communities, face obstacles to participate in tenders that are partially independent from their size. The Commission and the EEAG have a role to play in subjecting the grant of aid to small projects to the verification that these are genuinely independent from one another or from larger utilities and are not part of an integrated project.

B) Energy Intensive Users

130 Over the past years, taxes and levies on electricity, such as those financing renewable support schemes, have continued to increase. At the same time, the energy component of the final (retail) electricity price has reduced both in absolute and relative terms [see DG Energy, *Energy Prices and Costs Report, 2019*]. In the context of the Green Deal and the planned decarbonisation, how do you expect the various components of the electricity bill to change in light of the EU's increased climate ambitions?

	Decrease by more than 50%	Decrease by 20-50%	Decrease by 10-20%	Decrease by less than 0-10%	Remain stable	Increase by 0-10%	Increase by 10-20%	Increase by 20-50%	Increase by more than 50%	I don't know /No opinion
Energy component	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Levies to finance Renewables	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Levies to finance other decarbonisation objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Network charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Energy taxes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

131 Based on the expected levels of levies to finance renewables and other decarbonisation objectives (“decarbonisation levies”) or energy taxes, as indicated in the question above, on a scale of 1 (none) to 6 (very high), how would you rate the risk that EIUs would relocate from your Member State assuming that the existing exemptions for EIUs will continue to apply?

	1 (none)	2 (low)	3 (medium-low)	4 (medium-high)	5 (high)	6 (very high)	I don't know/No opinion
Energy taxes	<input type="radio"/>	<input checked="" type="radio"/>					
Decarbonisation levies	<input type="radio"/>	<input checked="" type="radio"/>					

132 Based on the expected levels of decarbonisation levies or energy taxes, on a scale of 1 (none) to 6 (very high), how would you rate the risk that EIUs would relocate from your Member State if the exemptions for EIUs were removed?

	1 (none)	2 (low)	3 (medium-low)	4 (medium-high)	5 (high)	6 (very high)	I don't know/No opinion
Energy taxes	<input type="radio"/>	<input checked="" type="radio"/>					
Decarbonisation levies	<input type="radio"/>	<input checked="" type="radio"/>					

133 The level of taxes and levies on electricity, both in absolute value and as a share of total price of the input, can affect the incentives for energy intensive users to electrify their production processes. How would you rate, on a scale of 1 (none) to 6 (very high), the risk that the expected levels of taxes and levies on electricity will significantly impair this electrification process?

- 1 (none)
- 2 (low)
- 3 (medium-low)
- 4 (medium-high)
- 5 (high)
- 6 (very high) |
- don't know

134 How would you rate, on a scale of 1 (should not be used) to 5 (very good choice), the use of the following sources of financing for the support to decarbonisation schemes?

Support for decarbonisation policies should be financed from:	1 (should not be used)	2 (not a good choice)	3 (medium)	4 (good choice)	5 (very good /preferred choice)	I don't know/No opinion
Surcharges on electricity	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Surcharges on fossil fuels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
ETS revenues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Specific charges imposed on industry	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental taxes imposed on industry	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental taxes imposed on the economy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
General budget	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

135 If other, please specify.

1000 character(s) maximum

method of financing of a decarbonisation scheme shall be taken with consideration:

- The amount that can be raised to maximise the scheme;
- The “incentive effect” of an increase in energy costs on making consumers reduce their consumption and increase their flexibility (demand response) and the efficiency of their appliances and processes;
- Mitigating pressure on small and vulnerable consumers: this involves setting levies, surcharges or taxes at acceptable levels, considering progressivity and exonerating/ subsidising the most vulnerable consumers in order to tackle energy poverty;
- Managing pressure on electro-intensive users who need to be drastically incentivised to shift their consumption to renewable energy sources and invest in energy efficiency, while avoiding the need to exempt them from paying for decarbonisation schemes (such exemptions creating a distributional effect on other consumers and having counter-productive effects for the contribution of EIUs

136 Do you consider the need for reductions for EIUs could be reduced or eliminated, if decarbonisation measures were financed through means other than surcharges on electricity?

- Yes
- No
- I don't know/No opinion

138 In your opinion, which of the following parameters, on a scale of 1 (not relevant) to 5 (very relevant), are the most relevant to identify the sectors that will be at risk of relocation due to taxes and levies with a decarbonisation objective?

	1 (not relevant)	2 (slightly relevant)	3 (relevant)	4 (rather relevant)	5 (very relevant)	I don't know /No opinion
Exposure to international trade (“trade intensity”)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Exposure to electricity costs (“electro intensity”)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Exposure to a risk of carbon leakage as determined for the purposes of the ETS Guidelines 2020-2030	<input type="radio"/>	<input checked="" type="radio"/>				
Other (please specify)	<input type="radio"/>	<input type="radio"/>				

140 In your opinion, in order to minimise the risk of relocation while ensuring level playing field, should the possibility of granting reductions to EIUs be limited to only those Member States that have reached a certain EU-wide minimum level (in absolute amount) of decarbonisation levies?

- Yes
- No
- I don't know/No opinion Other
- (please specify)

142 In your opinion, should the granting of reductions to EIUs be made conditional upon requirements to invest part of the support in energy efficiency and/or the decarbonisation of production processes?

- Yes
- No
- I don't know/No opinion Other
- (please specify)

Final comments and document upload

144 If there is anything else you would like to say which may be relevant for the impact assessment of the EEAG, feel free to do so.

1000 character(s) maximum

It is currently unclear the role of the EEAG in the Commission's decisions on state aid for coal power plants and mine closures. Coal phase out is happening faster than expected. State aid for coal plant/mine closures should not compensate for the bad investment decisions of investors. EEAG is well suited to ensure the polluter-pays principle, and mitigate overcompensation and green washing. It is also important that EEAG does not contribute in extending the lifetimes of coal and gas power plants, through schemes for so-called low carbon hydrogen, CCS and fossil fuel based CHP and district heating.

The definition of energy infrastructure in the EEAG needs to be updated in line with the Commission's proposal for the revised TEN-E Regulation.

145 If you wish to attach relevant supporting documents for any of your replies to the questions above, feel free to do so.

The maximum file size is 1 MB

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

146 Please indicate whether the Commission services may contact you for further details on the information submitted, if required.

- Yes
 No

As mentioned in the Introductory Part of this questionnaire, the Commission is currently conducting a consultation on the relationship between competition law and the Green Deal. In this framework, the Commission is examining to what extent green bonuses could be allowed for measures or projects delivering high environmental protection, whether that high environmental contribution should be identified thanks to the EU taxonomy or not and how risks of overcompensation can be avoided when normal aid intensities already cover all extra environmental costs.

In the call for contributions, stakeholders are invited to examine among others the following questions, which are also relevant for the EEAG revision. The questions are reproduced here for the sake of transparency. The Commission invites stakeholders to submit their comments to this consultation on the role of competition law in the Green Deal to COMP-GREEN-DEAL@ec.europa.eu.

3. If you consider that more State aid to support environmental objectives should be allowed, what are your ideas on how that should be done?

a. Should this take the form of allowing more aid (or aid on easier terms) for environmentally beneficial projects than for comparable projects which do not bring the same benefits (“green bonus”)? If so, how should this green bonus be defined?

b. Which criteria should inform the assessment of a green bonus? Could you give concrete examples where, in your view, a green bonus would be justified, compared to examples where it would not be justified? Please provide reasons explaining your choice.

4. How should we define positive environmental benefits? a. Should it be by reference to the EU taxonomy and, if yes, should it be by reference to all sustainability criteria of the EU taxonomy? Or would any kind of environmental benefit be sufficient?

Thank you for responding to this questionnaire.

Useful links

[Guidelines on State aid for environmental protection and energy 2014-2020 \(https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52014XC0628%2801%29\)](https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52014XC0628%2801%29)

[General Block Exemption Regulation \(GBER\) \(https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710)

[Fitness Check \(https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/2044-Fitness-check-of-20-State-aid-modernisation-package-railways-guidelines-and-short-term-export-credit-insurance\)](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/2044-Fitness-check-of-20-State-aid-modernisation-package-railways-guidelines-and-short-term-export-credit-insurance)

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