PART III.6.F - Supplementary information sheet for State aid granted under the Guidelines on State aid for climate, environmental protection and energy 2022 (hereafter ‘CEEAG’) - Section 4.5 – Aid for the prevention or reduction of pollution other than from greenhouse gases

*This supplementary information sheet concerns measures covered in Section 4.5 of the CEEAG. If the notification includes measures that are covered by more than one section of the CEEAG, please once available also fill in the respective supplementary information sheet that concerns the respective section of the CEEAG.*

*All documents provided by Member States as annexes to this supplementary information sheet must be numbered and document numbers must be indicated in the relevant sections of this supplementary information sheet.*

Section A: Summary of the main characteristics of the notified measure(s)

1. Background and objective(s) of the notified measure(s).

1.1. If not already discussed under section 5.2 of the General Information Form (Part I), please provide the background and the main objective, including any Union targets for the environmental objective(s) the measure is intended to support.

1.2. Please indicate any other objectives pursued by the measure. For any objectives that are not purely environmental, please explain whether they may result in any distortions of competition in the internal market.

2. Entry into force and duration:

2.1. To the extent not already provided under section 5.4 of the General Information Form (Part I), please indicate the date as of which the aid scheme is planned to enter into force;

2.2. Please indicate the duration of the scheme[[1]](#footnote-1).

3. Beneficiary(ies)

3.1. If not already provided under section 3 of the General Information Form (Part I), please describe the (potential) beneficiary(ies) of the measure(s);

3.2. Please indicate the location of the beneficiary(ies) (i.e. if only economic entities located in the respective Member State or also in other Member States are eligible to participate in the measure).

3.3. In order to assess the compliance with point 15 of the CEEAG, please specify if aid is granted under the measure(s) in favour of an undertaking (individual or part of a scheme) that is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market.

In the affirmative, please provide information on the amount of aid still to be recovered so that the Commission takes account of it in the assessment of the aid measure(s).

4. Please confirm that the measure(s) does not involve aid to activities falling outside the scope of application of the CEEAG (see point 13 of the CEEAG). Otherwise, please provide details.

5. Budget and financing of the measure(s).

5.1. If not already mentioned in the table under section 7.1 of the General Information Form (Part I), please provide the yearly and/or total budget for the whole duration of the measure(s); if the total budget is not known (for instance because it depends on the results of tenders), please indicate an estimated budget, including the assumptions used to calculate the respective estimated budget[[2]](#footnote-2).

5.2. if the measure is financed through a levy, please clarify if:

(a) the levy is set by law or any other legislative act; in the affirmative, please provide the legal act, number and date when adopted and entered into force, the internet link to the legal act;

(b) the levy reduction is financed by raising the levy for other consumers;

(c) the levy is imposed equally on domestic and imported products;

(d) the notified measure will benefit equally domestic and imported products;

(e) the levy finances fully the measure or only partly. If the levy finances only partly the measure, indicate the other sources of financing of the measure and their respective proportion;

(f) the levy financing the notified measure also finances other aid measures. If so, indicate the other aid measures financed by the concerned levy.

Section B: Compatibility assessment of the aid

1. Positive condition: the aid must facilitate the development of an economic activity

1.1. Contribution to the development of an economic activity

*To provide the information in this section, please refer to section 3.1.1 (points 23-25) and sections 4.5.1 (points 253-254), and 4.5.2 (points 255-259) of the CEEAG.*

6. Article 107(3), point (c), of the Treaty on the Functioning of the European Union (’the Treaty’) provides that the Commission may declare compatible ‘*aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest*’. Therefore, compatible aid under that provision of the Treatymust contribute to the development of a certain economic activity.

In order to assess compliance with point 23 of the CEEAG, please identify the economic activities that will be facilitated as a result of the aid and how the development of those activities is supported.

7. In order to assess compliance with point 25 of the CEEAG, please “describe if and how the aid will contribute to the achievement of objectives of Union climate policy, environmental policy and energy policy and more specifically, the expected benefits of the aid in terms of its material contribution to environmental protection, including climate change mitigation, or the efficient functioning of the internal energy market”.

8. In addition, please highlight to what extent the aid relates to the policies described under points 253-254 of the CEEAG.

9. Please describe the eligibility requirements applicable to the beneficiary(ies) (for instance by including any technical, environmental (i.e. permits), financial (i.e. collaterals) or other requirements that the beneficiary(ies) need to comply with).

10. Please provide information on the precise scope and supported activities of the aid measure(s), as provided in section 4.5.2 (points 255-259) of the CEEAG. Please indicate which one(s) of the following categories of investments are eligible under the aid measure:

(a) Investments enabling undertakings to prevent or reduce pollution other than from greenhouse gases beyond Union standards for environmental protection;

(b) Investments enabling undertakings to prevent or reduce pollution other than from greenhouse gases in the absence of Union standards;

(c) Investments enabling undertakings to comply with Union standards that are adopted but not yet in force.

11. If the aid is in the form of tradable permits[[3]](#footnote-3):

(a) Please describe in detail the tradable permit scheme, including inter alia the objectives, the granting methodology, the authorities or entities involved, the role of the State, the beneficiaries and the procedural aspects.

(b) Please explain how the tradable permit scheme is designed in such a way as to prevent or reduce pollution beyond the levels to be achieved on the basis of Union standards that are mandatory for the undertakings concerned.

12. Please confirm that the aid targets the prevention or reduction of pollution directly linked to the beneficiary(-ies)’s own activities.

13. Please describe how it will be ensured that the aid will not merely displace pollution from one sector to another or from one environmental medium to another and that it will achieve an overall reduction of pollution.

14. For individual aid and aid schemes benefitting a particularly limited number of beneficiaries or an incumbent beneficiary and aiming at decreasing their pollution other than from greenhouse gases, please provide a quantification of the emission/pollutants savings expected from the measure and explain the method followed to quantify them.

15. Please indicate whether the aid measure also contributes to the prevention or reduction of greenhouse gas emissions.

If yes, please provide a comparison of the expected results of the measure in terms of the prevention or reduction of greenhouse gas emissions and of emissions of other pollutants on the basis of credible, detailed quantifications.

If the prevention or reduction of greenhouse gas emissions is the predominant objective of the aid measure, please refer to the supplementary information sheet for section 4.1 as its compatibility will be assessed on the basis of section 4.1. However, if the predominant objective of the measure is the prevention or reduction of pollution other than from greenhouse gas emissions, it will be assessed on the basis of section 4.5 (point 259 of the CEEAG).

1.2. Incentive effect

*To provide the information in this section, please refer to section 3.1.2 (points 26-32) and section 4.5.3 (points 260-262) of the CEEAG.*

16. Aid can be considered as facilitating an economic activity only if it has an incentive effect. In order to assess compliance with point 26 of the CEEAG, please explain how the measure(s) “*induces the beneficiary to change its behaviour, to engage in additional economic activity or in more environmentally-friendly economic activity, which it would not carry out without the aid or would carry out in a restricted or different manner”.*

17. Pursuant to point 28 of the CEEAG:

17.1. Please provide a comprehensive description of the factual scenario expected to result from the aid measure and the likely counterfactual scenario(s) absent the aid measure.[[4]](#footnote-4) Where you expect that different categories of beneficiaries may be supported, please ensure that the counterfactual is credible for each of these categories.

Please take into account the requirements on the counterfactual included in points 266 and 226-230 CEEAG, notably:

(a) Generally, the counterfactual corresponds to an investment with the same capacity, lifetime and, where appropriate, other relevant technical characteristics, as the environmentally friendly investment, leading however to a lower level of environmental protection;

(b) Alternatively, the counterfactual may also correspond to one of the following scenarios:

1. maintaining the existing installations or equipment in operation for a period corresponding to the lifetime of the environmentally friendly investment; in that case, the discounted maintenance, repair and modernisation costs over that period should be taken into account (point 227 of the CEEAG);
2. a later replacement of the installations or equipment; in that case the discounted value of the installations and equipment needs to be taken into account and the difference in the respective economic lifetime of the installations or equipment needs to be equalised in line with point 228 of the CEEAG;
3. the leasing of a the less environmentally-friendly equipment that would be used in the absence of the aid; in that case the discounted value of the leasing of the less environmentally-friendly equipment should be taken into account in line with point 229 of the CEEAG;
4. the absence of an alternative project, in particular where the aided investment consists in adding installations or equipment to existing facilities, installations or equipment.

When describing the factual scenario and the likely counterfactual scenario(s), please specify the capacity, lifetime and other technical characteristics of the investment for both the factual and the counterfactual scenario(s).

17.2. Please briefly explain the rationale for the choice of the likely counterfactual scenario(s), in view of the proposed different categories of beneficiaries if applicable;

17.3. Please quantify the costs and revenues of factual and counterfactual scenarios and justify the change of behaviour, where relevant for each category of beneficiary, based on:

(a) the respective reference project[[5]](#footnote-5), the corresponding counterfactuals and resulting funding gap;

*OR*

(b) relevant quantitative evidence based on market studies, investor plans, financial reports, or other quantitative evidence including bids made for similar projects in recent comparable competitive bidding processes.[[6]](#footnote-6)

18. In order to demonstrate compliance with points 29 and 31 of the CEEAG:

(a) Please confirm that the start of works on the project or activity did not take place prior to a written aid application by the beneficiary to the national authorities;

*OR*

(b) For projects that started before the aid application, please demonstrate that the project falls within one of the exceptional cases provided in point 31 of the CEEAG ((a), (b) or (c)).

19. In order to demonstrate compliance with point 30 of the CEEAG, please confirm that the aid application includes at least the applicant’s name, a description of the project or activity, including its location, and the amount of aid needed to carry it out.

20. In order to demonstrate compliance with points 32, 261 and 262 of the CEEAG:

(a) Please indicate if there are Union standards[[7]](#footnote-7) applicable to the notified measure(s), mandatory national standards that are more stringent or ambitious than the corresponding Union standards, or mandatory national standards adopted in the absence of Union standards.

In that context, please provide information to demonstrate the incentive effect.

(b) In cases where the relevant Union standard has already been adopted but is not yet in force, please demonstrate that the aid has an incentive effect because it incentivises the investment to be implemented and finalised at least 18 months before the standard enters into force in line with point 262 of the CEEAG.

1.3. No breach of any relevant provision of Union law

*To provide the information in this section, please refer to section 3.1.3 (point 33) of the CEEAG.*

21. Please provide information to confirm the compliance with the relevant provisions of EU law, in line with point 33 of the CEEAG.

22. If a levy is used to finance the measure(s), please clarify if the assessment of compliance with Articles 30 and 110 of the Treaty needs to be carried out. In the affirmative, please demonstrate how the measure complies with the provisions of Articles 30 and 110 of the Treaty.In this context, the information submitted under question 5.2 above, where the notified measure(s) is financed through a levy can be referred to.

2. Negative condition: the aid cannot unduly affect trading conditions to an extent contrary to the common interes

2.1. Minimisation of distortions of competition and trade

2.1.1. Necessity of the aid

*To provide the information in this section, please refer to section 3.2.1.1 (points 34-38) and section 4.5.4.1 (point 264) of the CEEAG.*

23. Please explain which market failure(s) your authorities have identified that prevent the achievement of a sufficient level of environmental protection. Please specify in which category the market failures identified fall, by making reference to letters (a), (b), (c) or (d) of point 34 of the CEEAG.

24. In accordance with point 35 of the CEEAG, please provide information on any existing policies and measures that your authorities identified, which already target the identified regulatory or market failures.

25. In order to demonstrate compliance with point 36 of the CEEAG, please provide information that demonstrates that the aid effectively targets residual market failures, also taking into account any other policies and measures already in place to address some of the market failures identified.

26. In order to demonstrate compliance with point 37 of the CEEAG, please explain if, to your authorities’ knowledge, projects or activities similar to those covered by the notified measure(s) with respect to their technological content, level of risk and size, are already delivered within the Union at market conditions. In the affirmative, please provide further evidence to demonstrate the need for State aid.

27. In order to demonstrate compliance with point 38 of the CEEAG, please refer to the quantitative evidence already provided under question 17 above.

28. If the aid is in the form of tradable permits, please provide evidence showing that the following cumulative conditions are fulfilled, in line with point 264 of the CEEAG:

(a) Full auctioning leads to a substantial increase in production costs for each sector or category of individual beneficiaries;

(b) The substantial increase in production costs cannot be passed on to customers without leading to significant sales reductions[[8]](#footnote-8);

(c) Individual undertakings in the sector do not have the possibility to reduce emission levels in order to reduce the costs of the certificates/tradable permits to a level bearable to those companies. This can be shown by comparing the level of emissions of the potential beneficiaries with the emission levels achieved by implementing the best performing technique and showing that the best performing technique in the EEA was used as a benchmark for the level of the allowance granted.

2.1.2. Appropriateness

*To provide the information in this section, please refer to section 3.2.1.2 (points 39-46) of the CEEAG.*

29. In order to verify compliance with point 40 of the CEEAG, please demonstrate that there are no less distortive instruments available that are more appropriate.

30. In order to verify compliance with point 41 of the CEEAG, please demonstrate that the aid measure is designed in such a way as to not undermine the efficiency of other measures remedying the same market failure, such as market-based mechanisms (e.g., the EU ETS).

31. In order to verify compliance with point 42 of the CEEAG, please confirm that none of the beneficiaries of the aid measure(s) could be held liable for the pollution under existing Union or national law (*‘polluter pays’ principle*).

32. In order to verify compliance with points 43 to 46 of the CEEAG, to demonstrate the appropriateness of the aid among different aid instruments, please provide the following information:

(a) Please explain why other potentially less distortive forms of aid are less appropriate, as required in point 44 of the CEEAG. Less distortive forms of aid may be repayable advances as compared to direct grants; tax credits as compared to tax reductions; or forms of aid that are based on financial instruments, such as debt, as compared to equity instruments, including, for example, low-interest loans or interest rebates, State guarantees, or an alternative provision of financing on favourable terms.

(b) Please demonstrate that the choice of the aid instrument is appropriate to the market failure that the aid measure(s) aims to address, as required in point 45 of the CEEAG.

(c) Please explain how the aid measure and its design are appropriate to achieve its objective (point 46 of the CEEAG).

2.1.3. Proportionality

*To provide the information in this section, please refer to section 3.2.1.3 (points 47-57) and section 4.5.4.2 (points 265-273) of the CEEAG. Please note that the following three sections 2.1.3.2., 2.1.3.3. and 2.1.3.4. are alternative. Please provide replies only to the applicable section, depending on the design of the proposed measure. For aid granted in the form of tradable permits, please also reply to question 33 (section 2.1.3.1).*

2.1.3.1. Proportionality of aid granted in the form of tradable permits

33. If the aid is in the form of tradable permits, in line with point 273 please explain how:

(a) The allocation will be carried out in a transparent way, based on objective criteria and on data sources of the highest quality available;

(b) The total amount of tradable permits or allowances granted to each undertaking for a price below their market value will not be higher than its expected needs as estimated for a situation without the trading scheme.

2.1.3.2. Proportionality of aid based on aid intensities set out in points 265-273 of the CEEAG

34. In order to describe the eligible costs under the measure, please identify the extra investment costs directly linked to the achievement of a higher level of environmental protection. For this purpose, please refer to the relevant counterfactual scenario, as identified in the response to question 17 and to points 266 and 226 to 230 CEEAG.

35. Please explain how the investment costs of the factual and the counterfactual scenarios will be determined and verified.

36. Please indicate the maximum aid intensities applicable under the measure and indicate whether any bonuses apply (points 267-270 of the CEEAG).

37. For eco-innovation activities, please demonstrate that the following cumulative conditions are fulfilled (point 270 of the CEEAG):

(a) The eco-innovation activity is new or substantially improved compared to the state of the art in its industry in the Union[[9]](#footnote-9);

(b) The expected environmental benefit is significantly higher than the improvement resulting from the general evolution of the state of the art in comparable activities[[10]](#footnote-10);

(c) The innovative character of the activity involves a clear degree of risk, in technological, market or financial terms, which is higher than the risk generally associated with comparable non-innovative activities[[11]](#footnote-11).

38. If by way of derogation from points 267-270 of the CEEAG, it is considered that aid beyond the maximum aid intensities set under Section 4.5.4.2 is required, please indicate the level of aid considered to be necessary and justify it on the basis of a funding gap analysis for reference projects in the factual and counterfactual scenarios as identified in reply to question 17(c) above, in line with points 51-52 of the CEEAG.

For this funding gap analysis, please submit a quantification, for the factual scenario(s) and a realistic counterfactual scenario(s)[[12]](#footnote-12) identified in reply to question 17 C) above, of all main costs and revenues, the estimated weighted average cost of capital (WACC) of the beneficiaries (or reference projects) to discount future cash flows, as well as the net present value (NPV) for the factual and counterfactual scenarios, over the lifetime of the project/reference project.

(a) Please provide this in an Annex to this supplementary information sheet (using an Excel file where all formulas are visible).

(b) Please include detailed information on the assumptions, methodologies, rationale and underlying sources thereof, used for each aspect of the quantification of costs and revenues in the factual scenario and the likely counterfactual scenario (for instance please include the assumptions used to develop those scenarios and the source/rationale for these assumptions).

(c) For cases of individual aid and schemes benefitting a particularly limited number of beneficiaries, the Member State needs to present the supporting evidence at the level of the detailed project business plan.

For cases of aid schemes, the Member State needs to present the supporting evidence on the basis of one or more reference projects.

(d) You may also attach to this supplementary information sheet the documents mentioned in footnote 39 of the CEEAG. Board documents may be particularly useful for individual aid measures or schemes benefitting a particularly limited number of beneficiaries. If such documents are attached to the supplementary information sheet, please provide below a list of those documents, specifying the author, the date when they were drafted and the context when they were used.

39. Please also demonstrate that the application of a higher aid determined as indicated in question 38 would not result in aid exceeding the funding gap.

40. In case point 52 of the CEEAG is applicable, i.e. the most likely counterfactual scenario consists in the beneficiary not carrying out an activity or investment, or continuing its business without changes, please provide evidence to support this assumption[[13]](#footnote-13).

41. In all case where the proportionality is justified by reference to a funding gap analysis, please confirm that your authorities will conduct an *ex post* monitoring to verify the assumptions made about the level of aid required and will put in place a claw-back mechanism. Please also describe the monitoring and claw-back mechanism that your authorities intend to apply (point 271 CEEAG).

2.1.3.3. Proportionality of the aid granted through a competitive bidding process

*To provide the information in this section, please refer to points 49, 50 and 272 of the CEEAG*.

42. In order to verify the compliance with points 49 and 50 of the CEEAG, please provide the following:

(a) Please explain how the authorities ensure that the bidding process is open, clear, transparent and non-discriminatory, based on objective criteria, defined *ex ante* in accordance with the objective of the measure and minimising the risk of strategic bidding (point 49(a) of the CEEAG).

(b) The selection criteria used for ranking the bids, and ultimately identifying the level of aid in the competitive bidding process. More specifically:

1. Please provide the list of the selection criteria and specify which of them are/are not directly or indirectly related to the main objectives of the measure(s). Please include their weighting.

1. Please explain how the selection criteria put the contribution to the main objectives of the measure(s) in direct or indirect relation with the aid amount requested by the applicant. This may be expressed, for example, in terms of aid per unit of environmental protection[[14]](#footnote-14) (point 50 of the CEEAG and footnote 44 of the CEEAG).

1. In case there are other selection criteria that are not directly or indirectly related to the main objectives of the measure(s), please provide reasons for the proposed approach and explain how it is appropriate to the objectives pursued by the measure(s). Please also confirm that those criteria account for no more than 30 % of the weighting of all the selection criteria (point 50 of the CEEAG).

1. Please explain how far in advance of the deadline for submitting applications in each competitive bidding process the selection criteria will be published (point 49(b) and footnote 43 of the CEEAG).

43. Please explain the elements on which you based the assumption that the bidding process will be open and properly subscribed, i.e. that it can be expected that not all bidders will receive aid and that the number of expected bidders is sufficient to ensure effective competition for the duration of the scheme (point 49(c) of the CEEAG). In your explanation, please take into account the budget or volume of the scheme. Where relevant, please refer to the evidence provided in the replies under question 17.

44. Please provide information on the number of bidding rounds envisaged and expected number of bidders in the first round and over time.

45. In case of one or more undersubscribed bidding processes, please explain how the design of bidding processes will be corrected during the implementation of the scheme in order to restore effective competition, and when (point 49(c) of the CEEAG).

46. Please confirm that *ex post* adjustments to the bidding process outcome (such as subsequent negotiations on bid results or rationing) are avoided (point 49(d) of the CEEAG).

47. In case there is a possibility of ‘*zero subsidy bids*’, please explain how proportionality will be ensured (please see point 49, footnote 42, of the CEEAG).

48. Please clarify if the authorities foresee the use of price floors or caps in the competitive bidding process. In the affirmative, please justify their use and explain how they do not constrain the competitive bidding process (point 49 and footnote 42 of the CEEAG).

2.1.4. Cumulation

*To provide the information in this section, please refer to points 56-57 of the CEEAG.*

49. In as far as not already provided under Part I of the general notification form and in order to verify compliance with point 56 of the CEEAG, please clarify if the aid under the notified measure(s) may be awarded concurrently under several aid schemes or cumulated with ad hoc or *de minimis* aid in relation to the same eligible costs. If that is the case, please provide details on those aid schemes, ad hoc aid or *de minimis* aid and how the aid will be cumulated.

50. If point 56 of the CEEAG is applicable, please justify how the total amount of aid granted under the notified measure(s) for a project or an activity does not lead to overcompensation or exceed the maximum aid amount allowed under points 267-273 of the CEEAG. For each measure that the aid granted under the notified aid measure(s) can be cumulated with, please specify the method used for ensuring compliance with the conditions set out in point 56 of the CEEAG.

51. In case point 57 of the CEEAG is applicable, i.e. the aid granted under the notified measure(s) is combined with centrally managed Union funding[[15]](#footnote-15) (that does not constitute State aid), please justify how the total amount of public funding granted in relation to the same eligible costs does not lead to overcompensation.

2.1.5. Transparency

*To provide the information in this section, please refer to section 3.2.1.4 (points 58-62) of the CEEAG.*

52. Please confirm that the Member State will comply with the requirements on transparency provided in points 58-61 of the CEEAG.

53. Please provide the internet link where the full text of the approved aid scheme or the individual aid granting decision and its implementing provisions, and information on each individual aid award granted ad hoc or under an aid scheme approved on the basis of the CEEAG and exceeding EUR 100 000 will be published.

2.2. Avoidance of undue negative effects of the aid on competition and trade and balancing

*To provide the information in this section, please refer to section 3.2.2 (points 63-70) and section 4.5.5 (points 274-275) of the CEEAG.*

54. In order to verify compliance with point 67 of the CEEAG, please provide information on the possible short and long-term negative effects of the notified measure(s) on competition and trade.

55. Please explain if the measure falls under any of the following situations:

(a) It concerns a market (or markets) where incumbents gained market power prior to market liberalisation;

(b) It involves competitive bidding processes in nascent market(s), when there is a player with a strong market position;

(c) It will only benefit one or a particularly limited number of beneficiaries.

56. Should the aid measure focus on a specific technological choice/path, please justify the reason for the technological choice and that it will not discourage the deployment of cleaner technologies.

57. If the notified measure(s) will only benefit one or a particularly limited number of beneficiaries, in order to verify compliance with point 68 of the CEEAG, please:

(a) Explain whether the notified measure(s) strengthens or maintains the market power of the beneficiary(ies) or discourages the expansion of existing competitors or induces their exit or discourages the entry of new competitors. Explain in this regard also whether the aid measure will lead to an increase in the production capacity of the beneficiary.

(b) Describe the measure(s) put in place to limit the potential distortion of competition caused by granting the aid to the beneficiary(ies).

58. In order to verify compliance with point 69 of the CEEAG, please explain:

(a) If the aid granted under the notified measure(s) aims at preserving economic activity in one region or attracting it away from other regions within the internal market.

(b) In the affirmative, please specify which is the net environmental effect of the notified measure(s) and how the notified measure(s) improves the existing level of environmental protection in the Member States.

(c) How the aid granted under the notified measure(s) does not result in any manifestly negative effects on competition and trade.

(d) In case of individual aid, the main drivers of the choice of the location for the investments by the beneficiary.

59. In order to verify compliance with point 70 of the CEEAG:

(a) Please confirm that aid may be granted under the notified scheme for a maximum period of 10 years from the date of the notification of the Commission’s decision declaring the aid compatible.

(b) Please confirm that, should your authorities wish to extend the duration of the scheme beyond that maximum period, they will renotify the measure.

60. If the aid is in the form of tradable permits, in order to verify compliance with point 275 of the CEEAG, please confirm that the measure complies with all of the following criteria:

(a) The choice of beneficiaries is based on objective and transparent criteria and the aid is granted in principle in the same way for all competitors in the same sector if they are in a similar factual situation;

(b) The allocation methodology does not favour certain undertakings or certain sectors.

(c) In case the allocation methodology favours certain undertakings or certain sectors, please explain how that is justified by the environmental logic of the scheme itself or is necessary for consistency with other environmental policies.

(d) New entrants do not receive permits or allowances on more favourable conditions than existing undertakings operating on the same markets.

(e) Granting higher allocations to existing installations compared to new entrants does not result in creating undue barriers to entry.

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

*To provide the information in this section, please refer to section 3.3 (points 71-76) of the CEEAG.*

61. In order to verify compliance with point 72 of the CEEAG, please explain whether activities supported under the notified measure meet the criteria for environmentally sustainable economic activities provided in Article 3 of the Regulation (EU) 2020/852 of the European Parliament and of the Council[[16]](#footnote-16), including the ‘do no significant harm’ principle, or other comparable methodologies.

62. (In case of competitive bidding process) Please explain if the notified measure(s) includes features to facilitate the participation of SMEs in competitive bidding processes. In the affirmative, please provide information on those features and justify how the positive effects of ensuring participation of SMEs in the notified measure(s) outweigh the possible distortive effects.

Section C: Evaluation

*To provide the information in this section, please refer to Section 5 (points 455-463) of the CEEAG.*

63. If the notified measure(s) exceed the budget/expenditure thresholds in point 456 of the CEEAG, please either explain why in your view the exception in point 457 of the CEEAG should apply, or attach to this supplementary information sheet an Annex that includes a draft evaluation plan covering the scope mentioned in point 458 of the CEEAG[[17]](#footnote-17).

64. If a draft evaluation plan is provided, please:

(a) provide below a summary of that draft evaluation plan included in the Annex.

(b) confirm that point 460 of the CEEAG will be respected.

(c) provide the date and internet link where the evaluation plan will be publicly available.

65. In order to verify compliance with point 459(b) of the CEEAG, in case the aid scheme is not currently subject to an *ex post* evaluation, and its duration exceeds three years, please confirm that you will notify a draft evaluation plan within 30 working days following a significant modification increasing the budget of the scheme to over EUR 150 million in any given year or EUR 750 million over the total duration of the scheme.

66. In order to verify compliance with point 459(c) of the CEEAG, in case the aid scheme is not currently subject to an *ex post* evaluation, please provide below a commitment that the Member State will notify a draft evaluation plan within 30 working days after recording in official accounts expenditures in excess of EUR 150 million in the previous year.

67. In order to verify compliance with point 461 of the CEEAG:

(a) Please clarify if the independent expert has already been selected or it will be selected in the future.

(b) Please provide information on the selection procedure of the expert.

(c) Please justify how the expert is independent from the granting authority.

68. In order to verify compliance with point 461 of the CEEAG:

(a) Please provide your proposed deadlines for the submission of the interim and final evaluation report. Please note that the final evaluation report must be submitted to the Commission in due time to allow for the assessment of the possible prolongation of the aid scheme and at the latest 9 months before its expiry, in line with point 463 of the CEEAG. Please note that that deadline could be reduced for schemes triggering the evaluation requirement in their last 2 years of implementation.

(b) Please confirm that the interim and final evaluation report will be made public. Please provide the date and internet link where those reports will be publicly available.

Section D: Reporting and monitoring

*To provide the information in this section, please refer to Section 6 (points 464 and 465) of the CEEAG.*

69. Please confirm that the Member State will comply with the requirements for reporting and monitoring set out in Section 6, points 464 and 465, of the CEEAG.

1. Please note that for an aid scheme, the duration is the period during which aid may be applied for and decided upon (including thus the time needed for the national authorities to approve the aid applications). The duration referred to under this question does not relate to the duration of the contracts concluded under the aid scheme, which may continue beyond the duration of the measure. [↑](#footnote-ref-1)
2. Please note that a change to the actual or estimated budget may be an alteration of aid, requiring a new notification. [↑](#footnote-ref-2)
3. Tradable permits can involve State aid, in particular when Member States grant permits and allowances below their market value. [↑](#footnote-ref-3)
4. Please note that points 38 and 52, as well as footnotes 39 and 45 of the CEEAG provide further guidance on how the likely counterfactual scenario should be developed. [↑](#footnote-ref-4)
5. ‘Reference project’ is defined in point 19(63) of the CEEAG. [↑](#footnote-ref-5)
6. If relying on a recent competitive process, please explain how that bidding process can be considered competitive, including how windfall profits were avoided for different technologies included in the competitive bidding process where applicable, and how it is comparable, for example:

   Were the conditions (e.g. contract terms and duration, investment deadlines, whether support payments were indexed to inflation or not) similar to those proposed in the notified measure?

   Was the competitive process conducted under similar macroeconomic conditions?

   Were the technologies / project types similar? [↑](#footnote-ref-6)
7. According to point 19(89) of the CEEAG, ‘Union standard’ means:

   *a mandatory Union standard setting the levels to be attained in environmental terms by individual undertakings, excluding standards or targets set at Union level which are binding for Member States but not for individual undertakings;*

   *the obligation to use the best available techniques (BAT), as defined in Directive 2010/75/EU, and to ensure that emission levels do not exceed those that would be achieved when applying BAT; where emission levels associated with the BAT have been defined in implementing acts adopted under Directive 2010/75/EU or under other applicable directives, those levels will be applicable for the purpose of these guidelines; where those levels are expressed as a range, the limit for which the BAT is first achieved for the undertaking concerned will be applicable.* [↑](#footnote-ref-7)
8. The analysis may be conducted on the basis of estimates of the product price elasticity of the sector concerned, among other factors, as well as on estimates of lost sales as well as their impact on the profitability of the beneficiary. [↑](#footnote-ref-8)
9. The novelty could, for example, be demonstrated on the basis of a precise description of the innovation and of market conditions for its introduction or diffusion, comparing it with state-of-the-art processes or organisational techniques generally used by other undertakings in the same industry. [↑](#footnote-ref-9)
10. If quantitative parameters can be used to compare eco-innovative activities with standard, non-innovative activities, ‘significantly higher’ means that the marginal improvement expected from eco-innovative activities in terms of reduced environmental risk or pollution or improved efficiency in energy or resources should be at least twice as high as the marginal improvement expected from the general evolution of comparable non-innovative activities. Where the proposed approach is not appropriate for a given case, or if no quantitative comparison is possible, the application file for State aid should contain a detailed description of the method used to assess this criterion, ensuring a standard comparable to that of the proposed method. [↑](#footnote-ref-10)
11. This risk could be demonstrated by the Member State for instance in terms of: costs in relation to the undertaking’s turnover, time required for the development, expected gains from the eco-innovation activity in comparison with the costs, and probability of failure. [↑](#footnote-ref-11)
12. Please refer also to the further information in points 51-53 as well as footnotes 45 and 46 of the CEEAG. [↑](#footnote-ref-12)
13. In that case, according to point 52 of the CEEAG, “the net extra cost may be approximated by the negative NPV of the project in the factual scenario without aid over the lifetime of the project (hence, implicitly assuming that the NPV of the counterfactual is zero)” [↑](#footnote-ref-13)
14. Please note that footnote 44 of the CEEAG provides that:

    *“When assessing units of environmental protection, Member States may for instance develop a methodology that accounts for emissions or other pollution at different stages of the supported economic activity, project realisation time or system integration costs. When putting the contribution to the main objectives in relation with the aid amount requested, Member States may for instance weigh the various objective criteria and select on the basis of aid amount per unit of the weighted average of the objective criteria, or select among a limited range of bids with the lowest aid amount per unit of the objective criteria the ones with highest scores on the objective criteria. The parameters of any such approach must be calibrated to ensure that the bidding process remains non-discriminatory, effectively competitive and reflects economic value.”* [↑](#footnote-ref-14)
15. Centrally managed Union funding is Union funding centrally managed by the institutions, agencies, joint undertakings or other bodies of the European Union and that is not directly or indirectly under the control of the Member State. [↑](#footnote-ref-15)
16. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13). [↑](#footnote-ref-16)
17. The template for the supplementary information sheet for the notification of an evaluation plan (Part III.8) is accessible here: <https://competition-policy.ec.europa.eu/state-aid/legislation/forms-notifications-and-reporting_en#evaluation-plan> [↑](#footnote-ref-17)