

## POSITION of FNADE

### Public consultation on State Aid Rules

*Brussels, 19th of July 2019*

EU rules on State Aid are under a process of review, beginning by a public consultation. The results of the Public Consultation will be published on Q3 2019. Proposal for a new Energy and Environment Guidelines (EEAG), and, possibly, General Block Exemption Regulation (GBER), will be made during Q1 2020.

In the list of Regulations and guidelines targeted by the public consultation, two of them are particularly relevant for Waste management organizations as FNADE:

- [General block Exemption regulation](#)
- [Energy and Environment Aid guidelines](#)

#### **General Block Exemption Regulation, 651/2014, 17 June 2014**

Article 107.1 of the EU Treaty prohibits public subsidies, with regard to competition and Internal Market rules. But Article 107. 1 and 107.02 set up conditions under which, by derogation, State Aids can be considered legal, as far as they facilitate some economic activities while not affecting the common interest. In order to examine whether State Aid can be considered legal, EC Commission has the competence for examining and authorising public subsidies on a case-by case basis. In order to simplify this control, a Regulation exempts from such a control projects with public subsidies which comply with a series of rules:

- Maximum: 15 M EUR (investment or for functioning)
- Intensity: 35% of eligible costs

#### **Energy and Environment Aid Guidelines, 2014 /C 200/01**

In case they are subject to State Aid control by EC Commission, projects related to the environment protection or in the energy sector are subject to prior notification and are examined on the basis of the criteria explained in these guidelines, which are valid for the period 2014 – 2020.

#### *Control if*

- No process of competitive call for tender
- The subsidies exceed 15 M EUR/company/project
- Cogeneration > 300MW

#### *State Aid rules will authorise*

- Support to biomass: public subsidies for functioning also authorised
- Adaptation to future EU technical rules not yet entered into force (BREFs)
- Incentivising effect, covers additional costs
- Increased intensity for SMEs (15%), ME (10%)
- If support to functioning: only until the end of amortisation time (except biomass)
- If on waste installations: comply with the Waste Hierarchy; investments based on better technologies than state of the art ones, if the investments would not be decided without the public support; it would lead to less environmentally sound solutions

## Main points addressed by FNADE

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- Generally speaking, we consider GBER and EEAG as positive instruments
- Increase the notification threshold (15M€) and possibly increase the intensity of the covered eligible costs. As an example, sorting plants of 60 000 tons of waste sorted per year can sometimes reach 50 to 60 M€. This can be explained by 3 elements:
  - First of all, the tonnages of waste treated today are increasingly important, which requires the establishment of infrastructures adapted to economies of scale, and growing flows for recovery and recycling;
  - In addition, several types of waste treatment facilities can now be set up within the same site, eg.sorting + composting + recovery installations;
  - Finally, the implementation of increasingly sophisticated technologies (optical sorting, traceability, workers protection systems) to meet European standards, resulting in additional costs.
- Waste heat recovery, in particular from waste, should be treated with the same support schemes as RES. Recovering heat from residual waste, with the efficiency factor R1 under the Directive 2018/851) should be explicitly positively recognised under EEAG rules, not only as far the renewable share is concerned, but generally speaking as an energy source avoiding other combustion installations to produce CO2 emissions, and as a key missing link in the Circular Economy for a successful shift from landfill to waste treatments that are higher in the Waste Hierarchy.

FNADE, Fédération Nationale des Activités de la Dépollution et de l'Environnement, is the french professional organisation representing environmental industrialists. With 223 member private companies operating in the field of waste management, it represents 47,886 employees in France. 9.1 billion euros in revenue and 768 million euros in investment. It is a member of the European Federation of Pollution Control and Environmental Activities (FEAD).