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# Targeted Consultation for the Evaluation of the Guidelines on State aid for Environmental protection and Energy 2014-2020 (EEAG)

Fields marked with \* are mandatory.

#### Introduction

In 2012, the Commission launched the State aid modernisation with the objectives to: 1) foster sustainable, smart and inclusive growth in a competitive internal market; 2) focus Commission's *ex ante* scrutiny on cases with the biggest impact on the internal market; and 3) streamline the rules and provide for faster decisions. In view of these objectives, the Commission has since 2013 revised a number of State aid rules, including the State aid Guidelines for environmental protection and energy (EEAG).

In January 2019, the European Commission announced its intention to prolong seven sets of State aid rules for a period of two years[1] and launched a <u>comprehensive policy evaluation in the area of State aid ("Fitness Check")</u>. Part of this exercise is the evaluation of the State aid Guidelines for environmental protection and energy to reflect if the current rules are still fit for purpose.

Besides the general public consultation on the fitness check of EU State aid rules, this targeted consultation aims to ask supplementary questions in order to gather stakeholders' views on the implementation of the State aid Guidelines for environmental protection and energy and the provisions applicable to aid for environmental protection (and energy) (Section 7) of the General Block Exemption Regulation (GBER) and to receive insights about potential gaps, overlaps or excessive regulatory burden.

You are kindly invited to reply to a set of 19 Questions. Please make sure you use the save button as you proceed with the questionnaire to avoid losing information that was already inserted - especially in the case of questions with open replies. At the end of the survey you will have an opportunity to provide broader, more general comments and to upload documents, which you consider as relevant.

The Commission will publish an analysis of the results of the Fitness Check and examine possible follow up actions at the beginning of 2020.

[1] For details and state-of-play see the relevant initiatives on the Better Regulation Portal: State aid – 2-year extension for general block exemption regulation; State aid – 2-year extension for de minimis regulation; Prolongation of state aid rules reformed under the state aid modernisation package expiring end of 2020.

## About you

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\*Language of my contribution

Bulgarian

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

Public

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

Please provide your contact details below.

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	Public authority
	Trade union
	Other
•	nisation name
255 c	character(s) maximum
	undesverband der Energie- und Wasserwirtschaft e. V. (German Association of Energy and Water dustries)
*Orga	nisation size
	Micro (1 to 9 employees)
	Small (10 to 49 employees)
•	Medium (50 to 249 employees)
0	Large (250 or more)
Trans	sparency register number
255 d	haracter(s) maximum
Check making	if your organisation is on the transparency register. It's a voluntary database for organisations seeking to influence EU decision-

\* Please describe the main activities of your company/organisation/association, if applicable.

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Rammel

BDEW represents the interests of the private and the communal German energy and water industries vis-à-vis the government and the public. It represents the entire value chain, ranging from generation, trading, and transmission to energy distribution. We are a reliable and competent partner for politicians, customers and society.

\*Please describe the relevance of State aid rules for you.

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State aid plays a major role in the energy and water sector.

How would you best describe the nature of your understanding and involvement in matters related to State aid rules?

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Cou	ntry of origin
	e add your country of origin, or that of your organisation
	Åland Islands
	Afghanistan
	Albania
	Algeria
	Andorra
	Angola
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	Ecuador
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EEAG Targeted Questionnaire
Effectiveness:
In this section, we would like your opinion on the extent to which the State aid Guidelines for environmental protection and energy (EEAG) and the provisions applicable to aid for

In this section, we would like your opinion on the extent to which the State aid Guidelines for environmental protection and energy (EEAG) and the provisions applicable to aid for environmental protection (which include provisions on energy) (Section 7) of the General Block Exemption Regulation (related GBER provisions) have achieved their objectives and delivered results.

1. Based on your experience, to what extent have the EEAG and the corresponding GBER provisions (e. g. tendering, technological neutrality, market integration) been effective in:

To a large	To some	Not at	l don' t
extent	extent	all	know

- enabling the deployment of renewables while lowering societal costs and reducing the amount of aid needed?	•	0	0	0
- facilitating the integration of renewable energy into the electricity market?	•	0	0	0
- ensuring financing of support schemes to renewable energy sources, while limiting negative impacts on the competitiveness of EU firms?	•	0	0	0
- ensuring that capacity mechanisms were necessary and cost- effective in providing security of supply and least-distortive to competition and intra-EU trade?	0	0	•	0
- ensuring that capacity mechanisms did not negatively impact the objective of phasing out environmentally harmful subsidies including for fossil fuels?	0	0	•	0
- ensuring that in cogeneration and district heating the most cost- efficient projects could be realised?	0	0	•	0

#### Please explain:

5000 character(s) maximum

Capacity mechanisms – at least if well designed – are characterized by a high degree of complexity. This complexity is not reflected in the EEAG. By contrast, the "Final Report of the Sector Inquiry on Capacity Mechanisms" {SWD(2016) 385 final} does justice to this claim. Furthermore, a revision of the EEAG should not conflict with Articles 20-26 of the recast Regulation (EU) on the internal electricity market.

However, it has to be seen positively that the EEAG set a certain framework to justify the necessity of a capacity mechanism as well as positive design criteria like volumes limited to a justified need, inclusion of demand side response, cross border access, avoidance market distortion, reviews, etc. At the same time, the enforcement of these rules seems still quite week.

Despite all support for the achievement of the EU's climate target for 2050 and corresponding interim targets, it seems wrong to mix up requirements for an efficient design of capacity mechanisms and climate targets. This applies in particular if the requirements relate to installations subject to the ETS.

For the KWKG 2016 (Combined Heat and Power Act), there was an extensive time gap between the entry into force of the Act at the beginning of 2016 and its approval in October 2016. In addition, there was a time gap between the entry into force in 2017 and the first call of tenders. The legal uncertainty among companies was high and led to lower investments in CHP.

Please continue if necessary:	
5000 character(s) maximum	

2. Based on your experience, have Member States created a level playing field for imported and domestically produced biofuels and/or biomass energy when providing support (for instance by supporting a specific type of domestically produced biofuels and/or biomass energy, but not other types of biofuels and

or biomass energy with similar costs or greenhouse gases emissions)?
Yes
No
Partially
I don't know
Please explain:
1000 character(s) maximum
There is no level playing field for state aid and subsidies for biomass, especially for biomethane. Some countries promote the feed-in of biomethane and some other the use of biomethane. In a few countries, the aid and subsidies are independent of the guarantees of origin. This causes inconsistencies in the trading with guarantees of origin.
3. Based on your experience, to what extent has the GBER ensured public support for waste recycling while limiting the amount of aid to the minimum and limiting distortions of competition to the minimum?
To a large extent
To some extent
Not at all
I don't know
Please explain:
1000 character(s) maximum
4. Based on your experience, to what extent has Article 39 GBER allowed aid through financial instruments for energy efficiency measures in buildings while limiting distortions of competition at the level of the financial intermediary and the funds involved?
To a large extent
To some extent
Not at all
I don't know
Please explain:
1000 character(s) maximum
In the case of energy efficiency, a more practical approach to the proof of additionality of measures and the relevant accountable part of it would help to trigger much more activities in this field.
5. Based on your experience, has State aid granted under the EEAG or the GBER generally achieved the relevant climate and environmental protection objectives while maintaining a competitive internal market?
O Yes

O No
Partially     I don't know
T don't know
Please explain:
1000 character(s) maximum
In the German case, especially the EEG and the KWK-G have contributed significantly to reducing GHG emissions and other air pollutants as demonstrated by the studies Climate Change 23/2018 ("Emissionsbilanz erneuerbarer Energieträger") and "Air Quality 2018 - Preliminary Evaluation" of the German Federal Environment Agency.
A conflict of objectives exists in the promotion of self-sufficiency through the use of sewage gas. This is constantly being reviewed as state aid. It must be ensured that the state aid law does not formulate any requirements which endanger the economic efficiency of the plants.
It should be avoided to mix up requirements for an efficient design of capacity mechanisms to support security of supply and climate related instrument to achieve climate targets. Such a mix of targets in one instrument is at risk to be inefficient making the achievement of targets unnecessarily costly although there is already a functioning instrument.
<ul> <li>6. Based on your experience, has State aid granted under the EEAG or the GBER generally achieved the relevant energy objectives while maintaining a competitive internal market?</li> <li>Yes</li> <li>No</li> <li>Partially</li> <li>I don't know</li> </ul>
Please explain:
1000 character(s) maximum
The EEAG have given the member states sufficient flexibility to implement the nationally structured promotion of renewable energies. They have thus contributed to improving the climate balance of the energy supply. On the other side, the EEAG led to extensive time gap in the KWKG 2016.
7. Based on your experience, have there been any unexpected or unintended results from the implementation of the EEAG and the corresponding GBER provisions?
O Yes
O No
Partially
O I don't know
Please specify:

1000 character(s) maximum

For the KWKG 2016 (Combined Heat and Power Act), there was an extensive time gap between the entry into force of the Act at the beginning of 2016 and its approval in October 2016. In addition, there was a time gap between the entry into force in 2017 and the first call of tenders. The legal uncertainty among companies was high and led to lower investments in CHP.

8. Are there sectors (at NACE 4 level[2]) list of eligible sectors and products for red Annex 5 of the EEAG), but which, accord financing costs of renewable energy supplications disadvantage?	ductions und ing to your e	er section 3 experience, v	.7.2. of the E were not part	EAG (c.f. Anne cularly affected	x 3 and d by the
O Yes					
O No					
I don't know					
[2] NACE is derived from the French "Nomenclatur classification of economic activities in the European developed since 1970 by the European Union. AccortagetUrl=LST_CLS_DLD&StrNom=NACE_1_1&Str	Community). It d rding to NACE re- LanguageCode=	esignates the vev.1.1: http://ec. EN&StrLayout	arious statistical of europa.eu/eurost	classifications of eco at/ramon/nomencla HIC	onomic activities
[3] Production Communautaire list, available at:					

	15% of the full renewable surcharge	0	0	0	•	
	4% of the Gross Value Added	0	0	0	•	
	0.5% of the Gross Value Added	0	0	0	•	
	ease substantiate your answer:					
use	. Based on your experience, have the ers (EIUs) created market distortions?		n electricity	surcharges ç	given to energy	-intensive
	No I don't know					
	I don't know					
DI	ease substantiate your answer:					
	100 character(s) maximum					
	or oneracion(b) maximum					
ren	2. Based on your experience, what impewable energy charges and other release thouseholds?		_	-		
(	Excessive					
(	Adequate					
(	I don't know					
DI	ease substantiate your answer:					
	100 character(s) maximum					
	oo character(3) maximum					
_						
ade	B. Based on your experience, has the equate to address the double market for ironmental aspects of the project with	ailure linked	to the highe	er risks of inno	ovation and the	

Please explain:

13

1	1000 character(s) maximum		

# Efficiency:

In this section, we would like to know your opinion about the efficiency of the EEAG and the related GBER provisions.

14. Based on your experience, to what extent are the different compatibility conditions and methodologies included in the EEAG and the GBER related provisions sufficiently clear and easy to apply:

	Yes	No	l don' t know
- in general terms?	•	0	0
- as regards the methodology for calculating eligible costs for investment aid to go beyond standards, in the absence of standards and early adaptation to standards under Article 36 of the GBER and points 73 to 75 of the EEAG?	0	•	0
- as regards the criteria for limiting bidding processes for renewables to specific technologies (see EEAG point 126 and GBER Article 42.3)?	0	•	0
- as regards the methodology for calculating eligible costs for investment aid to renewables and co-generation (CHP) projects?	0	•	0
- as regards the methodology to assess proportionality of aid based on levelised cost of energy (see point 131 of the EEAG and Article 43, paragraphs 5 and 6 of the GBER)?	0	0	•
- as regards the provisions for demonstration projects (as defined in point 19 paragraph 45 of the EEAG) and for the new and innovative renewable energy technologies (see Article 42.4 of the GBER)?	0	0	•
- as regards the methodology to assess eligible costs for energy-efficiency investment aid under Article 38 of the GBER?	0	•	0
- as regards the compatibility conditions (in particular the full passing on, the leverage condition, the conditions imposed on the financial intermediaries) for energy efficiency projects in buildings (see paragraphs 4 to 10 in Article 39 of the GBER)?	0	0	•
- as regards the compatibility conditions for aid for Resource Efficiency (section 3.5.1 of the EEAG read in combination with section 3.2 of the EEAG)?	0	0	•
- as regards the compatibility conditions (in particular the "state of the art" requirement, the "polluter pays principle" and the "treatment of the waste of others") for waste management projects under 47 of the GBER and section 3.5.2 of the EEAG?	0	0	•

- as regards the methodology for calculating eligible costs for waste management projects under Article 47 of the GBER and section 3.5.2. of the EEAG?	0	0	•
- Other (please specify)	0	0	0

ease explain:	
00 character(s) maximum	

15. Based on your experience, how do administrative costs incurred by the aid application under the EEAG and GBER related provisions compare with the actual amount of compensation received?

Please rate from very low (administrative costs representing less than 1% of the actual amount of compensation received) to very high (administrative costs representing more than 20% of the actual amount of compensation received):

	Very low (less than 1%)	Low (between 1% and 5%)	Intermediate (between 5% and 10%)	High (between 10% and 20%)	Very high (more than 20%)	l don't know
Proportion of administrative costs in total actual amount of compensation received	0	0	0	•	0	•

Please explain:		
1000 character(s) maximum		

## Relevance:

16. Based on your experience, have the EEAG and GBER adequately addressed recent market developments or technological changes such as:

	Yes	No	Partially	l don't know
Storage	0	0	•	0
Zero subsidy bids	0	0	0	•
Repowering	0	•	0	0
Renewable energy power purchase agreements	0	•	0	0
Renewable self consumption and/or active consumers	0	0	•	0
Citizens energy communities and/or renewable energy communities	0	0	•	0
Hydrogen, synthetic fuels and low carbon gas	0	0	0	0
Alternative fuel infrastructure (publicly accessible or dedicated infrastructure)	0	0	•	0
Low or zero emission vehicles	0	0	0	0
Carbon Capture, Storage and/or Utilisation	0	0	0	•
Nearly-zero-energy buildings	0	0	•	0
Smart energy technologies (e.g. in buildings)	0	0	•	0
Energy services (e.g. energy performance contracting)	0	0	•	0
Advanced technology for water reuse (e.g. membranes and UV)	0	0	0	•
Other (please specify)	0	0	0	0

## Please explain:

5000 character(s) maximum

The BDEW deems the findings of the European Court of Justice of March 2019, that the mechanisms of the EEG 2012 regarding the EEG surcharge do not constitute a state aid transferable to the mechanisms incorporated in the EEG 2014 and EEG 2017. However, the above-mentioned issues are not sufficiently represented in the EEAG, especially taking into account that the reformed RED provides detailed rules on some of those subjects. From our point of view, there is a particular need to adequately reflect Power-to-X – technologies (PtX) which have markedly to contribute to the energy transition via sector coupling.

17. To what extent do recent economic developments – such as the falling renewable energy costs and possible changes to trade intensity and electro intensity of the sectors concerned – impact the relevance of the rules which apply to reductions for energy-intensive users (EIUs)?

	To a large extent	To some extent	Not at all	l don' t know
Falling costs of renewable energy producers	0	0	0	•
Changes to the trade intensity of the sectors listed in Annex 3 and 5 of the EEAG	0	0	0	•
Changes to the electro intensity of the sectors listed in Annex 3 of the EEAG	0	0	0	•
Other (please specify)	0	0	0	•

lease explain:	
000 character(s) maximum	

#### Coherence:

In this section, we would like to know your opinion on the extent to which the EEAG and the related GBER provisions are coherent with other EU policies and legislations.

18. Based on your experience, to what extent are the EEAG and the related GBER provisions coherent with relevant EU policies and legislation such as:

	Yes	No	Partially	l don't know
Renewable Energy Directive	0	0	•	0
Electricity Directive [6]	0	0	•	0
Electricity Market Regulation [7]	0	0	•	0
Risk-preparedness Regulation [8]	0	0	•	0

EU ETS Directive	0	0	•	0
Industrial Emissions Directive	0	0	•	0
Alternative Fuels Directive	0	0	•	0
Energy Efficiency Directive	•	0	0	0
Energy Performance of Buildings <u>Directive</u>	•	0	0	0
EU Waste legislation	0	0	0	•
Water Framework Directive	0	0	•	0
Air Quality Directive	0	0	•	0
Birds Directive	0	0	•	0
Habitats Directive	0	0	•	0
ERDF Regulation	0	0	0	•
Other (please specify)	0	0	0	0

#### Please explain:

5000 character(s) maximum

Compared to the RED, the EEAG lacks provisions concerning e.g. storage, renewable self-consumers, renewable energy communities and PtX-technologies. A reform of the EEAG should take into account the rules set out in the reformed RED, especially concerning Art. 21 and 22 RED. In addition, the RED II asks Member States to provide for a positive environment for PPA. The EU ETS Dir. allows for compensation for the indirect costs of the ETS. However, the implementing regulation does not stipulate sufficiently clearly that the compensation should also be allowed in case of RES PPA.

With regards to the Water Framework Directive, the EEAG support the goals of the WFD partially. However, the WFD in coherence with the EEAG could be more effective, e.g. in the area of public procurement.

- [6] This directive is under review. The latest text can be consulted on: https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do? reference=2016/0380(COD)&l=en
- [7] This regulation is under review. The latest text can be consulted on: https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure. do?reference=2016/0379(COD)&l=en
- [8] This directive is under review. The latest text can be consulted on: https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do? reference=2016/0377(COD)&l=en
- 19. Have the EEAG and GBER rules on exemptions or reductions from energy taxation produced inconsistencies with other EU rules?

			l don't
Yes	No	Partially	know

Energy Taxation Directive	0	0	0	•
Other (please specify)	0	0	0	•

Please expla	ain:			
1000 characte	er(s) maximum			

# Final Comments and Document Upload

If there is anything else you would like to say which may be relevant for the evaluation of the EEAG and the related GBER provisions, please feel free to do so:

1	000 character(s) maximum

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

#### Please upload your file

The maximum file size is 1 MB

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

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





#### THANK YOU FOR RESPONDING TO THIS QUESTIONNAIRE

#### **Useful links**

Fitness Check (http://ec.europa.eu/competition/state\_aid/modernisation/fitness\_check\_en.html)

Guidelines on State aid for environmental protection and energy 2014-2020 (https://eur-lex.europa.eu/legal-conte/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)

# Contact

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