

MWA's response to EC public consultation on the revised Guidelines for State Aid for Climate, Energy and Environmental Protection 2022

Mineral Wool Association Benelux (MWA), the branch organization of Dutch and Belgian producers of glass and stone wool insulation, also known as mineral insulation, welcomes the Commission's proposal for a revision of the Guidelines for State aid for climate, energy and environmental protection to align the guidelines with the objectives of the Green Deal.

In the Netherlands there are two large production facilities of MWA members. Saint-Gobain ISOVER is the world's largest producer of insulation materials and has a production location in Etten-Leur where glass wool is made. The largest stone wool factory in the world is located in Roermond, this one is from ROCKWOOL. With approximately 1,200 employees, this is also one of the largest employers in the central of the province of Limburg. In Belgium there are three production facilities of MWA members: Pittsburg Corning Europe in Tessenderlo, Knauf Insulation in Visé and URSA in Desselgem. Together they employ more than 1,000 people.

Mineral wool insulation can either be based upon glass or stone, and the manufacturing of mineral wool is energy-intensive. Despite belonging to the same industry, the mineral wool manufactures are covered by two separate NACE codes (glass and stone wool). Electrification is an important part of the decarbonisation mineral wool manufacturers. Therefore, it is highly important that the mineral wool industry in the EU (both glass and stone wool), is given same conditions to receive reductions from electricity levies (section 4.11) to avoid distortion of competition.

Glass and stone wool products are substitutable. The European insulation market is competitive and almost 100% price-driven. There is no significant difference between different kinds of mineral wool products in terms of climate impact.

To be granted equal access to receive reductions from electricity levies for energy-intensive users, the mineral wool industry must be treated as one sector in the EU's guidelines. Unfortunately, this is not the case in the Commission's proposal when the eligibility criteria is applied at NACE code level.

The Mineral wool sector has two NACE codes. Stone wool belongs to a heterogeneous NACE code (23.99¹), covering a wide range of very different industries for non-metallic mineral products. Whereas glass wool belongs to a homogeneous NACE code (23.14²) with similar industries. Due to the evaluation at NACE code level in the State aid guidelines, only glass wool has been included in Annex 1 as an eligible sector to receive grant reductions from electricity levies.

Stone wool will meet the eligibility criteria in section 4.11.3.1 (trade and electro-intensity) at PRODCOM level but not at NACE code level due to the heterogeneous composition of its NACE code.

The proposed guidelines on this point, seriously threatens to undermine fair competition in the mineral wool sector, which is dependent on increased electrification to decarbonise its production and which in other contexts in EU legislations³ and EU standards is regulated as one sector.

Having a stable regulatory framework with a level playing field will be a key parameter when companies are to prioritise future investments supporting the green transition.

¹ NACE 23.99 "Manufacture of other non-metallic mineral products n.e.c

² NACE 23.14 "Manufacture of glass fibres"

³ Inclusive the EU-ETS, where the mineral wool sector has one benchmark.

In order to avoid the state aid guidelines to introduce distortion of competition within the mineral wool industry we encourage the Commission to adjust the draft text in section 4.11.3.1 to allow for subsector evaluation at relevant PRODCOM level in case of heterogeneous NACE codes.

Provide clear guidance on current State Aid rules with a practical approach. Raising awareness about how to design programmes excluded from State Aid will simplify and accelerate the implementation of Energy-efficient projects. This is particularly needed in the case of complex ownership and contracting models that involve professional landlords, commercial real estate owners, and ESCOs. Being proactive in providing clear and practical guidance on how to develop compliant State Aid schemes will help Member States seize the potential of the new mechanisms and rules, and efficiently steer funds towards the intended objectives.

Recommendation: adopt practical-oriented official guidance, backed by concrete examples (i.e. as done for the guiding template for energy efficiency in buildings linked to the Recovery and Resilience Facility (RRF)). These guidelines shall draw examples from existing and validated schemes, such as the German Support Scheme (BEG) and serve as practical support for other National Governments. For instance, the BEG fulfilled the non-selective criteria by being open to all kinds of building owners, types, Energy Service Companies (ESCOs) and providing a comparable level of support to all applicants and was therefore excluded from State Aid rules.