Response to the draft *'Guidelines on State aid for Climate, Environmental Protection and Energy 2022'*

The Association of European Renewable Energy Research Centers (EUREC) welcomes the European Commission's initiative to revise the 2014-2020 guidelines to include new areas and technologies to its scope as well as to better align it to relevant EU energy and environmental legislation.

In response to the open public consultation on state aid in July 2021, we would like to bring to your attention our recommendations on 2 topics: the creation of innovation tenders; carbon footprint for renewable installations and equipment. In addition, we would like to emphasize the importance of aligning as best as possible these guidelines with the relevant elements in the ongoing revisions of the Fit for 55 Package, including the Renewable Energy Directive and ETS.

This response has been developed under PV IMPACT, an ongoing Horizon 2020 project that gathers key R&I actors in the photovoltaic sector. Should you have further questions concerning this response, please contact: Nicolas de la Vega, EUREC (delavega@eurec.be).

1. Innovation tenders

Competitive bidding has proven to be a cost-effective way to deploy large quantities of renewable energy. This process works well with mature renewable energy technologies with low LCOEs, such as PERC PV and onshore wind. Nonetheless, many promising renewable technologies with high TRLs don't yet have the needed scale of production and supply chains to compete with the established technologies.

In order to bridge the wide gap between the R&D phase and large scale competitive bidding, it is necessary to explicitly establish Innovation tenders in these guidelines. The French and German tenders that were created in 2017 and 2020 respectively serve as good examples of what they could look like in other countries across Europe.

Moreover, in view that the objective of this new instrument is to facilitate access to market to technologies that are still being developed, Innovation tenders should not require ex post claw-back mechanisms that would increase the risk profile and financing costs of these projects.

Proposed wording - New paragraph 53a

Member States may set Innovative Tenders amounting to no more than one tenth of the country's annual new renewable energy installed capacity averaged over the preceding 5 years. Innovation tenders may be technology-specific, or they may be defined as a specific need or service in the energy system. Innovation tenders may cover innovative solutions in renewable energy and storage.

2. Carbon footprint for renewable installations and equipment

Renewable energy equipment and installations will be essential to decarbonise our economy and demand for them is expected to grow significantly as deployment across Europe and the rest of the world speeds up. As renewables deployment increases, Europe should not lose track of the importance of reducing the carbon footprint of the equipment itself and of encouraging companies

to innovate further in this respect. Member States should encourage the production of installations and equipment with lower carbon footprints by using renewable energy in the production process, increasing efficiency and other relevant techniques.

Proposed wording - Paragraph 74

This Section lays down the compatibility rules for aid measures primarily aimed at reducing greenhouse gas emissions, including aid for the production of renewable and low carbon energy, aid for energy efficiency including high-efficiency cogeneration, aid for carbon capture, storage and use, ~~and~~ aid for the reduction or avoidance of emissions resulting from industrial processes and the reduction of embodied carbon in renewable energy and storage installations and equipment. It also covers support for the removal of greenhouse gases from the environment. This Section does not apply to measures whose primary objective is not the reduction or removal of greenhouse gas emission. Where a measure contributes to both the reduction of greenhouse gas emissions and the prevention or reduction of pollution other than from greenhouse gas emissions, the compatibility of the measure will be assessed on the basis of this Section or Section 4.5, depending on which of the two objectives is predominant.

Proposed wording – new Paragraph 83 (g)

(g) a measure aims to reduce the carbon footprint of renewable energy and storage equipment or installations by achieving at least 40% savings compared to the average footprint of comparable products available in the market.