UNICEN
HELLENIC UNION OF INDUSTRIAL CONSUMERS OF ENERGY

Athens, 23.07.2021

To Directorate-General for Competition – Units B2, B3, H2

Public consultation on CEAAG, reference number: **HT.5371**

The response is lodged by UNICEN, the Hellenic Union of Industrial Consumers of Energy

UNICEN is a union representing Greek industries for which energy is a significant proportion of production costs and therefore a key factor of competitiveness at international level.

UNICEN's 25member companies represent various sectors (steel, non-ferrous metals, cement, paper, fertilizers and other) with a common characteristic high energy intensity, i.e. high energy consumption per unit of output.

UNICEN welcomes the release of the draft CEEAG which are in line with the new climate, environmental, and energy priorities of the Green Deal.

UNICEN would like to underline that the new framework of CEEAG shall facilitate the transition towards a climate neutral economy, whilst ensuring that energy intensive industries shall remain competitive.

Section 3.7.3 of the existing Guidelines foresaw the possibility for Member States to submit an "adjustment plan" in order to bring their RES surcharge scheme in line with the provisions of the Guidelines.

Given that the CEEAG is now being extended to other surcharges, **the CEEAG shall include a provision providing that Member States may submit adjustment plans with regard to these surcharges (high efficiency CHP, PSOs etc).**

Section 4.11 - Reductions for electricity levies for Energy Intensive Users

It is extremely important that the new Guidelines will continue to allow for adequate and effective reductions for energy-intensive users for levies, under section 4.11, in order to ensure that the charges placed on each consumer are not disproportionate, taking into consideration both their electro-intensity and their exposure to international competition.

Paragraph 356 of the draft Guidelines proposes that levy reductions should only be allowed when the cumulative effect of these levies (before reductions) is greater than […] EUR/MWh.

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Such threshold does not serve any legal purpose, since proportionality is already ensured by the two caps proposed in paragraph 360 of the draft Guidelines (25% own contribution, and the 1.5% GVA cap for the most exposed undertakings). **Proportionality is also ensured by means of the minimum charge, which is foreseen in all approved schemes.**

The above threshold shall not be higher than 10 euros/MWh, as it may account for an uneven level playing field among energy intensive industries in different member states, which may lead to intra EU market distortions.

We agree with reductions for energy intensive industries to be extended to new areas, namely support for high efficiency Combined Heat and Power (CHP) **and funding for Public Service Obligation (PSOs**), but we firmly believe that the scope must be further extended so as to also allow exemptions from surcharges funding capacity mechanisms.

Capacity mechanisms have only become necessary because of the policy objective to increase integration of renewables into the electricity system. while accelerating phase-out of lignite-fired capacity. Therefore, capacity mechanism levies cannot be considered as "levies which reflect part of the cost of providing electricity", but rather must be viewed as **levies "which finance an energy policy objective",** and therefore targeted reductions to capacity mechanism surcharges should also be allowed.

UNICEN's view is that state aid schemes should not be made conditional upon additional requirements, as the scheme already foresees a set of rules which allow only partial -and not full- compensation of the eligible undertakings.

In this regard, any further reduction of the level of compensation would render the scheme inadequate to fulfil its objectives.

Should some form of conditionality be introduced in the new framework, it should be well designed, proportionate and should have an incentive effect without penalizing and entailing a disproportionate burden on undertakings **that have already invested in these measures.**

Eligibility
The Commission has reduced the number of sectors eligible for aid under section 4.11 from 233 to only 51 eligible sectors (List in Annex I).

UNICEN's view is that such a restricted approach could in fact undermine sectors' ability to transform and decarbonize.

UNICEN firmly believes that the Commission should consider eligibility for undertakings in sectors which have a high energy intensity and are exposed to international competition with competitors, not facing equivalent burdens.

Thus, we believe that the eligibility criteria should continue to be defined in accordance with the methodology of the existing guidelines, i.e. 4% trade intensity and 20% electro-intensity.

Section 4.1- Aid for the reduction and removal of greenhouse gas emissions including through support for renewable energy

The **costs associated with the active use of electricity from renewable energy sources**, which can be ensured via long-term power purchase agreements, for instance generated by wind farms or PVs, are **often higher than the costs at which electricity can be purchased on the market**.

With a view to the necessity of keeping electricity prices low in international competition, incentives to use renewable energy sources, and hence to contribute to the goal of climate neutrality, can be created through **compensation of the cost difference via state support measures**.

We remain at your disposal for any further clarification.

Kind regards,
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Chairman

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