

Targeted review of the General Block Exemption Regulation (State aid): extended scope for national funds to be combined with certain Union programmes (2nd consultation)

EREF is the federation of national renewable energy associations from EU Member States, representing all renewable energy technologies. For 20 years, EREF has been the only association to holistically represent all renewables in negotiations on EU energy policy and continues to promote the interests of independent renewable power, fuel and heat and cold production by striving to create, maintain and develop a stable and reliable framework for renewable energy producers.

The role of State aid in the Green Recovery

The economic crisis caused by the Covid-19 pandemic is likely to be one of the worst to hit the world since the Great Depression. An economic catastrophe of this magnitude must be met with an equally great and ambitious recovery plan. However, the focus of this recovery plan cannot be to save the economy today and care about the climate later. And it cannot be the return to outdated structures and policies from the time before the crisis. There must be a dual stimulus to the recovery plan, incorporating a swift economic recovery and it needs to be founded on an accelerated transformation towards climate neutrality. Time is essential, with investments initiated today having long term climate impact into 2030, 2040 and 2050.

The role of state aid, and in this circumstance the General Block Exemption Regulation (GBER), could and should be to support the European Green Deal and updating the EU climate targets to be in line with the Paris Agreement and working towards swift implementation – for the benefit of economy and ecology. There must be greater consideration given to the environmental effects of state aid before it is granted by the Commission.

Under the EU treaties, the Commission is obliged to address environmental effects of non-environmental state aid measures. By failing to take into consideration the consistency of the state aid with EU climate laws and objectives, the Commission violates its duties under the Treaties. The Commission must update its state aid framework so that there is a clear indication as to how the Commission will continue to assess state aid in line with the Green Deal and targets. This assessment should include seeking evidence of the environmental law compliance of the project, conducting an analysis of whether an aid measure is directly or indirectly increasing GHG emissions.

Targeted review:

Regarding the targeted review of the General Block Exemption Regulation and the extension to national funds combined with certain Union programmes, EREF welcomes the opportunity to contribute to the review and would like to make the following recommendations for the proposed text:

It is crucial that the revised General Block Exemption Regulation excludes all fossil fuels or fossil fuels related infrastructure, to ensure that the EU climate targets for decarbonisation are reached. While the proposed regulation specifically excludes gas extraction, stating that the InvestEU Fund shall not support “investments related to mining or to the extraction, processing, distribution, storage or combustion of solid fossil fuels and oil, as well as investments related to the extraction of gas”, this exclusion does not extend to funding fossil gas projects. Further investment into fossil gas would be economically illogical, as they would have to be written off after 10-15 years but can still have long-term lock-in effects. Considering the rapid advancements renewable energy technologies have made in the past years, holding on to gas would create an exit debate of the kind we are now having in the coal phase-out in the near future, without there being any need for it. This review of the GBER provides a real opportunity to phase out all fossil fuels and send a clear message for investments in a green-house gas-neutral industry.

Another important recommendation for the review of the GBER would be to introduce new paragraphs with a wider inclusion of renewable energy projects of all sizes. In order to achieve the EU climate goals of 2030, 2040 and 2050, the inclusion of different renewable energy technologies and projects of all sizes is key. This includes renewable energy communities. The revision of the GBER must be consistent with the legal framework that was established under the RED II which ensures support is provided to local community renewables projects. It is crucial that there is coherence between the RED II and the revision of the State Aid Guidelines, supporting citizen investment and ownership, as well as ensuring a socially fair and inclusive energy transition. A corresponding result of local ownership of renewables is greater local economic resilience, contributing towards the EU's post-COVID-19 recovery objectives.

Finally, it is crucial for Member States to have the freedom to choose the appropriate support schemes for renewable energies. Member States have the best understanding of what measures need to be taken to increase renewable energy deployment and stimulate their economy, therefore the choice of support schemes should belong to them.