

Recommendations on the public consultation on the revised Climate, Energy and Environmental Aid Guidelines (CEEAG)

of the Renewable-Energy-Group ARGE Netz

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We welcome the Commissions intention to evaluate state aid not only from the perspective of competition but also considering its impacts on climate and environment. However, we believe that the current draft of the state aid guidelines is in need for improvement, in order to boost the essential green energy transition. It is crucial, that the CEEAG is streamlined with the RED III process, which at its core needs a massive boom in the expansion of wind, photovoltaic and biomass. Thus, we would like to present our recommendations from the perspective of a large Renewable Energy Group from northern Germany.

1. Only renewable energy shall be eligible for state aid

Only renewable energies contribute to generational justice and climate neutrality in the long run. Subsidies to fossil fuels are not in line with the Green Deal or the Paris Agreement. Therefore, subsidies for fossil fuels shall be abolished while new subsidies shall be granted only to renewable projects. This is important in the sector of electricity generation, as well as in the developing sector of green hydrogen. It is mandatory to eliminate fossil path dependencies.

2. Member States should be free to choose appropriate technology specific remuneration mechanisms

When creating the future energy system, we do not only need to take into consideration cost efficiency but also security of supply and efficiency of the energy system as a whole. We need different renewable technologies to assure security of supply. A balanced deployment of renewables implemented by a technology-specific support schemes may in fact be more cost efficient considering the whole energy system than open tenders in all subsidized schemes. Thus, the state aid guidelines should leave it up to the Member States to design support schemes that are best adapted to the territory and the required technology mix.

3. Strengthen SMEs and Energy Communities - the threshold for auctioning shall not be decreased

Member States should be able to grant direct support for smaller projects, especially concerning projects with citizen participation. SMEs and renewable citizens renewable energy projects do not have the same access to capital financing or opportunities for risk mitigation as larger companies. Therefore, auctions can be a distortion between competitors. Access to finance for SMEs could be greatly enhanced with a chapter specifically on the types of aid for SMEs and for Energy Communities and Citizens Energy specifically.

4. Put citizens' energy or energy communities in the focus

Broad acceptance for the new energy architecture in the green deal is of fundamental importance. Wind or pv projects, which integrate local citizens and generate added value in the regions, are the basis of a n accelerated "Energiewende". We therefore strongly recommend a specific chapter on citizens' energy or energy communities, which should provide rules on possible support schemes. Citizens' energy or energy communities could be excluded from tenders independently from the size of the project. Furthermore exemptions in approval procedures or state guaranteed trust solutions.

5. Pilot wind energy shall be excluded from tenders

The construction of pilot wind energy plants helps to create innovative and more efficient and powerful plants. Given the limited availability of suitable areas for renewable plants, further innovation is crucial to a successful energy transition. Size limitations hinder the development of more innovative pilot plants, for which reason such restrictions should be dissolved.

6. Incentives for flexibility, instead of losing remuneration in the event of negative prices

It is comprehensible, that there shall not be direct Incentives to produce energy in the absence of demand on the market. However, the current market design of taxes, levels and duties does not allow renewable plant operators to sell the produced electricity in other sectors. Hence, the loss of remuneration in the event of negative prices causes an enormous price risk without providing any possibility for plant operators to react adequately. Thus, the planned rule shall be removed until a more suitable market design, which puts a price on flexibility, has been established. We therefore recommend to allow incentives for the set-up of regional flexibility markets.

7. Endogenous rationing shall be removed

To reach the climate goals, a massive deployment of renewable energy is the key. The planned provisions on endogenous rationing put economic efficiency before the expansion of renewables. This cannot be in the overarching sense of the Green Deal. Moreover, studies have shown that endogenous rationing causes a high level of uncertainty, further weakens the supply side and generates unwanted market distortions. Instead of artificially creating competition, measures shall address the roots of the problem of supply shortage: slow permitting processes, lack of acceptance and a lack of suitable areas.

We very much appreciate the opportunity to comment. We would be happy to provide further information.

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