



## Draft CEEAG guidelines are not fit for 55 yet

Through this email Aedes, an association representing 96 % of all Dutch social housing providers, would like to make use of the possibility offered by the Commission's services to give input to the draft Climate, Energy and Environmental Aid Guidelines (CEEAG). Since we represent social housing providers, our comments are focused on *Aid for the improvement of the energy and environmental performance of buildings* (chapter 4.2 of the draft CEEAG).

Our overall position is that the draft guidelines contains several improvements but fall shorts in offering an enabling legislative framework for the fit for 55 proposals.

In terms of improvements we are glad to see that charging infrastructure has been added as an eligible aid category and the guidelines now increases the aid intensity for deep renovation.

Our main point of critique is that the basic principle still is that no state aid may be given to meet union standards. Also state aid intensities remain (too) low.

### Incentive effect.

Point 122 of the draft CEEAG states that: *Aid for covering the costs of adapting to Union standards that are adopted but not yet entered in force will be considered to have an incentive effect if the investment is implemented and finalised at least 18 months before the Union standards enter into force.*

This is problematic as several Union standard for the built environment introduced in the fit for 55 package, call for significant, financially non-viable investments also after those standard have entered into force. Furthermore it is expected that the Commission will introduced Minimal Energy Performance Standards in the EPBD revision (expected in Q4-2021).

If on the one hand the Commission sets high standards for the built environment but, on the other hand, does not create the right preconditions to meet these standards, there is a chance that parties will simply fail to comply, or will be only be able to comply after significant rent increases.

**Since both are undesirable and not in line with the Commission objectives, we strongly recommend to make an exception for the built environment and allow state aid to be given to meet the new Union standards that are introduced in the fit for 55 package.**

### Other issues

- **Requirements:** The draft CEEAG stipulates that the aid must induce a reduction in primary energy demand of at least 20 % as compared to the situation prior to the investment. **We consider this to be a realistic requirement.**
- **State aid intensities:** The basic state aid intensity, set at 30% of the eligible costs, is too low. Building renovation is very costly and not finally viable. Operating from the principle of cost neutrality for the tenant (meaning that rents may be increased but not



with a higher demand than the decrease of the energy bill), a large portion of the initial upfront investment is simply not earned back by the savings on the energy bill. In our view this calls for higher state intensities. **Maximum aid intensity should be levelled with aid for renewable energies (i.e. 65% for small enterprises, 55% for medium-sized enterprises, and 45% for large enterprises).**

- **Deep renovation: We support the principle that higher state intensities may be given for deep renovation** (if a renovation leads to a 40% reduction in primary energy demand). The renovation industry does not offer cost effective solutions for deep renovation. Therefore higher state aid intensities are justified. The proposed state aid intensity (45%) is, however, still considered to be too low (see previous point).

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