

Revision of the ETS State aid guidelines post-2021

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Juliette Delarue, Lawyer Energy
ClientEarth

Background

- Principles: aid must be *necessary, appropriate, proportionate*
- No strong evidence of risks of carbon leakage
- Cumulation of exemptions with those available under the EEAG
- No obligation on MS to compensate for indirect costs or grant allocations for free → Avoid race to the bottom
- Climate objectives are at least as important as competitiveness

Eligibility

- Restricted list of sectors is welcome. Don't add some by the backdoor.
- The possibility to give aid only to some sectors or some competitors is welcome. The absence of genuine risk of carbon leakage should be deemed an objective and non-discriminatory criteria.
- Pay the aid only the year after to incentivise reduction of exposure to emission costs and achieve two objectives at once

Conditionality

- Welcome in principle
- Make it more effective than “voluntary agreements” on energy efficiency
- Strict condition to use all aid received to make those investments
- Prioritise efficiency and RES over vague “projects”
- 54(b): limit eligible PPAs to renewables (solar and wind)
- 54(c): very vague: what is a *project*? Need to exclude carbon-offsetting.
- Transparency & reporting: measures, amounts, achievements
- Repayment of aid if investments not realised / targets not

Free allocations

- Para. 37: add *decarbonisation* of the energy sector as an objective
- Para. 38: Decommissioning of capacity with higher emission intensity
 - It should be capacity of the beneficiary – not an “*associated operator*”
 - No threshold of what is a “*higher*” emission intensity
 - Don’t let operators chose what to decommission based on operational reasons!
- Para. 42(b):
 - “diversification” and “RES” should be cumulative criteria
 - Clean should equal RES and flexibility (not “*such as RES*”)

Transparency and reporting

- Align transparency requirements on the ones for reporting
 - Transparency on aid by installation
 - NACE-4 level
 - Place where the *aided installation* is located
 - Add reporting on measures undertaken under para. 54
 - Deletion of €500,000 threshold. At least: transparency must occur as soon as *a cumulative amount* of aid reaches the threshold (retroactively)

Adaptation of the guidelines in 2025

- Need for a commitment and clear adaptation date (not in 2029...)
- Commission must commit to collect data (and not passively wait to see if they exist in 2025) → Need for an obligation on MS

Thank you for your attention

Deadline of the consultation: March 10th, 2020

Contact: jdelarue@clientearth.org

