



Eurelectric key messages for public consultations on Fitness check of State Aid and on Rules Targeted Consultation for the Evaluation of the Guidelines on State aid for Environmental protection and Energy 2014-2020 (EEAG) – July 2019

Eurelectric welcomes the opportunity given by the European Commission to comment on the fitness check of EU State aid rules and on the targeted consultation on the Guidelines on State aid for environmental protection and energy (EEAG). Several key items should be taken into account:

1. **A meaningful carbon price signal:** The achievement of a meaningful carbon price signal through the EU ETS which can drive cost-effective greenhouse gas emission reductions in the EU in line with its Paris Agreement commitments is crucial to enable a market-driven development of decarbonisation solutions. Highly CAPEX-intensive investment need long-term price signals as well as visibility on the long-term CO₂ price.
2. **Changing markets require attention:** The energy market is changing rapidly. It is therefore vital that the EEAG is fit for purpose in relation to market developments and technological changes in the energy sector (e.g. storage, hydrogen, power-to-x and smart energy technologies). This should form a central part of the formal review and potential revisions as Member States develop their plans to ensure that they can deliver on their energy and climate ambitions.
3. **Coherence with the CEP:** The guidelines in place should be in line with the recently adopted Clean Energy Package (CEP) provisions. The CEP marks a significant step towards decarbonisation by setting ambitious binding target of at least 32% for renewable energy and a non-binding target of at least 32.5% energy efficiency by 2030. The market design part of the package puts in place a more competitive and flexible electricity market adapted to the new realities, which will help integrate a greater share of renewable that should represent 80% of the electricity generation to achieve at least 90% decarbonisation by 2050. For instance, the CEP sets up more detailed rules for the allocation of financial support for RES, if needed, and a clearer framework for the implementation of capacity mechanisms.
4. **The current framework works well:** In combination with the CEP, Eurelectric's view is that generally the EEAG work sufficiently well as a means of ensuring that national policies are proportionate, well-designed, facilitating common energy and climate goals, whilst avoiding distortion of the internal market. There are numerous schemes across Europe which have undergone rigorous scrutiny under the state aid review process and the guidelines have been helpful.

5. **Consider different starting points of European countries.** In some regions affected by structural changes, Member States will need to put more effort for changing their generation mix to achieve the European decarbonisation goals. Thus, we will need to differentiate aid intensities and eligibility criteria for Member States in need for transition to low carbon generation.