

BDI – The Voice of German Industry

ERCST, Roundtable 2

Revision of the EU ETS state aid guidelines

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A general remark to start with

Is the EU's state aid regime still up-to-date?

Peter Altmaier:

... framework conditions at EU and national level need to be improved ...

... it might be necessary to discuss the possible evolution of the European rules applicable to competition and state aid ...

Support from the Federal Chancellor!?

EUCO 22 March 2019: ... EU needs a state-aid framework that is conducive to innovation ...!

On eligibility criteria

Future list should be broader.

Lacking on the list today: glass manufacture, refineries, cement ...

Buzzword *Sector Coupling!*

Politically desired increase of electricity consumption in many industries ...

List should be open, though not completely ...

In well-defined (= tbd) cases, sectors/sub-sectors must have a chance to get on the list even after 4th trading period has started.

On eligibility criteria

Value chains are important!

All installations that are needed in the chain to produce electricity-intensive products should be eligible.

On the side (a bit): problems due to varying addressees (installation vs. company)

On eligibility criteria

Take CL list as example:

Setcors/sub-sectors on the CL list also eligible for indirect cost compensation.

$$TI \times EI > 0.2$$

But for indirect threshold needs to be much lower:

3rd trading period:

share of indirect emissions in EI of all sectors on today's list approx. 31%

Therefore, threshold for indirect should be lowered to $0.2 \times 0.31 = 0.06$

**Still under discussion.
Not a BDI position!**

On aid intensity

Indirect costs need to be covered completely (increase AI to 100%!)

Degressivity not God-given – and not adequate to the challenges industries are facing.

Don't look only at some of the elements in the equation; the whole equation needs to be looked at. It's the **amount of compensation** the eq. yields that counts!

All MS to grant indirect cost compensation (10a(6))!

Reluctance in some MS must not be used as pretext for curtailing the AI!

On aid intensity (and perhaps also on aid intensity)

National circumstances to be taken into account?

Sum of all burdens and derogations varies in the MS!

Overall burden as **the** criterion for competitiveness!

What about the recommendations of the KWSB (Germany's commission on the coal phaseout)?

Thanks for your attention