

EUROGAS POSITION ON ENERGY AND ENVIRONMENTAL STATE AID GUIDELINES

Eurogas represents the interests of the European gas industry. We represent the entire gas value chain, from the gas wholesale market through distribution to retail. We also represent companies supplying end-user equipment and technology solutions. Our membership is composed of over 63 companies and associations in 24 countries.

Scope

Eurogas is committed to achieving the objectives of the Paris Agreement and supports the EU's ambition to reach climate neutrality by 2050. Eurogas supports the GHG emissions reduction target by 2030 of at least 55% including emissions and removals. Meeting EU climate targets requires a suitable 2030 policy framework, that delivers an energy mix that is both economically and environmentally sustainable, and which guarantees security of supply.

Eurogas recalls the important role that renewable and low carbon gases will play in the decarbonisation efforts. It will enable moving away from more carbon-intensive energy sources, particularly in countries heavily relying on coal and oil. Moreover, energy and environmental state aid guidelines should take into account the diversity of energy mixes across countries, which affects the role of gas in decarbonization pathways, including in guaranteeing system adequacy. Gas is also an enabler for an increasingly renewable based energy mix.

The reduction of GHG emissions is one of the main goals of the energy transition and it has a central role in the proposed text, but other priorities should also be considered: Eurogas supports the objective of European solidarity to reinforce progress, but we need to ensure the delivering of greater affordability and security of supply in the interests of all energy users. The support given to evolving types of renewable and decarbonised energy should pursue the objective of facilitating the development of certain technologies and energy sources, with a view to improving the Technology Readiness Level and market readiness. Only through this process will these technologies then be able to truly help the energy transition at least cost in a coupled perspective.

Key policy asks

- Eurogas has always supported a **market first approach**, building on a well-functioning gas market granting access to diverse sources of gas supplies, both natural, renewable and decarbonised. These vectors can then, through cost-efficient solutions, facilitate the roll-out of a just and affordable transition for final customers.
- The creation of a **level playing field** is essential, especially if the technology has a proven overall value for the energy system which is not currently accounted for.
- Each **energy vector** must bear the cost of its own decarbonisation. Each energy carrier's bill shall integrate only the cost, charges and levies linked to the production, transport and retail of that specific energy carrier. Consequently, energy users can make an educated choice for the energy option that fits their preferences and requirements. This does not discount the need to account for the broader externalities which certain technological solutions may have for the overall energy system. This could be the case for instance with storage of hydrogen by injecting it into the gas grid (blending), transport of hydrogen by combining injection and withdrawal into/from the gas grid (blending und debrending), flexible generation and P2G conversion which offer cross-sectoral benefits and may thereby facilitate the decarbonisation of several sectors and should be considered as such.

- Aid for energy infrastructure to Projects of Common Interest (PCIs) should better reflect the **EU Hydrogen Strategy**. Hydrogen and CO2 infrastructure are both crucial for a hydrogen market development. The low carbon gases market will not develop without government support, for example subsidies for production and use of low carbon gases including hydrogen, or financial guarantees for hydrogen network development in the early years before there is an established user-pays base. In particular, the use of hydrogen, and access to hydrogen for all sectors and users should be facilitated, building in particular on a well-developed and well-established gas distribution grid. The latter can facilitate access to market for hydrogen through blending and eventually full conversion of grids to hydrogen and/or biomethane depending on local conditions.
- State aid guidelines should pay a closer attention at supporting both **the production of biomethane, and its actual consumption**. In the particular case of road transport, the focus should not be put on the drivetrain technology, but rather on the type of fuel or energy used to power vehicles. The fuel dimension needs to be primarily considered to assess the real environmental impact of the vehicles, and to accelerate transport decarbonization.

Recommendations

2.4. Definitions

European Commission's proposal 2.4 Definitions	EUROGAS recommendation 2.4 Definitions
(13) 'carbon capture and storage' or 'CCS' means a set of technologies that captures the carbon dioxide (CO ₂) emitted from industrial plants based on fossil fuels or biomass, including power plants and waste-to-energy plants [or captures it directly from ambient air], transports it to a storage site and injects the CO ₂ in suitable underground geological formations for the purpose of permanent storage of CO ₂ ;	(13) 'carbon capture and storage' or 'CCS' means a set of technologies that captures the carbon dioxide (CO ₂) emitted from industrial plants based on fossil fuels or biomass that produce carbon dioxide gas from combustion or other chemical reactions involving fossil or non-fossil carbon-containing compound , including power plants and waste-to-energy plants [or captures it directly from ambient air], transports it to a storage site and injects the CO ₂ in suitable underground geological formations for the purpose of permanent storage of CO ₂ ;

Justification: The definition of CCS/CCU should be framed in a way that all relevant CO₂ sources are included, including non-fossil CO₂ from industrial processes such as in the cement industry or renewable energy production such as hydrogen or biomethane.

European Commission's proposal 2.4 Definitions	EUROGAS recommendation 2.4 Definitions
(14) 'carbon capture and use' or 'CCU' means a set of technologies that captures the CO ₂ emitted from industrial plants based on fossil fuels or biomass, including power plants and waste-to-energy plants [or captures it directly from ambient air], and transports it to a CO ₂ consumption or utilisation site;	(14) 'carbon capture and use' or 'CCU' means a set of technologies that captures the CO ₂ emitted from industrial plants based on fossil fuels or biomass, that produce carbon dioxide gas from combustion or other chemical reactions involving fossil or non-fossil carbon-containing compounds including power plants and waste-to-energy plants [or captures it directly from ambient air], and transports it to a CO ₂ consumption or utilisation site;

Justification: The definition of CCS/CCU should be framed in a way that all relevant CO₂ sources are included, including non-fossil CO₂ from industrial processes such as in the cement industry or renewable energy production such as hydrogen or biomethane.

European Commission's proposal 2.4 Definitions	EUROGAS recommendation 2.4 Definitions
(20) 'clean transport vehicle' means: (...)	(20) 'clean transport vehicle' means: (...) <p style="color: red; font-weight: bold;">In case the EU regulatory framework moves towards an approach taking into account lifecycle consideration, this definition should be amended accordingly.</p>

Justification: This definition refers only to tailpipe emissions. In case of new regulatory development to take into account lifecycle emissions, this definition should be amended accordingly to ensure alignment.

European Commission's proposal 2.4 Definitions	EUROGAS recommendation 2.4 Definitions
(27) 'distribution system operator' (DSO) means distribution system operator as defined in Article 2, point (29), of Directive (EU) 2019/944 of the European Parliament and of the Council;	(27) 'distribution system operator' (DSO) means distribution system operator as defined in Article 2, point (29), of Directive (EU) 2019/944 and in article 2, point (6) of Directive (EU) 2009/73/EC of the European Parliament and of the Council;

Justification: Considering the scope and applicability of state aid guidelines for EEAG, the definition should cover distribution system operators on both the electricity and the gas sectors.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">2.4 Definitions</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">2.4 Definitions</p>
<p>(35) 'energy infrastructure' means any physical equipment or facility which is located within the Union or linking the Union to one or more third countries and falling under the following categories:</p> <p style="text-align: center;">(...)</p> <p>(b) concerning gas: (...)</p> <p style="padding-left: 40px;">(i) transmission and distribution pipelines for the transport of natural gas, biogas and renewable gases of non-biological origin that form part of a network, excluding high-pressure pipelines used for upstream distribution of natural gas;</p> <p style="padding-left: 40px;">(v) smart gas grids, which means any of the following equipment or installation aiming at enabling and facilitating the integration of renewable and low-carbon gases (including biomethane or hydrogen) into the network: digital systems and components integrating information and communication technologies, control systems and sensor technologies to enable the interactive and intelligent monitoring, metering, quality control and management of gas production, transmission, distribution and consumption within a gas network. Furthermore, smart grids may also include equipment to enable reverse flows from the distribution to the transmission level and related necessary upgrades to the existing network;</p>	<p>(35) 'energy infrastructure' means any physical equipment or facility which is located within the Union or linking the Union to one or more third countries and falling under the following categories:</p> <p style="text-align: center;">(...)</p> <p>(b) concerning gas: (...)</p> <p style="padding-left: 40px;">(i) transmission and distribution pipelines for the transport of natural gas, low-carbon gases, biogas and renewable gases of non-biological origin that form part of a network, including blends with natural gas, excluding high-pressure pipelines used for upstream distribution of natural gas;</p> <p style="padding-left: 40px;">(v) smart gas grids, which means any of the following equipment or installation aiming at enabling and facilitating the integration of renewable and low-carbon gases (including biomethane, synthetic gases or hydrogen, including blends with natural gas into the network: digital systems and components integrating information and communication technologies, control systems and sensor technologies to enable the interactive and intelligent monitoring, metering, quality control and management of gas production, transmission, distribution and consumption within a gas network. Furthermore, smart grids may also include equipment to enable reverse flows from the distribution to the transmission level and related necessary upgrades to the existing network;</p>

Justification: Definition of pipelines should consider blends of natural gas with renewable and low carbon gases, including hydrogen.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">2.4 Definitions</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">2.4 Definitions</p>
<p>(35)</p> <p style="text-align: center;">(...)</p> <p>(c) concerning hydrogen:</p> <p>(i) transmission pipelines, for the high-pressure transport of hydrogen, as well as distribution pipelines for the local distribution of hydrogen, giving access to multiple network users on a transparent and non-discriminatory basis;</p> <p>(ii) underground storage facilities connected to the high-pressure hydrogen transmission or distribution pipelines referred to in point (i);</p> <p>(iii) dispatch, reception, storage, regasification or decompression facilities for hydrogen or hydrogen embedded in other chemical substances with the objective of injecting the hydrogen into the grid;</p> <p>(iv) any equipment or installation essential for the hydrogen system to operate safely, securely and efficiently or to enable bi-directional capacity, including compressor stations.</p> <p>Any of the assets listed in points (i), (ii), (iii), and (iv) may be newly constructed assets or assets converted from natural gas to hydrogen (“repurposed”), or a combination of the two.</p> <p>Assets listed under points (i), (ii), (iii), and (iv) which are subject to third party access qualify as energy infrastructure</p>	<p>(35)</p> <p style="text-align: center;">(...)</p> <p>(c) concerning hydrogen:</p> <p>(i) transmission and distribution pipelines, for the high-pressure transport of hydrogen, as well as distribution pipelines for the local distribution of hydrogen, including blends of hydrogen or other forms of renewable or low-carbon gases (e.g. biomethane) and natural gas giving access to multiple network users on a transparent and non-discriminatory basis;</p> <p>(ii) underground storage facilities connected to the high-pressure hydrogen transmission or distribution pipelines or pipelines transporting blends of hydrogen or other forms of renewable or low-carbon gases (e.g. biomethane) and natural gas referred to in point (i);</p> <p>(iii) dispatch, reception, storage, regasification or decompression facilities for hydrogen or hydrogen embedded in other chemical substances with the objective of injecting the hydrogen into the grid;</p> <p>(iv) any equipment or installation essential for the hydrogen system to operate safely, securely and efficiently or to enable bi-directional capacity, including compressor stations.</p> <p>Any of the assets listed in points (i), (ii), (iii), and (iv) may be newly constructed assets or assets converted from natural gas to hydrogen (“repurposed”), or a combination of the two.</p> <p>Assets listed under points (i), (ii), (iii), and (iv) which are subject to third party access qualify as energy infrastructure</p>

Justification: Definition of pipelines should consider blends of hydrogen and natural gas.

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">2.4 Definitions</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">2.4 Definitions</p>
<p>(35)</p> <p style="text-align: center;">(...)</p> <p>(d) concerning carbon dioxide: (...)</p> <p style="padding-left: 40px;">(i) pipelines, other than upstream pipeline networks, used to transport carbon dioxide from more than one source, that is to say, industrial installations (including power plants) that produce carbon dioxide gas from combustion or other chemical reactions involving fossil or non-fossil carbon-containing compounds, for the purpose of permanent geological storage of carbon dioxide pursuant to Article 3 of Directive 2009/31/EC of the European Parliament and of the Council or for the purpose of using carbon dioxide as feedstock or to enhance the yields of biological processes;</p>	<p>(35)</p> <p style="text-align: center;">(...)</p> <p>(d) concerning carbon dioxide: (...)</p> <p style="padding-left: 40px;">(i) pipelines, other than upstream pipeline networks, and all infrastructure and equipment including ships, railways and trucks, used to transport carbon dioxide from more than one source, that is to say, industrial installations (including power plants) that produce carbon dioxide gas from combustion or other chemical reactions involving fossil or non-fossil carbon-containing compounds, for the purpose of permanent geological storage of carbon dioxide pursuant to Article 3 of Directive 2009/31/EC of the European Parliament and of the Council or for the purpose of using carbon dioxide as feedstock or to enhance the yields of biological processes;</p>

Justification: All infrastructure and equipment to be developed should be covered. Notably, projects for carbon dioxide transportation via ships and trucks are relevant from a strategic point of view and allow higher economies of scale in view of future CCS hubs that should be considered as a priority at EU level.

<p align="center">European Commission's proposal</p> <p align="center">2.4 Definitions</p>	<p align="center">EUROGAS recommendation</p> <p align="center">2.4 Definitions</p>
<p>(80) 'zero-emission transport vehicle' means:</p> <p>a) a vehicle of category M1, M2 or N1 with zero tailpipe emissions, as determined in accordance with Commission Regulation (EU) 2017/115143;</p> <p>b) a vehicle of category M3, N2 or N3 fulfilling the definition of zero-emission heavy duty vehicle set out in Regulation (EU) 2019/1242 of the European Parliament and of the Council;</p> <p>c) a vehicle of category L, as defined by Article 4 of Regulation (EU) No 168/2013 and includes two- or three-wheel vehicles or quadricycles, with tailpipe CO₂ emissions equal to 0g CO₂e/km calculated in accordance with the emission test laid down in that Regulation;</p> <p>d) an inland or sea and costal vessel for passenger or freight transport that has zero direct (tailpipe/exhaust) CO₂ emissions;</p> <p>e) rolling stock that has zero direct (tailpipe) CO₂ emissions;</p> <p>f) an aircraft that has zero direct (tailpipe) CO₂ emissions.</p>	<p>(80) 'zero-emission transport vehicle' means:</p> <p>a) a vehicle of category M1, M2 or N1 with zero tailpipe emissions, as determined in accordance with Commission Regulation (EU) 2017/115143;</p> <p>b) a vehicle of category M3, N2 or N3 fulfilling the definition of zero-emission heavy duty vehicle set out in Regulation (EU) 2019/1242 of the European Parliament and of the Council;</p> <p>c) a vehicle of category L, as defined by Article 4 of Regulation (EU) No 168/2013 and includes two- or three-wheel vehicles or quadricycles, with tailpipe CO₂ emissions equal to 0g CO₂e/km calculated in accordance with the emission test laid down in that Regulation;</p> <p>d) an inland or sea and costal vessel for passenger or freight transport that has zero direct (tailpipe/exhaust) CO₂ emissions;</p> <p>e) rolling stock that has zero direct (tailpipe) CO₂ emissions;</p> <p>f) an aircraft that has zero direct (tailpipe) CO₂ emissions.</p> <p>When the EU regulatory framework will move towards an approach taking into account lifecycle consideration, this definition should be amended accordingly.</p>

Justification: This definition refers only to tailpipe emissions. In case of new regulatory development to take into account lifecycle emissions, this definition should be amended accordingly to ensure alignment.

3.2.2 Avoidance of undue negative effects on competition and trade

<p>European Commission's proposal</p> <p>3.2.2 Avoidance of undue negative effects on competition and trade</p>	<p>EUROGAS recommendation</p> <p>3.2.2 Avoidance of undue negative effects on competition and trade</p>
<p>(61-67)</p>	<p>(61-67)</p> <p>New paragraph:</p> <p>If a scheme enables cross-border trade, the Member State must demonstrate that appropriate measures have been taken to avoid distortive effects on competition and trade resulting from cumulative support schemes in different Member States. The Commission will verify that the aid does not result in any manifestly negative effects on competition and trade.</p>

Justification: The inclusion of the “No Double subsidisation/incentivisation” principle in the CEEAG is crucial and fully in line with the Directive (EU) 2018/2001 (RED II). Recital 123 of RED II explicitly clarifies that, in view of the increasing cross-border trade especially in renewable gases double incentives resulting from different support schemes in different Member States are to be avoided.

3.3. Weighing the positive effects of the aid against the negative effects on competition and trade

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">3.3 Weighing the positive effects of the aid against the negative effects on competition and trade</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">3.3 Weighing the positive effects of the aid against the negative effects on competition and trade</p>
<p>(...)</p> <p>69. In that balancing exercise, the Commission will pay particular attention to Article 3 of Regulation (EU) 2020/852 of the European Parliament and of the Council⁵⁰, including the ‘do no significant harm’ principle, or other comparable methodologies. Furthermore, as part of the assessment of the negative effects on competition and trade, the Commission may take into account, where relevant, negative externalities of the aided activity where such externalities adversely affect competition and trade between Member States to an extent contrary to the common interest by creating or aggravating market inefficiencies including in particular those externalities that may hinder the achievement of climate objectives set under EU law.</p>	<p>(...)</p> <p>69. In that balancing exercise, the Commission will pay particular attention to Article 3 of Regulation (EU) 2020/852 of the European Parliament and of the Council⁵⁰, including the ‘do no significant harm’ principle, or other comparable methodologies. Futhermore, aAs part of the assessment of the negative effects on competition and trade, the Commission may take into account, where relevant, negative externalities of the aided activity where such externalities adversely affect competition and trade between Member States to an extent contrary to the common interest by creating or aggravating market inefficiencies including in particular those externalities that may hinder the achievement of climate objectives set under EU law.</p>

Justification: The inclusion of the Do No Significant Harm principle in the CEEAG is premature at this stage because the Taxonomy has not yet been concluded and there is no experience yet in its application. There is a risk of legal uncertainty. Taxonomy has been developed to provide a common lexicon for sustainable finance and should not be used as a benchmark in other policy tools.

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">3.3 Weighing the positive effects of the aid against the negative effects on competition and trade</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">3.3 Weighing the positive effects of the aid against the negative effects on competition and trade</p>
<p>(...)</p> <p>71. Measures that directly or indirectly involve support to fossil fuels, in particular the most polluting fossil fuels, are unlikely to create positive environmental effects and often have important negative effects because they can increase the negative environmental externalities in the market. The same applies for measures involving new investments in natural gas, unless it is demonstrated that there is no lock-in effect. This will in principle render a positive balancing for such measures unlikely, as further explained in Chapter 4.</p>	<p>(...)</p> <p>71. Measures that directly or indirectly involve support to fossil fuels, in particular the most polluting fossil fuels, are unlikely to create positive environmental effects and often have important negative effects because they can increase the negative environmental externalities in the market. This will in principle render a positive balancing for such measures unlikely, as further explained in Chapter 4. To balance the need to avoid lock-in with their potential contribution to the phase-out of more polluting sources of energy, new investments in natural gas should be subject to demonstrating that there is no lock-in effect. Member States that set gas decarbonisation pathways (including e.g. targets for renewable and low-carbon gases) that are consistent with the Union’s climate targets will be considered to have managed the risks of lock-in effects.</p>

Justification: Investments in natural gas infrastructure can allow for quick GHG emission reduction through the phase-out of more polluting sources of energy such as coal. Such infrastructure would be able to take in increasing blends of hydrogen and/or biomethane thereby ensuring lock-in is avoided.

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

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.1 Necessity of the aid</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.1 Necessity of the aid</p>
<p>80. Member States should ensure that aid remains necessary for the duration of schemes that run for more than one year by updating their analysis of relevant costs and revenues annually or, for schemes involving less frequent granting, before aid is granted, to ensure that aid remains necessary for each eligible category of beneficiary. Where aid is no longer required for a category of beneficiary, this category should be removed before further aid is granted.</p>	<p>80. Member States should ensure that aid remains necessary for the duration of schemes that run for more than one year by updating their analysis of relevant costs and revenues annually or, for schemes involving less frequent granting, before aid is granted, to ensure that aid remains necessary for each eligible category of beneficiary. Where aid is no longer required for a category of beneficiary, this category should be removed before further aid is granted without prejudice to respect the payments and duration already committed with existing beneficiaries.</p>

Justification: In combination with paragraph 84, this could lead to planning insecurities, if aid schemes must be continuously adapted to changing conditions. Art. 6 RED II stipulates, that Member States must ensure, that the level of support granted is not revised in a way that negatively affects or calls into question the viability of projects already benefiting from support. It is necessary for schemes to be reliable for possible beneficiaries.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.2 Appropriateness</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.2 Appropriateness</p>
	<p>New paragraph</p> <p>Member States should consider removing barriers to cross-border trade of renewable gases.</p>

Justification: Legal barriers prevent cross-border trade of renewable gases despite the European Court of Justice ruling in 2017. Nearly all EU countries continue to uphold import restrictions that do not only put the current biomethane flow in danger but would also put any future power-to-gas and hydrogen flows at risk. Recital 59 and 123 of RED II Directive undoubtedly require the facilitation of a greater cross-border trade of renewable gases.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.3 Eligibility</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.3 Eligibility</p>
<p>Footnote 53:</p> <p>The Commission will not generally require measures to be opened across borders, although this can help alleviate competition concerns.</p>	<p>Footnote 53:</p> <p>The Commission will not generally require foster measures to be opened across borders, although this can help alleviate competition concerns.</p>

Justification: Legal barriers prevent cross-border trade of renewable gases despite the European Court of Justice ruling in 2017. Nearly all EU countries continue to uphold import restrictions that do not only put the current biomethane flow in danger but would also put any future power-to-gas and hydrogen flows at risk. Recital 59 and 123 or RED II Directive undoubtedly require the facilitation of a greater cross-border trade of renewable gases.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.4 Public consultation</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.4 Public consultation</p>
<p>85. Prior to the notification of aid, other than in duly justified exceptional circumstances, Member States must consult publicly on measures to be notified under this Section. The obligation to consult does not apply in respect of amendments to already approved measures that do not alter their scope or eligibility, and the cases referred to in point 86. To determine whether a measure is justified, bearing in mind the criteria in these guidelines, the following public consultation is required: (...)</p>	<p>85. Prior to the notification of aid, other than in duly justified exceptional circumstances, Member States must consult publicly on measures to be notified under this Section. The obligation to consult does not apply in respect of amendments to already approved measures that do not alter their scope or eligibility, and the cases referred to in point 86. To determine whether a measure is justified, bearing in mind the criteria in these guidelines, the following public consultation is required: (...)</p>

Justification: A general and undifferentiated obligation for ex-ante public consultations is not necessary in case a scheme is eligible for state aid. Possible conflicts between the requirement for a public consultation with parliamentary procedures (in case the aid scheme is set by legislation) must be considered. The objective of enhancing public participation and transparency could be achieved through other measures with a lower administrative burden. Examples include paragraph 30 (b) (publication of measures) or paragraph 171 (ex-ante consultation or independent market study).

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.4 Public consultation</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.4 Public consultation</p>
<p>(...)</p> <p>86. No public consultation is required for measures falling under point 85(b) where competitive bidding processes are used and the measure does not support investments in fossil-fuel based energy generation or industrial production</p>	<p>(...)</p> <p>86. No public consultation is required for measures falling under point 85(b) where competitive bidding processes are used and the measure does not support investments in fossil-fuel based energy generation or industrial production</p>

Justification: paragraph (110) already stipulates that “*Member States must explain how they will ensure that the investment [in energy or industrial production based on natural gas] contributes to achieving the Union’s 2030 climate target and 2050 climate neutrality target. In particular, the Member States should explain how a lock in of this gas-fired energy generation or gas-fired production equipment will be avoided*”. Extra administrative burden would be put in place for gas-fired energy generation or gas-fired production equipment under paragraph 85(b).

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.5 Proportionality</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.1.3 Minimisation of distortions of competition and trade</p> <p style="text-align: center;">4.1.3.5 Proportionality</p>
<p>94. Member States may also use competitive certificates or supplier obligation schemes to establish the aid amount and allocate aid, provided:</p> <p>(...)</p> <p>(b) the buyout or penalty price that applies to a consumer or supplier that has not bought the number of certificates required (that is to say, the price which constitutes the maximum that would be paid for support) is set at a sufficiently high level to incentivise compliance with the obligation. However, the penalty price should be based on the quantification referred to in points 50 and 51 to avoid that an excessively high level leads to overcompensation.</p> <p>(...)</p>	<p>94. Member States may also use competitive certificates or supplier obligation schemes to establish the aid amount and allocate aid, provided:</p> <p>(...)</p> <p>(b) the buyout or penalty price that applies to a consumer energy users or supplier that has not bought the number of certificates required (that is to say, the price which constitutes the maximum that would be paid for support) is set at a sufficiently high level to incentivise compliance with the obligation. However, the penalty price should be based on the quantification referred to in points 50 and 51 to avoid that an excessively high level leads to overcompensation.</p> <p>(...)</p>

Justification: as defined in the Consumer Rights Directive 2011/83/EU and the Directive 93/13/EEC on unfair terms in consumer contracts, 'consumer' means any natural person who, in contracts covered by this Directive, is acting for purposes which are outside his trade, business, craft or profession. "Energy users" is more neutral term that can be used for all types of customers without distinction.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.1.4. Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.1.4. Avoidance of undue negative effects on competition and trade and balancing</p>
<p>107. To avoid undermining the objective of the measure or other Union environmental protection objectives, incentives must not be provided for the generation of energy that would displace less polluting forms of energy. For example, where cogeneration based on non-renewable sources is supported, or where biomass is supported, they must not receive incentives to generate electricity or heat at times when this would mean zero air pollution renewable energy sources would be curtailed.</p>	<p>107. To avoid undermining the objective of the measure or other Union environmental protection objectives, incentives must not be provided for the generation of energy that would directly displace less polluting forms of energy. For example, where cogeneration based on non-renewable sources is supported, or where biomass is supported, they must not receive incentives to generate electricity or heat at times when this would mean zero air pollution renewable energy sources would be curtailed. Alternatively, investments in storage technologies such as electrolysers can ensure minimal loss of renewable energy and help avoid disincentivising the efficient generation of power and heat.</p>

Justification: The proposed statement is too vague and relates to the very complex issue to technically assess whether or not energy generation from a specific source coincides with another – renewable - being curtailed. In practice, this would lead to an unmanageable situation and unreasonable burden. Moreover, a CHP plant is not as dispatchable as other gas technologies and would therefore not easily be curtailed on a short-term basis. Other tools should be encouraged to avoid these situations, such as the use of electrolyser technologies.

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.1.4. Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.1.4. Avoidance of undue negative effects on competition and trade and balancing</p>
<p>109. The Commission considers that certain aid measures have negative effects on competition and trade that are unlikely to be offset. In particular, certain aid measures may aggravate market failures, creating inefficiencies to the detriment of consumers and social welfare. For instance, measures that incentivise new investments in energy or industrial production based on the most polluting fossil fuels, such as coal, diesel, lignite, oil, peat and oil shale, increase the negative environmental externalities in the market. They will not be considered to have any positive environmental effects, given the incompatibility of these fuels with the Union’s climate targets.</p>	<p>109. The Commission considers that certain aid measures have negative effects on competition and trade that are unlikely to be offset. In particular, certain aid measures may aggravate market failures, creating inefficiencies to the detriment of consumers energy users and social welfare. For instance, measures that incentivise new investments in energy or industrial production based on the most polluting fossil fuels, such as coal, diesel, lignite, oil, peat and oil shale, increase the negative environmental externalities in the market. They will not be considered to have any positive environmental effects, given the incompatibility of these fuels with the Union’s climate targets.</p>

Justification: as defined in the Consumer Rights Directive 2011/83/EU and the Directive 93/13/EEC on unfair terms in consumer contracts, 'consumer' means any natural person who, in contracts covered by this Directive, is acting for purposes which are outside his trade, business, craft or profession. “Energy users” is more neutral term that can be used for all types of customers without distinction.

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.1.4. Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.1.4. Avoidance of undue negative effects on competition and trade and balancing</p>
<p>110. Similarly, measures that incentivise new investments in energy or industrial production based on natural gas may reduce greenhouse gas emissions and other pollutants in the short term but aggravate negative environmental externalities in the longer term, compared to alternative investments. For investments in natural gas to be seen as having positive environmental effects, Member States must explain how they will ensure that the investment contributes to achieving the Union’s 2030 climate target and 2050 climate neutrality target. In particular, the Member States should explain how a lock in of this gas-fired energy generation or gas-fired production equipment will be avoided. For example, this may include binding commitments by the beneficiary to implement decarbonisation technologies such as CCS/CCU or substitute natural gas by renewable or low carbon gas or to close the plant on a timeline consistent with the Union’s climate targets⁶⁴</p> <p>⁶⁴ In addition, where a project involves investment in a natural gas based energy generation or industrial production installation the costs of this installation would not generally be eligible for State aid under this section, since this would usually be considered the counterfactual investment that would take place in the absence of aid. Rather, the additional elements that deliver emissions reductions, such as CCS or extra costs associated with cogeneration, would be eligible for aid.</p>	<p>110. Similarly, measures that incentivise new investments in energy or industrial production based on natural gas may reduce greenhouse gas emissions and other pollutants in the short term but aggravate negative environmental externalities in the longer term, compared to alternative investments. For investments in natural gas to be seen as having positive environmental effects, Member States must explain how they will ensure that the investment contributes to achieving the Union’s 2030 climate target and 2050 climate neutrality target. In particular, the Member States should explain how a lock in of this gas-fired energy generation or gas-fired production equipment will be avoided. For example, Member States that set gas decarbonisation pathways (including e.g. targets for renewable and low-carbon gases) that are consistent with the Union’s climate targets will be considered to have managed the risks of lock-in effects. this It may also include binding commitments by the beneficiary to implement decarbonisation technologies such as CCS/CCU or substitute natural gas by renewable or low carbon gas or to close the plant on a timeline consistent with the Union’s climate targets⁶⁴</p> <p>⁶⁴ In addition, where a project involves investment in a natural gas based energy generation or industrial production installation the costs of this installation would not generally be eligible for State aid under this section, since this would usually be considered the counterfactual investment that would take place in the absence of aid. Rather, the additional elements that deliver emissions reductions, such as CCS or extra costs associated with cogeneration, would be eligible for aid.</p>

Justification: Investments in natural infrastructure can allow for quick GHG emission reduction through the phase-out of more polluting sources of energy such as coal. Such infrastructure would be able to take in increasing blends of hydrogen and/or biomethane thereby ensuring lock-in is avoided.

4.2. Aid for the improvement of the energy and environmental performance of buildings

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.2 Aid for the improvement of the energy and environmental performance of buildings</p> <p style="text-align: center;">4.2.2 Scope and supported activities</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.2 Aid for the improvement of the energy and environmental performance of buildings</p> <p style="text-align: center;">4.2.2 Scope and supported activities</p>
<p>116. This aid may be combined with aid for any or all of the following measures:</p> <p style="text-align: center;">(...)</p> <p>(a) the installation of integrated on-site renewable energy installations generating electricity, heat or cold;</p>	<p>116. This aid may be combined with aid for any or all of the following measures:</p> <p style="text-align: center;">(...)</p> <p>(a) the installation of integrated on-site or off-site renewable energy installations generating electricity, gas heat or cold;</p>

Justification: off-site renewable energy which can currently be included in a technical building system thereby facilitating the decarbonisation of buildings should be allowed in this respect as they can help incentivise the reduction of emissions through efficient electricity/ gas such as local biomethane production/heat/cold installations

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.2 Aid for the improvement of the energy and environmental performance of buildings</p> <p style="text-align: center;">4.2.2 Scope and supported activities</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.2 Aid for the improvement of the energy and environmental performance of buildings</p> <p style="text-align: center;">4.2.2 Scope and supported activities</p>
<p>116. This aid may be combined with aid for any or all of the following measures:</p> <p style="text-align: center;">(...)</p> <p>(d) the installation of equipment for the on-site digitalisation of the building, in particular to increase its smart readiness. Eligible investments may include interventions limited to passive in-house wiring or structured cabling for data networks and, if necessary, the ancillary part of the passive network on the private property outside the building. Wiring or cabling for data networks outside the private property is excluded</p>	<p>116. This aid may be combined with aid for any or all of the following measures:</p> <p style="text-align: center;">(...)</p> <p>(d) the installation of equipment for the on-site digitalisation of the building, in particular to increase its smart readiness, in respect of GDPR conditions. Eligible investments may include interventions limited to passive in-house wiring or structured cabling for data networks and, if necessary, the ancillary part of the passive network on the private property outside the building. Wiring or cabling for data networks outside the private property is excluded. The deployment of such technologies should not lead to exclusion or additional vulnerability.</p> <p style="text-align: center;">(...)</p> <p>(f) the installation of equipment able to create demand side capacity, such as a Hybrid Heating</p>

Justification: it is crucial to design incentive mechanisms that enable all citizens to renovate their homes and upgrade their heating systems. Certain conditions must be met for digitalisation to unlock its full potential without generating adverse effects:

- In order for a competitive market for digital management tools to emerge, fair access to data within the conditions of the GDPR, and interoperability between energy products, are key.
- The deployment of such technologies should not lead to negative externalities such as the exclusion or additional vulnerability

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.2 Aid for the improvement of the energy and environmental performance of buildings</p> <p style="text-align: center;">4.2.2 Scope and supported activities</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.2 Aid for the improvement of the energy and environmental performance of buildings</p> <p style="text-align: center;">4.2.2 Scope and supported activities</p>
<p>118. The aid must induce:</p> <p>(a) in the case of renovation of existing buildings, energy performance improvements leading to a reduction in primary energy demand of at least 20 % as compared to the situation prior to the investment. By way of derogation, where the improvement is part of a staged renovation, the latter must lead to an overall reduction in primary energy demand of at least 30 % as compared to the situation prior to the investment, over a period of 3 years (...)</p>	<p>118. The aid must induce:</p> <p>(a) in the case of renovation of existing buildings, energy performance improvements leading to a reduction in primary energy demand of at least 20 % as compared to the situation prior to the investment. By way of derogation, where the improvement is part of a staged renovation, the latter must lead to an overall reduction in primary energy demand of at least 30 % as compared to the situation prior to the investment, over a period of 3 10-years (...)</p>

Justification: Given the complexity of the task, 3 years for staged renovation is not an adequate timeframe and would be a burden for homeowners who do not have the necessary financial means to renovate in one go. Building on this, 10-15 years would be a more realistic timeframe

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.2 Aid for the improvement of the energy and environmental performance of buildings</p> <p style="text-align: center;">4.2.2 Scope and supported activities</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.2 Aid for the improvement of the energy and environmental performance of buildings</p> <p style="text-align: center;">4.2.2 Scope and supported activities</p>
<p>119. Aid for the improvement of the energy performance of buildings may also be granted to SMEs and small mid-caps that are providers of energy performance improvement measures for the facilitation of energy performance contracting within the meaning of Article 2, point (27) of Directive 2012/27/EU.</p>	<p>119. Aid for the improvement of the energy performance of buildings may also be granted to SMEs and small mid-caps that are providers of energy performance improvement measures for the facilitation of energy performance contracting within the meaning of Article 2, point (27) of Directive 2012/27/EU.</p> <p>119.bis Aid for the improvement of the energy performance of buildings may incorporate allocation criteria incentivizing the participation of small and medium size undertakings.</p>

Justification: The aid should not be limited to SMEs and mid-caps. 119b would replace 128 (see below).

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.2.3 Incentive effect</p> <p style="text-align: center;">4.2.4.2 Proportionality</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.2.3 Incentive effect</p> <p style="text-align: center;">4.2.4.2 Proportionality</p>
<p>128. The aid intensity may be increased by 20 percentage points for aid granted to small undertakings or by 10 percentage points for aid granted to medium-sized undertakings.</p>	<p>128. The aid intensity may be increased by 20 percentage points for aid granted to small undertakings or by 10 percentage points for aid granted to medium-sized undertakings.</p>

Justification: Cost efficient allocation of aid is preferable. Allocation criteria could incentivise the participation of SMEs but establishing different thresholds for the aid intensity is not justified.

4.3. Aid for clean mobility

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.3 Aid for clean mobility</p> <p style="text-align: center;">4.3.1.5 .Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.3 Aid for clean mobility</p> <p style="text-align: center;">4.3.1.5 .Avoidance of undue negative effects on competition and trade and balancing</p>
<p>161. The Commission considers that certain aid measures have negative effects on competition and trade that are unlikely to be offset. In particular, measures that incentivise new investments in natural gas-fuelled (including CNG and LNG) transport vehicles may lead to a reduction in greenhouse gas emissions and other pollutants in the short run but aggravate negative environmental externalities in the longer run, compared to alternative investments. In addition, aid for the acquisition of clean transport vehicles may unduly distort competition where it displaces investments into cleaner alternatives that are already available on the market, or where it locks in certain technologies, hampering the wider development of a market for and the use of cleaner technologies. Therefore, in those cases, the Commission considers that the negative effects on competition of aid for the acquisition or leasing of natural gas-fuelled clean transport vehicles such as CNG and LNG vehicles are unlikely to be offset.</p>	<p>161. The Commission considers that certain aid measures have negative effects on competition and trade that are unlikely to be offset. In particular, measures that incentivise new investments in natural gas-fuelled (including CNG and LNG) transport vehicles may lead to a reduction in greenhouse gas emissions and other pollutants in the short run but aggravate negative environmental externalities in the longer run, compared to alternative investments. In addition, aid for the acquisition of clean transport vehicles may unduly distort competition where it displaces investments into cleaner alternatives that are already available on the market, or where it locks in certain technologies, hampering the wider development of a market for and the use of cleaner technologies. Therefore, in those cases, the Commission considers that the negative effects on competition of aid for the acquisition or leasing of natural gas-fuelled clean transport vehicles such as CNG and LNG vehicles are unlikely to be offset.</p>

Justification: Generally, the vehicle itself must be considered a means or technical device consuming fuel(s) of a certain physical and chemical composition. Therefore, the vehicle itself must be considered only for its own carbon footprint during production and provision of the vehicle to the market, and respective aids must be geared to this carbon footprint. However, the question of how fuels being consumed by these vehicles are produced must be considered together with the effectiveness of converting them into propulsion energy. If vehicles are generally capable of consuming low-carbon or carbon neutral fuels, they should be subject to receiving aids for increasing their attractiveness in the market to consumers compared to vehicles consuming conventional fuels. e.g. if vehicles are capable of consuming carbon-neutral fuels, such as green electricity, bio-CNG, bio-LNG or green H2, the potential for operating them in a low-carbon or carbon neutral way is given. The capability of such vehicles to also be able to consume less carbon-effective forms of the mentioned fuels must not be considered a point hampering development of other alternatives but must be seen as an advantage providing a path to reducing carbon intensity of the fuels provided through this infrastructure. Eventually, the system of vehicle plus fuel and respective emissions during production and operation of the vehicles over the vehicle’s lifecycle should be the basis for assessing their potential for carbon reductions and providing respective aids to increase market penetration. Consequently, aids to CNG/LNG vehicles do not inhibit the deployment of other alternatives but instead encourage the use of alternative fuels allowing immediate GHG/pollutants emissions reduction and incentivise the progressive ramp up of its bio-based and electricity-based counterparts.

<p align="center">European Commission's proposal</p> <p align="center">4.3 Aid for clean mobility</p> <p align="center">4.3.1.5 . Avoidance of undue negative effects on competition and trade and balancing</p>	<p align="center">EUROGAS recommendation</p> <p align="center">4.3 Aid for clean mobility</p> <p align="center">4.3.1.5 . Avoidance of undue negative effects on competition and trade and balancing</p>
<p>162. Aid for the acquisition or leasing of CNG and LNG vehicles may be regarded as not creating long-term lock-in effects and not displacing investments into cleaner technologies if, at the moment when the Member State notifies the Commission of its plans to implement the aid measure or when the aid measure is implemented, the Member State demonstrates that cleaner alternatives are not readily available on the market and are not expected to be available in the short term⁷¹ . The aid may also be regarded as not having lock-in effects or displacing investments into cleaner technologies where the Member State commits to ensure that those vehicles would be operated using blending of biogas or renewable gaseous transport fuels of nonbiological origin (minimum 20%).</p> <p>⁷¹ For such an assessment, the Commission will generally consider a period of four years following the notification or the implementation of the aid measure. It will base its assessment on independent market studies submitted by the Member State or on any other appropriate evidence.</p>	<p>162. Aid for the acquisition or leasing of CNG and LNG vehicles may be regarded as not creating long-term lock-in effects and not displacing investments into cleaner technologies on a lifecycle basis if, at the moment when the Member State notifies the Commission of its plans to implement the aid measure or when the aid measure is implemented, the Member State demonstrates that cleaner alternatives are not readily available on the market and are not expected to be available in the short term⁷⁴. The aid may also be regarded as not having lock-in effects or displacing investments into cleaner technologies where the Member State commits to ensure that those vehicles would be operated using blending of biogas/biomethane (including liquified) or renewable gaseous transport fuels of nonbiological origin or low carbon gaseous transport fuels (fuels produced by using CCS/CCU or via methane pyrolysis) (minimum 20%). The use of certificates - separate from the physical energy - to demonstrate renewable/low carbon fuels consumption should be a way to comply with this requirement.</p> <p>⁷⁴ For such an assessment, the Commission will generally consider a period of four years following the notification or the implementation of the aid measure. It will base its assessment on independent market studies submitted by the Member State or on any other appropriate evidence.</p>

Justification: The blending requirement should not be limited to renewable fuels but also low carbon fuels, which allow to further reduce GHG emissions, while enabling and mainstreaming the use of innovative technologies such as CCS/CCU. Efforts from MS leading to actual decarbonisation progress should be fully recognised.

MS should not be bound to demonstrate that cleaner alternatives could be available in the next 4 years: ultimately, it would only delay decarbonisation efforts. When aids are designed, it is to meet immediate needs. Most projects cannot be postponed for 4 years. The cleanest alternative at any given time should be promoted, CNG/LNG vehicles included.

For the blending rate of 20%, while it could be achieved in certain transport modes, certain regions, it may be more challenging for others, such as the maritime sector, where some challenges remain to enable physical bio-LNG blending for example. Ultimately, enforcing this physical rate would hamper bio/e- LNG and hydrogen deployment: as this rate could not be achieved, stakeholders may prefer not to use solutions relying on these gases. This would hinder GHG emissions reduction and delay any efforts in the transport sectors – which is not in line with the recent Fit for 55 proposals, such as the revision of the RED or the new FuelEU. Consequently, the EC should consider allowing as a way of complying with this requirement the use of certificate, traded separately from the physical energy. While it would ensure that the renewable/low carbon energy is produced on the EU market, it would circumvent the physical restrictions and limitations of the infrastructure. This would ultimately support the ramping up of renewable and low carbon gases.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.3 Aid for clean mobility</p> <p style="text-align: center;">4.3.2.2 Scope and activities supported</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.3 Aid for clean mobility</p> <p style="text-align: center;">4.3.2.2 Scope and activities supported</p>
<p>170. Projects may also include installations for smart charging operations and for the on-site production of electricity, or hydrogen from renewable sources or biogas, connected to the recharging or refuelling infrastructure by means of a direct link, as well as on-site storage facilities for electricity and hydrogen to be supplied as transport fuels.</p>	<p>170. Projects may also include installations for smart charging operations and for the on-site production of electricity, or renewable and low carbon gases such as hydrogen from renewable sources or biogas/biomethane, connected to the recharging or refuelling infrastructure by means of a direct link, as well as on-site storage facilities for electricity and hydrogen to be supplied as transport fuels.</p>

Justification: All options that can make a significant contribution to meeting EU decarbonisation objectives should qualify.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.3 Aid for clean mobility</p> <p style="text-align: center;">4.3.2.4 Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.3 Aid for clean mobility</p> <p style="text-align: center;">4.3.2.4 Avoidance of undue negative effects on competition and trade and balancing</p>
<p>184. Aid for the deployment or upgrade of refuelling infrastructure may unduly distort competition when it displaces investments into cleaner alternatives that are already available on the market, or where it locks in certain technologies, hampering the wider development of a market for and the use of cleaner technologies. Therefore, in those cases, the Commission considers that the negative effects on competition of aid for the deployment or upgrade of refuelling infrastructure supplying natural gas-based fuels such as CNG and LNG are unlikely to be offset.</p>	<p>184. Aid for the deployment or upgrade of refuelling infrastructure may unduly distort competition when it displaces investments into cleaner alternatives that are already available on the market, or where it locks in certain technologies, hampering the wider development of a market for and the use of cleaner technologies. Therefore, in those cases, the Commission considers that the negative effects on competition of aid for the deployment or upgrade of refuelling infrastructure supplying natural gas-based fuels such as CNG and LNG are unlikely to be offset.</p>

Justification: As detailed in the request for modification in paragraph 162, the general approach taken on CNG and LNG does not reflect the GHG benefits associates with the use of these fuels. For maritime, as recognised by the EC in the Alternative Fuels Infrastructure Regulation proposal, as part of the Fit for 55, LNG will have a major role to play in the future. LNG and CNG allows to enable the use of their bio and electricity-based counterpart, allowing further GHG reduction, CNG and LNG infrastructure allows to launch the decarbonisation of transport modes where other alternatives are not foreseen to be market viable in the near future.

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.3 Aid for clean mobility</p> <p style="text-align: center;">4.3.2.4 Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.3 Aid for clean mobility</p> <p style="text-align: center;">4.3.2.4 Avoidance of undue negative effects on competition and trade and balancing</p>
<p>185. Aid for the deployment or upgrade of CNG and LNG refuelling infrastructure may be regarded as not creating long-term lock-in effects and not displacing investments into cleaner technologies if, at the moment when the Member State notifies the Commission of its plans to implement the aid measure or when the aid measure is implemented, the Member State demonstrates that cleaner alternatives are not readily available on the market and are not expected to be available in the short term⁷⁵. Aid for the deployment or upgrade of CNG and LNG refuelling infrastructure may also be regarded as not creating long-term lock-in effects where the Member State commits to ensure that the CNG and LNG is blended with biogas or renewable gaseous transport fuels of nonbiological origin (minimum 20%).</p> <p>⁷⁵ For such an assessment, the Commission will generally consider a period of four years following the notification or the implementation of the aid measure. It will base its assessment on independent market studies submitted by the Member State or on any other appropriate evidence</p>	<p>185. Aid for the deployment or upgrade of CNG and LNG refuelling infrastructure may be regarded as not creating long-term lock-in effects and not displacing investments into cleaner technologies on a lifecycle basis if, at the moment when the Member State notifies the Commission of its plans to implement the aid measure or when the aid measure is implemented, the Member State demonstrates that cleaner alternatives are not readily available on the market and are not expected to be available in the short term⁷⁵. Aid for the deployment or upgrade of CNG and LNG refuelling infrastructure may also be regarded as not creating long-term lock-in effects especially where the Member State commits to ensure that the CNG and LNG is blended with biogas /biomethane (including liquified) or renewable gaseous transport fuels of nonbiological origin or low carbon gaseous transport fuels (fuels produced by using CCS/CCU or via methane pyrolysis) (minimum 20%). The use of certificates – separate from the physical energy – to demonstrate renewable/low carbon fuels consumption should be a way to comply with this requirement.</p> <p>⁷⁵ For such an assessment, the Commission will generally consider a period of four years following the notification or the implementation of the aid measure. It will base its assessment on independent market studies submitted by the Member State or on any other appropriate evidence.</p>

Justification: The blending requirement should not be limited to renewable fuels but also low carbon fuels, which allow to further reduce GHG emissions, while enabling and mainstreaming the use of innovative technologies such as CCS/CCU. Efforts from MS leading to actual decarbonisation progress should be fully recognised.

MS should not be bound to demonstrate that cleaner alternatives could be available in the next 4 years: ultimately, it would only delay decarbonisation efforts. When aids are designed, it is to meet immediate needs. Most projects cannot be postponed for 4 years. The cleanest alternative at any given time should be promoted, CNG/LNG vehicles included.

For the blending rate of 20%, while it could be achieved in certain transport modes, certain regions, it may be more challenging for others, such as the maritime sector, where some challenges remain to enable physical bio-LNG blending for example. Ultimately, enforcing this physical rate would hamper bio/e- LNG and hydrogen deployment: as this rate could not be achieved, stakeholders may prefer not to use solutions relying on these gases. This would hinder GHG emissions reduction and delay any efforts in the transport sectors – which is not in line with the recent Fit for 55 proposals, such as the revision of the RED or the new FuelEU. Consequently, the EC should consider allowing as a way of complying with this requirement the use of certificate, traded separately from the physical energy. While it would ensure that the renewable/low carbon energy is produced on the EU market, it would circumvent the physical restrictions and limitations of the infrastructure. This would ultimately support the ramping up of renewable and low carbon gases.

4.8. Aid for the security of electricity supply

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.8. Aid for the security of electricity supply</p> <p style="text-align: center;">4.8.4.5 Proportionality</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.8. Aid for the security of electricity supply</p> <p style="text-align: center;">4.8.4.5 Proportionality</p>
<p>314. Member States may also use competitive certificates/supplier obligation schemes, provided that:</p> <p style="padding-left: 40px;">(a) demand in the scheme is set below potential supply; and</p> <p style="padding-left: 40px;">(b) the buyout/penalty price that applies to a consumer/supplier that has not bought the number of certificates required (i.e. the price which constitutes the maximum that can be paid for support) is set based on the value of lost load.</p>	<p>314. Member States may also use competitive certificates/supplier obligation schemes, provided that:</p> <p style="padding-left: 40px;">(a) demand in the scheme is set below potential supply; and</p> <p style="padding-left: 40px;">(b) the buyout/penalty price that applies to a consumer energy user/supplier that has not bought the number of certificates required (i.e. the price which constitutes the maximum that can be paid for support) is set based on the value of lost load.</p>

Justification: as defined in the Consumer Rights Directive 2011/83/EU and the Directive 93/13/EEC on unfair terms in consumer contracts, 'consumer' means any natural person who, in contracts covered by this Directive, is acting for purposes which are outside his trade, business, craft or profession. "Energy users" is a more neutral term that can be used for all types of customers without distinction.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.8. Aid for the security of electricity supply</p> <p style="text-align: center;">4.8.5 Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">. Aid for the security of electricity supply</p> <p style="text-align: center;">4.8.5 Avoidance of undue negative effects on competition and trade and balancing</p>
<p>324. To avoid undermining incentives for demand response and exacerbating the market failures that lead to the need for security of supply measures, and to ensure the security of supply intervention is as limited in size as possible, the costs of a security of supply measure should be borne by the market participants who contribute to the need for the measure. For example, this may be achieved by allocating the costs of a security of supply measure to electricity consumers in periods of peak electricity demand.</p>	<p>324. To avoid undermining incentives for demand response and exacerbating the market failures that lead to the need for security of supply measures, and to ensure the security of supply intervention is as limited in size as possible, the costs of a security of supply measure should be borne by the market participants who contribute to the need for the measure. For example, this may be achieved by allocating the costs of a security of supply measure to electricity consumers users in periods of peak electricity demand.</p>

Justification: as defined in the Consumer Rights Directive 2011/83/EU and the Directive 93/13/EEC on unfair terms in consumer contracts, 'consumer' means any natural person who, in contracts covered by this Directive, is acting for purposes which are outside his trade, business, craft or profession. "Users" is a more neutral term that can be used for all types of customers without distinction.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.8. Aid for the security of electricity supply</p> <p style="text-align: center;">4.8.5 Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.8. Aid for the security of electricity supply</p> <p style="text-align: center;">4.8.5 Avoidance of undue negative effects on competition and trade and balancing</p>
<p>325. The Commission considers that certain aid measures have negative effects on competition and trade that are unlikely to be offset. In particular, certain aid measures may aggravate market failures, creating inefficiencies to the detriment of consumer and social welfare. For instance, measures – including network reserves and interruptibility schemes – that do not respect the emissions threshold applicable to capacity mechanisms set out in Article 22 of Regulation (EU) 2019/943 and that may incentivise new investments in energy based on the most polluting fossil fuels, such as coal, diesel, lignite, oil, peat and oil shale increase the negative environmental externalities in the market.</p>	<p>325. The Commission considers that certain aid measures have negative effects on competition and trade that are unlikely to be offset. In particular, certain aid measures may aggravate market failures, creating inefficiencies to the detriment of consumer energy users and social welfare. For instance, measures – including network reserves and interruptibility schemes – that do not respect the emissions threshold applicable to capacity mechanisms set out in Article 22 of Regulation (EU) 2019/943 and that may incentivise new investments in energy based on the most polluting fossil fuels, such as coal, diesel, lignite, oil, peat and oil shale increase the negative environmental externalities in the market.</p>

Justification: As defined in the Consumer Rights Directive 2011/83/EU and the Directive 93/13/EEC on unfair terms in consumer contracts, 'consumer' means any natural person who, in contracts covered by this Directive, is acting for purposes which are outside his trade, business, craft or profession. "Energy users" is a more neutral term that can be used for all types of customers without distinction.

4.9. Aid for energy infrastructure

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.9 Aid for energy infrastructure</p> <p style="text-align: center;">4.9.2 Scope</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.9 Aid for energy infrastructure</p> <p style="text-align: center;">4.9.2 Scope</p>
<p>333. Similarly, the Commission considers that there is no State aid involved in investments where the energy infrastructure is run under a 'natural monopoly', which is deemed to exist where the following cumulative conditions are met:</p> <p style="padding-left: 40px;">(...)</p> <p style="padding-left: 40px;">(c) the infrastructure is not designed to selectively favour a specific undertaking or sector but provides benefits for society at large, which is normally the case for gas and electricity infrastructure.</p>	<p>333. Similarly, the Commission considers that there is no State aid involved in investments where the energy infrastructure is run under a 'natural monopoly', which is deemed to exist where the following cumulative conditions are met:</p> <p style="padding-left: 40px;">(...)</p> <p style="padding-left: 40px;">(c) the infrastructure is not designed to selectively favour a specific undertaking or sector but provides benefits for society at large, which is normally the case for gas, hydrogen, carbon dioxide transport and electricity infrastructure.</p>

Justification: It should also include reference to hydrogen and CO₂ as both are crucial for hydrogen market development, so to be consistent with paragraph 35 of the CEEAG

<p>European Commission's proposal</p> <p>4.9 Aid for energy infrastructure</p> <p>4.9.3.1 Necessity and appropriateness</p>	<p>EUROGAS recommendation</p> <p>4.9 Aid for energy infrastructure</p> <p>4.9.3.1 Necessity and appropriateness</p>
<p>337. The granting of State aid is a way to overcome market failures which cannot be addressed by means of compulsory user tariffs. Therefore, to demonstrate the need for State aid, the following principles apply:</p> <p>(a) the Commission considers that for projects of common interest as defined by Article 4 of Regulation (EC) No 347/2013 which are fully subjected to internal energy market legislation, the market failures in terms of coordination problems are such that financing by means of tariffs may not be sufficient and State aid may be granted;</p> <p>(b) for Projects of Common Interest which are partially or fully exempted from internal energy market legislation, and for other infrastructure categories, the Commission will carry out a case-by-case assessment of the need for State aid. In its assessment, the Commission will consider the following factors: (i) the extent to which a market failure leads to a sub-optimal provision of the necessary infrastructure; (ii) the extent to which the infrastructure is open to third party access and subject to tariff regulation; and (iii) the extent to which the project contributes to the security of energy supply in the Union.</p>	<p>337. The granting of State aid is a way to overcome market failures which cannot be addressed by means of compulsory user tariffs. Therefore, to demonstrate the need for State aid, the following principles apply: (a) the Commission considers that for projects of common interest as defined by Article 4 of in Regulation (EC) No 347/2013, for smart grids, and for infrastructure investments in assisted areas, which are fully subjected to internal energy market legislation, the market failures in terms of positive externalities and coordination problems are such that financing by means of tariffs may not be sufficient and State aid may be granted;</p> <p>(b) for Projects of Common Interest which are partially or fully exempted from internal energy market legislation, and for other infrastructure categories, the Commission will carry out a case-by-case assessment of the need for State aid. In its assessment, the Commission will consider the following factors: (i) the extent to which a market failure leads to a sub-optimal provision of the necessary infrastructure; (ii) the extent to which the infrastructure is open to third party access and subject to tariff regulation; and (iii) the extent to which the project contributes to the security of energy supply in the Union.</p>

Justification: While CEEAG recognize it in slightly different manner in paragraph (337), EEAG wording in paragraph (206) is more comprehensive, especially in regard to the future requirements for hydrogen market and infrastructure, in particular investments related to digitalisation and smart gas grids.

4.10. Aid for district heating and cooling

European Commission's proposal	EUROGAS recommendation
4.10 Aid for district heating or cooling	4.10 Aid for district heating or cooling, including cogeneration

Justification: Due to their efficiency (simultaneous generation of electricity and heat), gas-fired cogeneration plants contribute significantly to the environmental objectives of the EU while guaranteeing a secure heat supply. The possibility to support the expansion of gas-fired CHP-plants, which is necessary in some member states to enable a coal-exit, must therefore be properly anchored within the State Aid Guidelines.

European Commission's proposal	EUROGAS recommendation
<p>4.10 Aid for district heating or cooling</p> <p>4.10.2 Scope and supported activity</p>	<p>4.10 Aid for district heating or cooling</p> <p>4.10.2 Scope and supported activity</p>
<p>342. Such aid measures typically cover the construction or upgrade of the generation unit to use renewable energy, waste heat, or highly-efficient cogeneration including thermal storage solutions, or the upgrade of the distribution network to reduce losses and increase efficiency, including through smart and digital solutions.</p>	<p>342. Such aid measures typically cover the construction or upgrade of the generation unit to use renewable and low-carbon energy, waste heat, or highly-efficient cogeneration including thermal storage solutions, or the upgrade of the distribution network to reduce losses and increase efficiency, including through smart and digital solutions.</p>

Justification: The low carbon gases market will not develop without government support, for example subsidies for production and use of low carbon gases including hydrogen, or financial guarantees for hydrogen network development in the early years before there is an established user-pays base.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.10 Aid for district heating or cooling</p> <p style="text-align: center;">4.10.5. Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.10 Aid for district heating or cooling</p> <p style="text-align: center;">4.10.5. Avoidance of undue negative effects on competition and trade and balancing</p>
<p>347. Section 3.2.2. does not apply to aid for district heating or cooling. The Commission considers that the upgrade or construction of district heating and cooling systems which rely on the most polluting fossil fuels such as coal, lignite, oil and diesel, have negative consequences on competition and trade which are unlikely to be offset unless the following cumulative conditions are fulfilled:</p> <p>(a) the support is limited to the upgrade of the distribution network;</p> <p>(b) the distribution network is or becomes fit for the transport of heat or cooling generated from renewable energy sources;</p> <p>(c) the investment does not result in increased generation of energy from the most polluting fossil fuels (for example, by connecting additional customers);</p> <p>(d) there is a clear timeline involving firm commitments for transitioning away from the most polluting fossil fuels, compatible with the Union's 2030 climate target and the 2050 climate neutrality target.</p>	<p>347. Section 3.2.2. does not apply to aid for district heating or cooling. The Commission considers that the upgrade or construction of district heating and cooling systems which rely on the most polluting fossil fuels such as coal, lignite, oil and diesel, have negative consequences on competition and trade which are unlikely to be offset unless the investment does not result in increased generation of energy from the most polluting fossil fuels and at least one of the following cumulative conditions are is fulfilled:</p> <p>(a) the support is limited to the upgrade of the distribution network;</p> <p>(b) the distribution network is or becomes fit for the transport of heat or cooling generated from renewable energy sources;</p> <p>(c) the investment does not result in increased generation of energy from the most polluting fossil fuels (for example, by connecting additional customers);</p> <p>(d) (c) there is a clear timeline involving firm commitments for transitioning away from the most polluting fossil fuels, compatible with the Union's 2030 climate target and the 2050 climate neutrality target.</p>

Justification: The proposed cumulative requirements would hinder the expansion of district heating and cooling systems, which are necessary to achieve the new, ambitious EU targets for the buildings sector. As the expansion of the district heating network is independent from the generation facilities connected to the system, an automatic exclusion of systems that still rely on coal-fired generation facilities is therefore not appropriate – especially as most cost countries have already pledged to end coal-fired energy generation in the near future.

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.10 Aid for district heating or cooling</p> <p style="text-align: center;">4.10.5. Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.10 Aid for district heating or cooling</p> <p style="text-align: center;">4.10.5. Avoidance of undue negative effects on competition and trade and balancing</p>
<p>348. As regards the construction or upgrade of district heating generation installations, measures that incentivise new investments in energy based on natural gas may reduce greenhouse gas emissions in the short run but aggravate negative environmental externalities in the longer run, compared to alternative investments. For those investments in natural gas to be seen as having positive environmental effects, Member States must explain how they will ensure that the investment contributes to achieving the Union’s 2030 climate target and 2050 climate neutrality target and, in particular, how a lock-in of the gas-fired energy generation or gas-fired production equipment will be avoided. For example, this may include binding commitments by/from the beneficiary to implement CCS/CCU or substitute natural gas by renewable or low carbon gas or to close the plant on a timeline consistent with the Union’s climate targets</p>	<p>348. As regards the construction or upgrade of district heating generation installations, measures that incentivise new investments in energy based on natural gas may reduce greenhouse gas emissions in the short run but aggravate negative environmental externalities in the longer run, compared to alternative investments. For those investments in natural gas to be seen as having positive environmental effects, Member States must explain how they will ensure that the investment contributes to achieving the Union’s 2030 climate target and 2050 climate neutrality target and, in particular, how a lock-in of the gas-fired energy generation or gas-fired production equipment will be avoided. For example, this may include binding commitments by/from the beneficiary to implement CCS/CCU or substitute natural gas by renewable or low carbon gas or to close the plant on a timeline consistent with the Union’s climate targets</p>

Justification: In this context “binding commitments” may prove difficult for beneficiaries, as availability of low-carbon/renewable gases is out of their hands

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.10 Aid for district heating or cooling</p> <p style="text-align: center;">4.10.5. Avoidance of undue negative effects on competition and trade and balancing</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.10 Aid for district heating or cooling</p> <p style="text-align: center;">4.10.5. Avoidance of undue negative effects on competition and trade and balancing</p>
<p>349. In analysing the impact of State aid for district heating and cooling systems on competition and in balancing it against the supported economic activity, the Commission will carry out a case-by-case assessment balancing the benefits of the project in terms of energy efficiency and sustainability against the negative effects on competition and in particular the possible negative impact on alternative technologies or providers of heating and cooling services and networks.</p>	<p>349. In analysing the impact of State aid for district heating and cooling systems on competition and in balancing it against the supported economic activity, the Commission will carry out a case-by-case assessment balancing the benefits of the project in terms of energy efficiency and sustainability against the negative effects on competition and in particular the possible negative impact on alternative technologies or providers of heating and cooling services and networks.</p>

Justification: Paragraph 349 describes an extremely complex, bureaucratic and time-consuming process that could lead to an individual examination of every subsidised investment in district heating systems or CHP plants. The requirements for a case-by-case assessment of aid measures duplicate the content of the provisions in Section 3.3. Therefore, either section 3.3. should explicitly not be applied to chapter 4.10., as it is for example the case in chapter 4.1. paragraph 97, or paragraph 349 should be deleted.

European Commission's proposal	EUROGAS recommendation
<p>4.10 Aid for district heating or cooling</p> <p>4.10.5. Avoidance of undue negative effects on competition and trade and balancing</p>	<p>4.10 Aid for district heating or cooling</p> <p>4.10.5. Avoidance of undue negative effects on competition and trade and balancing</p>
	<p>349a (New). Aid for decarbonisation can take a variety of forms including up front grants and contracts for ongoing aid payments such as contracts for difference. Aid which covers costs mostly linked to operation rather than investment should only be used where the Member State clearly demonstrates that this results in more environmentally friendly operating decisions.</p>

Justification: Due to their efficiency (simultaneous generation of electricity and heat), gas-fired cogeneration plants contribute significantly to the environmental objectives of the EU while guaranteeing a secure heat supply. Operating aid is a suitable and necessary form of financial support for the operation of CHP plants. The flexibility of the Member States to design national support schemes that also include operating aid should therefore be clarified in Chapter 4.10. in analogy to paragraph 103 in Chapter 4.1. Furthermore, additional support for the successive integration of more cost-intensive, climate-neutral gases can also make an important contribution to the decarbonisation of district heating.

4.11. Aid in the form of reductions from electricity levies for energy-intensive users

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.1 Rationale for the aid</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.1 Rationale for the aid</p>
<p>350. The transformation of the Union’s economy in line with the Green Deal Communication is partially financed through levies on electricity consumption. The realisation of the Green Deal requires that Member States put in place ambitious decarbonisation policies to significantly reduce Union greenhouse gas emissions by 2030 and reach climate neutrality by 2050. In this context, it is likely that Member States will continue to finance such policies through levies and it is therefore possible that those levies may increase.</p>	<p>350. The transformation of the Union’s economy in line with the Green Deal Communication is partially financed through levies on electricity energy consumption. The realisation of the Green Deal requires that Member States put in place ambitious decarbonisation policies to significantly reduce Union greenhouse gas emissions by 2030 and reach climate neutrality by 2050. In this context, it is likely that Member States will continue to finance such policies through levies and it is therefore possible that those levies may increase.</p>

Justification: Each energy vector must bear the cost of its own decarbonisation. Each energy carrier’s bill shall integrate only the cost, charges and levies linked to the production, transport and retail of that specific energy carrier. A cross subsidisation across energy carriers or sectors would create market distortions. By allocating the relevant energy system costs (including incentives and subsidies) to the respective energy carrier, adequate price signals are sent to energy users. Consequently, energy users can make an educated choice for the energy option that fits their preferences and requirements

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.1 Rationale for the aid</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.1 Rationale for the aid</p>
<p>351. For certain economic sectors which are particularly exposed to international trade and rely heavily on electricity for their value creation, the obligation to pay the full amount of such levies can create a significant additional burden. This burden can heighten a risk of activities in these sectors moving outside the European Union to locations where environmental disciplines are absent or less ambitious. In addition, such levies increase the cost of electricity compared to the cost of direct emissions and can therefore discourage the electrification of production processes, which is central to the successful decarbonisation of the Union economy. To mitigate those risks, Member States can grant reductions from such levies for companies active in the economic sectors concerned.</p>	<p>351. For certain economic sectors which are particularly exposed to international trade and rely heavily on electricity energy for their value creation, the obligation to pay the full amount of such levies can create a significant additional burden. This burden can heighten a risk of activities in these sectors moving outside the European Union to locations where environmental disciplines are absent or less ambitious. In addition, such levies increase the cost of electricity energy compared to the cost of direct emissions and can therefore discourage the electrification of transition to production processes using renewable or low-carbon energy sources, which is central to the successful decarbonisation of the Union economy. To mitigate those risks, Member States can grant reductions from such levies for companies active in the economic sectors concerned.</p>

Justification: Each energy vector must bear the cost of its own decarbonisation. Each energy carrier’s bill shall integrate only the cost, charges and levies linked to the production, transport and retail of that specific energy carrier. A cross subsidisation across energy carriers or sectors would create market distortions. By allocating the relevant energy system costs (including incentives and subsidies) to the respective energy carrier, adequate price signals are sent to energy users. Consequently, energy users can make an educated choice for the energy option that fits their preferences and requirements.

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.1 Rationale for the aid</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.1 Rationale for the aid</p>
<p>352. This Section sets out the criteria which the Commission will apply when assessing the development of an economic activity, incentive effect, necessity, appropriateness, proportionality and competition impacts of reductions in electricity levies for certain energy-intensive users. The compatibility criteria in Chapter 3 apply only for those criteria for which there are no specific rules in this Section.</p>	<p>352. This Section sets out the criteria which the Commission will apply when assessing the development of an economic activity, incentive effect, necessity, appropriateness, proportionality and competition impacts of reductions in electricity energy levies for certain energy-intensive users. The compatibility criteria in Chapter 3 apply only for those criteria for which there are no specific rules in this Section.</p>

Justification: Each energy vector must bear the cost of its own decarbonisation. Each energy carrier’s bill shall integrate only the cost, charges and levies linked to the production, transport and retail of that specific energy carrier. A cross subsidisation across energy carriers or sectors would create market distortions. By allocating the relevant energy system costs (including incentives and subsidies) to the respective energy carrier, adequate price signals are sent to energy users. Consequently, energy users can make an educated choice for the energy option that fits their preferences and requirements.

<p align="center">European Commission’s proposal</p> <p align="center">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p align="center">4.11.1 Rationale for the aid</p>	<p align="center">EUROGAS recommendation</p> <p align="center">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p align="center">4.11.1 Rationale for the aid</p>
<p>353. The Commission has used appropriate measures to identify those sectors which find themselves particularly exposed to the risks mentioned in point 351 and it has introduced proportionality requirements taking into consideration that, if the reduced levies are too high or awarded to too many electricity consumers, the overall funding of support to energy from renewable sources might be threatened and distortions of competition and trade may be particularly high.</p>	<p>353. The Commission has used appropriate measures to identify those sectors which find themselves particularly exposed to the risks mentioned in point 351 and it has introduced proportionality requirements taking into consideration that, if the reduced levies are too high or awarded to too many electricity energy consumers, the overall funding of support to energy from renewable or low-carbon sources might be threatened and distortions of competition and trade may be particularly high.</p>

Justification: Each energy vector must bear the cost of its own decarbonisation. Each energy carrier’s bill shall integrate only the cost, charges and levies linked to the production, transport and retail of that specific energy carrier. A cross subsidisation across energy carriers or sectors would create market distortions. By allocating the relevant energy system costs (including incentives and subsidies) to the respective energy carrier, adequate price signals are sent to energy users. Consequently, energy users can make an educated choice for the energy option that fits their preferences and requirements.

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.2 Scope: Levies from which reductions can be granted</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.2 Scope: Levies from which reductions can be granted</p>
<p>354. Under this Section, Member States may grant reductions from levies on electricity energy consumption which finance an energy policy objective. This includes levies financing support to renewable or low-carbon sources or to combined heat and power and levies financing social tariffs or energy prices in isolated regions. This Section does not cover levies which reflect part of the cost of providing electricity energy to the beneficiaries in question. For example, exemptions from network charges or from charges financing capacity mechanisms are not covered by this Section. Levies on the consumption of other forms of energy that are not renewable or low-carbon, in particular natural gas, are also not covered by this Section.</p>	<p>354. Under this Section, Member States may grant reductions from levies on electricity energy consumption which finance an energy policy objective. This includes levies financing support to renewable or low-carbon sources or to combined heat and power and levies financing social tariffs or energy prices in isolated regions. This Section does not cover levies which reflect part of the cost of providing electricity energy to the beneficiaries in question. For example, exemptions from network charges or from charges financing capacity mechanisms are not covered by this Section. Levies on the consumption of other forms of energy that are not renewable or low-carbon, in particular natural gas, are also not covered by this Section.</p>

Justification: Need to widen the scope to all renewable and low carbon gases, without focusing only on electricity.

<p style="text-align: center;">European Commission’s proposal</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.3.1 Eligibility</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.3.1 Eligibility</p>
<p>357. The aid under this Section should be limited to sectors that are at a significant competitive disadvantage and risk of relocation outside the Union because of the eligible levies. The risk of relocation depends on the electro-intensity of the sector in question and its exposure to international trade. Accordingly, aid can only be granted if the undertaking belongs to a sector facing a trade intensity of at least 20 % at Union level and an electro-intensity of at least 10 % at Union level. In addition, the Commission considers that a similar risk exists in sectors that face an electro-intensity of at least 7% and face a trade intensity of at least 80%. The sectors meeting these eligibility criteria are listed in Annex I.</p>	<p>357. The aid under this Section should be limited to sectors that are at a significant competitive disadvantage and risk of relocation outside the Union because of the eligible levies. The risk of relocation depends on the electroenergy-intensity of the sector in question and its exposure to international trade. Accordingly, aid can only be granted if the undertaking belongs to a sector facing a trade intensity of at least 20 % at Union level and an electroenergy-intensity of at least 10 % at Union level. In addition, the Commission considers that a similar risk exists in sectors that face an electroenergy-intensity of at least 7% and face a trade intensity of at least 80%. The sectors meeting these eligibility criteria are listed in Annex I.</p>

Justification: Need to widen the scope to all energy vectors, without focusing only on electricity.

<p style="text-align: center;">European Commission's proposal</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.3.4 Energy Audits and Management Systems</p>	<p style="text-align: center;">EUROGAS recommendation</p> <p style="text-align: center;">4.11 Aid in the form of reductions from electricity levies for energy-intensive users</p> <p style="text-align: center;">4.11.3.4 Energy Audits and Management Systems</p>
<p>365. The Member State must also commit to monitoring that beneficiaries required to conduct an energy audit under Article 8(4) of Directive 2012/27/EU do one or more of the following:</p> <p>(...)</p> <p>(c) invest a significant share of at least 50 % of the aid amount in projects that lead to substantial reductions of the installation's greenhouse gas emissions; where applicable, the investment should lead to reductions well below the relevant benchmark used for free allocation in the Union ETS.</p>	<p>365. The Member State must also commit to monitoring that beneficiaries required to conduct an energy audit under Article 8(4) of Directive 2012/27/EU do one or more of the following:</p> <p>(...)</p> <p>(c) invest a significant share of at least 50 % of the aid amount in projects that lead to substantial reductions of the installation's greenhouse gas emissions; where applicable, the investment should lead to reductions well below the relevant benchmark used for free allocation in the Union ETS.</p>

Justification: condition on point (c) appears too restrictive. This goes against the original aim of the document which defines under which conditions aid c, not how it should be used.