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CONTRIBUTION TO THE PUBLIC CONSULTATION ON THE REVISED CLIMATE, ENERGY AND ENVIRONMENTAL AID GUIDELINES (CEEAG)

The ceramic sector in the Valencian Community (Spain) stands out for the importance it has both at the regional level and at national level.

ASCER is the Spanish Association of Ceramic Tile Manufacturers, and currently has 117 associated companies that represent approximately 95% of the sector's production, mostly concentrated in the province of Castellón, forming part of the "ceramic cluster".

Turnover in 2020 amounted to 3.842 million euros, 76% of which came from exports, making it the second largest exporter of ceramic tiles in the world. It employs 16.000 people directly and 60.000 indirectly. The ceramic tile manufacturing sector is an energy-intensive sector, mainly in natural gas; last year its consumption amounted to 14.100 GWh of gas, and 1.400 GWh of electricity.

There are several points of concern we would like to raise regarding the CEEAG which were published on 7th of June 2021 and in particular on section **4.11 Aid in the form of reductions from electricity levies for energy-intensive users**.

All Member states have implemented measures to boost electricity generation from renewable energy sources as a means to facilitate the decarbonisation of the electricity sector. These measures have been accompanied by significant subsidies which, in one way or another, have been financed by energy consumers.

An important aspect to highlight is the diversity of the financing measures used in the different Member states: in some cases, these energy policies have been financed through taxes or levies, while on other occasions they have been financed through other types of instruments, such as the creation of Funds to which certain obligated parties must make contributions. In one way or another, the cost of these measures is always borne by the end consumer, but not always in the form of a levy or tax.

It is therefore necessary that the Guidelines take a broader approach than the current proposal, which only provides for reductions in the case where the financing of renewable energies has been implemented through levies on electricity bills. This proposal will create competitive disadvantages between companies in the same sector located in different Member states.

It is imperative that, regardless of the system chosen by each Member state to finance support for renewable generation, all sectors or companies that meet the eligibility criteria set out in the Guidelines shall be able to access aids under the same conditions throughout the EU.

In addition, the Guidelines should also take into consideration that the financing of renewables is not only implemented through the electricity bill but has also been implemented in some MS through the natural gas bill or other forms of energy.

This is the case in Spain, where a system has recently been designed for financing renewables through a new National Fund to which suppliers of electricity, natural gas and oil products must contribute, according to their sales. These contributions will undoubtedly be passed on to energy consumers, who provided they meet the eligibility criteria of the Guidelines, should be able to access the aid, in order to avoid the risk of relocation.

This aspect is particularly important for heat-intensive sectors that cannot electrify their processes, nor do they have a real alternative to natural gas. If they are also eminently exporting sectors, as is the case of the ceramic tiles sector (NACE 23.31 with an TI level of 43.1%), the obligation to pay the full amount for financing renewables through their natural gas bill will represent a significant additional burden.

This burden may increase the risk of relocation of activities in these sectors outside the EU to places where environmental disciplines are either absent or less ambitious, which is exactly what this aid is intended to avoid.

We therefore propose that the **section 4.*11 Aid in the form of reductions from electricity levies for energy-intensive users*** **is reviewed on the basis of a broader approach defining support not only as reductions in electricity levies but for renewable financing schemes in general**.

In particular, it is requested that the **last sentence of the paragraph 354 is deleted**: *Levies on the consumption of other forms of energy, in particular natural gas, are also not covered by this Section.*

In addition, regarding the proportionality of the support measure, it is considered that for energy-intensive users, having to assume 25% of the costs of financing renewables will cause significant additional burden and could generate a risk of relocation. It is therefore proposed to maintain the value at 15%.

LA DIRECTORA GENEAL DE INDUSTRIA, ENERGÍA Y MINAS

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