

# ERSCT « revision of state aid guidelines »

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DE LA TRANSITION  
ÉCOLOGIQUE  
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# General Points

- ◆ France is in favour of an indirect cost compensation scheme, which allows to prevent carbon leakage but is also an incentive to « electrify » industry, in line with the Long Term Strategy
- ◆ France is implementing a cost compensation scheme following EU guidelines
- ◆ The share of aids compared to auction revenues is high (about 35 %) because :
  - French auction revenues are relatively low (low historical emissions of the power sector)
  - Many electro-intensive industries

# Some Figures

	2015	2016	2017	2018
Indirect Cost Compensation Scheme (M€)	94	135	99	About 100
Auction Revenues (M€)	312	235	314	830

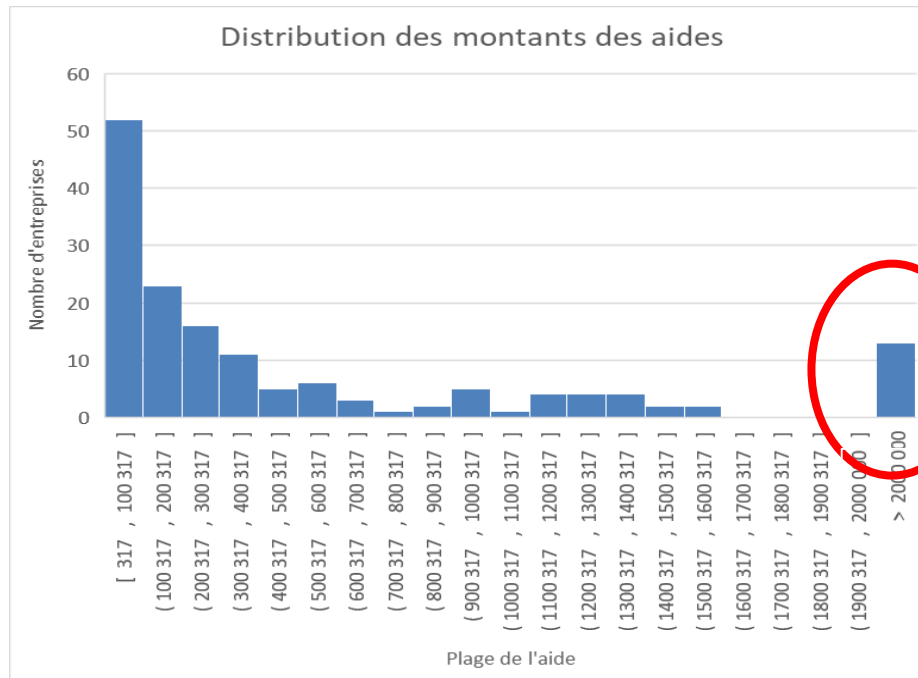
*In France auction revenues are not earmarked to indirect cost compensation scheme, but to ANAH (funding building retrofits in low-income households)*



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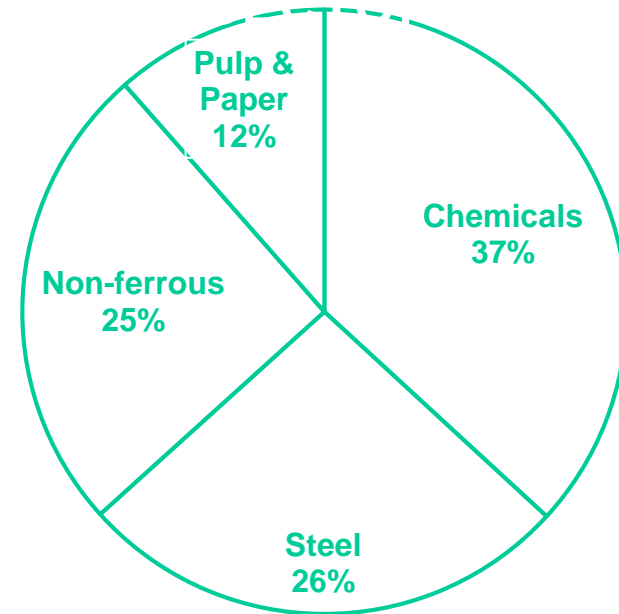
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# 2016



150 companies, on around 300 industrial sites (not only ETS).

12 companies have received over 2 M€ in 2016, representing 2/3 of the total!



# French position on new guidelines

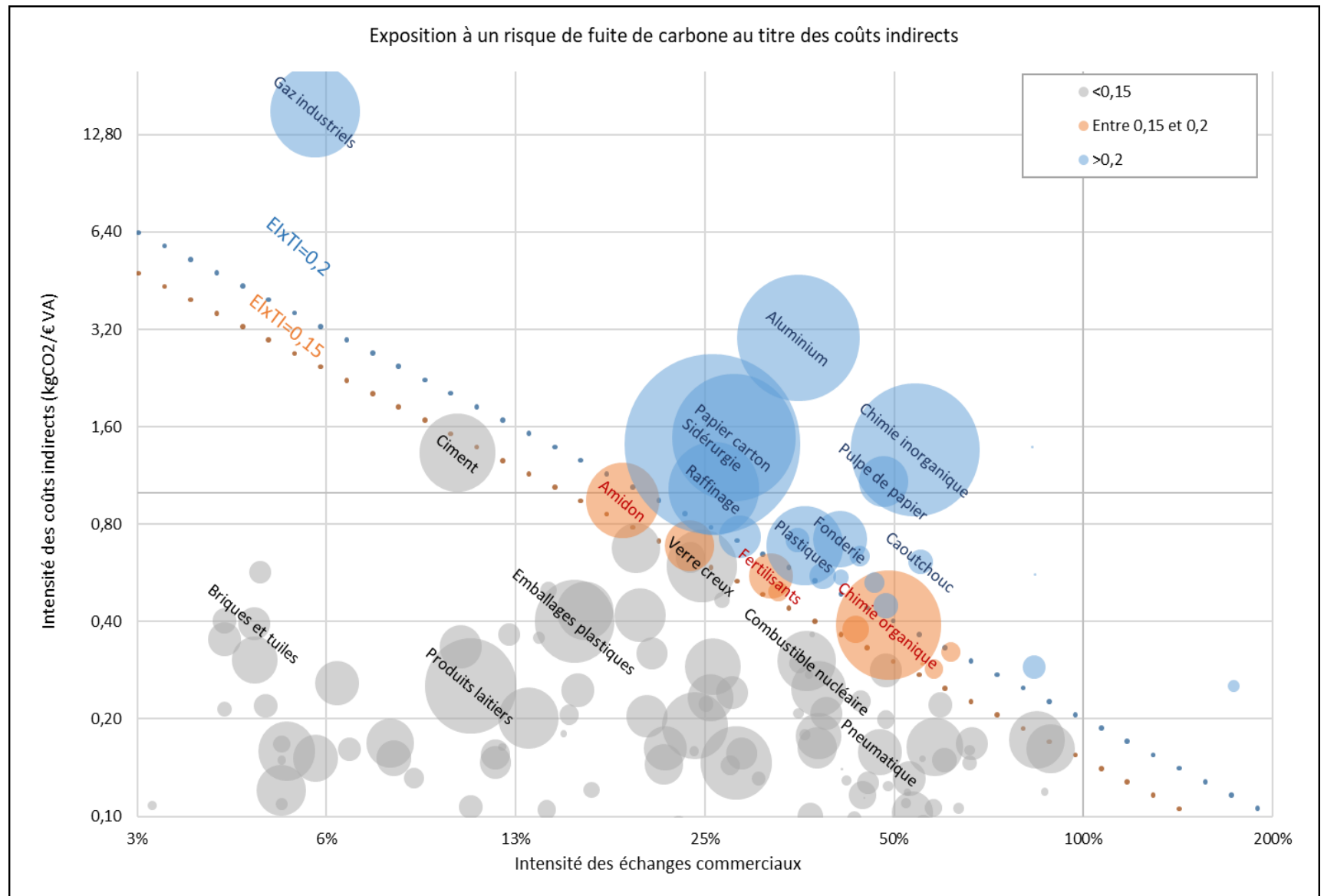
- ◆ No official position yet, coordination between ministries is underway
- ◆ France would favour a centralized approach funded by auction revenues at the EU level to avoid distortions between Member States and race to the bottom
- ◆ Consensual among ministries:
  - ◆ Revision of eligible sectors based on new criteria in line with free allocation
  - ◆ Update benchmarks in line with free allocation (and create more product benchmarks thanks to data collection)
  - ◆ Update activity level changes in line with dynamic free allocation
  - ◆ Update the electricity emissions factor to better reflect the increase of renewables

# French position on new guidelines

- ◆ Still under discussion:
  - ◆ Eligibility of sectors (focused or broad approach; on/off vs tiered approach)
- ◆ Question of budgetary constraints (if aids mostly unchanged with more sectors, the total budget would be over 500 M€)
- ◆ Question of perverse incentives (low-carbon electricity contracts are not incentivized)



# Many new sectors could be potentially eligible



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