

Revision of the EU ETS State Aid Guidelines – Indirect costs compensation

***** Draft Agenda*****

Speakers are being confirmed

Date: March 4, 2020

Time: 13:30 -16:00

Location: University Foundation, rue d’Egmont 11, Brussels

The ‘guidelines on certain State aid measures in the context of the greenhouse gas emission allowance trading scheme post-2012’ are up for revision as new guidelines are necessary before the start of Phase 4 of the EU ETS. The current guidelines expire on 31 December 2020, and the new guidelines would ‘indicatively’ be ready by Q3 2020 – just a few months before the new ones actually enter into force.

The state aid guidelines are up for revision – not review – which means that they could change significantly. They will need to balance a number of issues, among which:

- The risk of carbon leakage;
- The risk of overcompensation and potential windfall profits;
- The risk of internal market distortion;
- How to incentivise cost efficient decarbonisation.

The revision process was kicked off at the end of December 2018 and the European Commission initially launched two consultations in the spring of 2019, a public one and a targeted one. The draft state aid guidelines were subsequently published¹ on the 14th of January 2020, and are now subjected to another public consultation², which ends on March 10.

ERCST has actively engaged on this topic, organising a series of meetings on the state aid guidelines with a focus on indirect costs compensation, and responding to the first public consultation. This meeting, which is the fourth one organised by ERCST on this work stream, has the intention of discussing the draft guidelines with a variety of EU stakeholders, and will focus on a number of key issues that are likely to emerge from the public consultation, including the guidelines’ objectives, eligibility, aid intensity and degressivity, and conditionality.

13:30 **Coffee and registration**

14:00 **Welcome**

- A. Marcu, Director of ERCST

¹ https://ec.europa.eu/competition/consultations/2020_ets_stateaid_guidelines/draft_ets_guidelines_en.pdf

² https://ec.europa.eu/competition/consultations/2020_ets_stateaid_guidelines/index_en.html

14:10 – 14:30

Presentation: introduction to the EU ETS State Aid Guidelines + key issues that can be expected to emerge from the public consultation

ERCST will introduce the issue of indirect costs from the EU ETS and compensation, subjected to the state aid guidelines, that can be given by Member States to alleviate these costs. Next, ERCST will presents its views on the draft guidelines and some of the key issues and questions ERCST will raise in its response to the public consultation, including:

- What are the objectives of the State Aid Guidelines;
- Eligibility: which sectors are to receive compensation;
- Aid intensity and degressivity: how much state aid can beneficiaries receive;
- Conditionality: conditions to be fulfilled by beneficiaries receiving state aid;
- Implications for future discussions on carbon leakage measures.

- D. Vangenechten, ERCST

14:30 – 16:00

Roundtable discussion

Speakers representing a variety of EU stakeholders will present (8-10mins) their views and planned response to the public consultation, focusing on the issues for discussion raised by ERCST and any other issues that are important for them. This will be followed by a roundtable discussion with participants in the room.

Speakers:

- J. Richard-Morin, AFEP
- J. Delarue, ClientEarth
- A. Hoxha, Fertilizers Europe
- W. Stoefs, Carbon Market Watch

This will be followed by a roundtable discussion among participants in the room

16:00

Concluding remarks and next steps