

Contribution to the Guidelines on State aid for climate, environmental protection, and energy (CEEAG):

France Industrie wishes first of all to underline its support for the revision of the EEAG, which will henceforth become the CEEAG, highly important especially for energy intensive industries. Indeed, it is crucial to adapt our regulatory framework on competition policy in order to meet the challenges arising from the ecological transition, the Green Deal and its objectives.

Here are, inter alia, several points that should be taken into account regarding this revision:

- Firstly, we would like to raise the issue of **the definition of hydrogen** in the context of the proposed guidelines. The wording used in the proposed text is not harmonised: it is sometimes stated that hydrogen must be "renewable", or "at least low carbon" in other cases. These two expressions do not refer to the same technologies for hydrogen and **have their own specific definition**. This ambiguous wording **creates legal uncertainty for the energy sector**. We therefore call on the Commission to clarify and explicitly mention 'renewable and low carbon hydrogen' with 'low carbon hydrogen' being defined as hydrogen produced complying the threshold mentioned in the taxonomy Delegated Act Annex I (3kgCO₂/kgH₂).
- France Industrie **supports the principle of technological neutrality** to achieve the carbon emission reduction targets. However, it is sometimes **necessary to give more support to the sectors and technologies that will enable these objectives to be achieved**, which are currently not mature enough and not or not very competitive, by means of a certain **"technological orientation"**. This can also ensure complementarity between different forms of energy production, and thus build an efficient and low carbon energy system. We therefore consider it very important that Member States can design dedicated schemes and organize technology-specific tenders.
- France Industrie supports the principle of competitive bidding in particular for large projects but considers that exemptions should be possible for smaller projects. **The thresholds indicated in paragraph (92)**, in particular for electricity production and storage projects, **seem to us perhaps too radical**. Indeed, the current guidelines provide for an exemption from bidding for wind installations below 6 MW and below 1 MW for other renewable energy technologies. These thresholds would be reduced to 400 kW from 2022 and only 200 kW from 2026. For renewable electric projects, a threshold of 500 kW should be a minimum. For biomethane a threshold of 3 MWth would be more appropriate. Furthermore, these new thresholds are taken from Regulation (EU) 2019/943 (Electricity Regulation) which says nothing about tendering but sets these thresholds for balancing responsibility - which is a completely different matter.
- We also welcome **the end of the possibility of state aid supporting projects with negative prices**, as stated in paragraph (104). This evolution seems to us to be healthier in terms of competition in the single market.
- As well as on our position on the proposed revision of the **IPCEI Communication**, we believe that it is premature to include the notion of "do no significant harm" in the CEEAG, **as this raises many legal questions and that taxonomy at large and its "translation" into delegated acts is still under discussion. Such a link would create, again, legal uncertainties for projects.**
- E-mobility will play an important role in the segments of railways, passenger cars, light commercial vehicles, and progressively heavier vehicles (buses, trucks). However, **the tailpipe approach laid down in the proposition neglects the CO₂ footprint all along the value chain**. We would therefore like to encourage the Commission to take a more holistic view, for the sake of fair comparison of different solutions for the reduction of GHG emissions. It would not jeopardize at all the electrification of mobility, that France Industrie regards as a no brainer.
- **France Industrie is concerned by the impact of the new rules imposed on the reductions of energy taxation and parafiscal policies set up by Member States**. The Commission proposal will translate into a higher fiscal burden for the industry, both direct and indirect, and a reduction of its competitiveness. Direct because the general level of electricity taxation borne by the industry will increase. Indirect because some electro-intensive sectors, like industrial gases, would be excluded from electricity taxation reductions, thus passing on the heavy cost onto their industrial customers. In addition, these provisions are not consistent with the revision of the energy taxation directive since they could result in high tax rates on low-carbon electricity than on fossil fuels. Therefore, France Industry is asking the Commission to reconsider some of the criteria regarding electricity taxation reductions and a more thorough impact assessment on the competitiveness of the industry.
- In this respect, we welcome the fact that, in the context of aid linked to security of supply (4.8), **priority is given to the objective of reducing CO₂ emissions** over the strict development of renewable energies, which will enable us to better achieve the objective of carbon neutrality by 2050, even if specific support to renewable energies should remain in well-defined cases (see above).