**Comments to question 15**

Storage

• Storage is considered within the context of (a) CRM (failures putting adequacy at risk; as suggested in Q1, need to adapt the CRM to allow for appropriate lead-time and contract duration for HPS), and (b) infrastructure (coordination failure affecting cross-border infrastructure; storage involved only if with a cross-border impact).

• It is not clear whether additional failures exist – e.g., flexibility to be tackled within adequacy (see par. (219) EEAG); storage can contribute to increase RES penetration by avoiding RES curtailments, but this is not enough to justify an intervention (a failure must be identified) and, in fact, an increase in RES penetration can be achieved in more ways (additional RES investments, demand response, interconnection), thus need to preserve competition.

Zero subsidy bids

• To be analysed on a case-by-case basis. Assessing proportionality might be difficult as there would not be an aid amount to check against aid intensity allowed.

Renewable PPA

• According to Art. 19(2)(c) Directive 2018/2001, should the aid not be granted through a competitive bidding process, the eligible costs must be adapted according to who receives the GOs. If the RES producer, then an offset on the eligible cost would be required – a potential issue if “extra investment cost” or “total cost of a project” used (see Q14).

Renewable energy communities / Renewable self-consumers

• According to Art. 21(6) & 22(7) Directive 2018/2001, MS shall grant them non-discriminatory access to support schemes and take into account their specificities when designing such schemes. Thus, it is not about developing separated support schemes (positive discrimination), but ensuring the scheme is designed to make it possible for them to compete effectively.

• Given the relevance small RES might achieve, for the sake of affordability the thresholds set in par. (129) EEAG for operating aid granted without a competitive bidding process should be reduced (at least to the level in in Art. 5 Regulation 2019/943; no exception for wind energy).

Hydrogen, synthetic fuels, low carbon gas

• According to Art. 2(1) Directive 2018/2001, renewable gases include “landfill gas, sewage treatment plant gas and biogas” exclusively. Any other gas, even if produced from RES energy, would not qualify as renewable and, hence, for aid to RES. In this sense, for State aid purposes raw RES production and energy conversion (e.g. biogas purifier; electrolyser; methanation equipment) must be unbundled.

• This unbundling concept is already in par. (90) Directive 2018/2001 (“there should be an element of additionality, meaning that the fuel producer is adding to the renewable deployment or to the financing of renewable energy”) and in the definition of “energy from renewable energy sources” in par. (11) EEAG, and it is consistent with the existing overall framework – e.g. HPS investment (conversion to potential energy) or heat pump investment (conversion to heat) not eligible for aid to RES even when fed with RES power. For the sake of non-discrimination, the principles applied to gas must be applied also to the rest of energy carriers / technologies.

• If by “decarbonised gas” it is meant that a CCS is in place, the issue should be how to treat CCS as a CO2 abatement measure – see detailed comments below.

• Energy conversion technologies (electrolysers) are out of the scope of the definition of “infrastructure” (see par. (31) EEAG) as they are not an integral part of a storage technology. In addition, Art. (36)&(54) Directive 2019/944 clearly puts storage on the side of deregulated activities, thus no objective reason to modify such definition.

• Should the regulation introduce a penetration objective for these gases in the form of obligations on undertakings, then there would no room for State aid.

CCS

• Par.(163) EEAG justifies the need for aid on a residual failure in the CO2 pricing (ETS not yet able to “ensure the achievement of the long term decarbonisation objectives”). However, it would be more appropriate from the State aid rationale (regulation and market-based instruments first – see par. (40) & (41) EEAG) to tackle it through e.g. an additional carbon tax rather than through an ad-hoc measure, which in fact introduces a discrimination issue (the failure argued is affecting all carbon abatement measures).

• However, par.(164) EEAG establishes that “the Commission presumes the appropriateness of aid provided all other conditions are met”. This presumption should be removed given the discrimination issue described. Aid for CCS should be allowed only if the MS has put in place measures to deal directly and in a non-discriminatory manner with the CO2 pricing issue (e.g. a carbon tax) and they have been insufficient.

• For sake of proportionality, the of aid for CCS should be capped by the gap in the CO2 price identified.

• These provisions should be applied to aid to any other CO2 abatement measure not specifically tackled in EEAG