



European Commission  
Directorate-General for Competition  
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21.7.2021

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Ref: HT.5371\_Reply\_from\_a\_public\_authority, FINLAND

Dear Sir, Dear Madam,

In reply to the Commission's request for contributions in its public consultation, Finland submits the following preliminary comments on the Commission's draft guidelines on State aid for climate, environmental protection and energy 2022. The comments are the result of consultations between competent ministries and subject to the approval of the Finnish legislature.

Finland supports the revision of the guidelines. The proposed guidelines would in future enable better targeted aid programs which are also more forward-looking as compared to the environment and energy aid guidelines currently in force. The draft facilitates an appropriate evaluation when State aid is necessary to support the green transition and circular economy.

Finland notes that the Commission may only accept aid as compatible with the internal market when that aid conforms with European Union law. Finland nevertheless has reservations about giving exceptional weight to particular rules when balancing the negative and positive effects of aid on competition and trade. For example, the "do no significant harm" principle in the taxonomy regulation (EU) 2020/852 may bear similarity to market efficiency analysis especially when evaluating externalities. Finland proposes that the guidelines should "take into account" these rules rather than "pay particular attention" to them in the context of such an evaluation.

### **Block Exemption**

Finland proposes that in future, it should be possible to examine in more detail the Commission's plans for those General Block Exemption Regulation (651/2014) proposals that correspond to the draft guidelines. It should be possible to examine the proposals relevant to both instruments as a whole.

### **Aid for the reduction and removal of greenhouse gas emissions in energy production**

Finland supports the technology-neutral approach and exception to this approach, which enables supporting investments that utilize new innovative technology in the field of energy. The exceptions proposed in the guidelines are somewhat open to interpretation. Finland considers the threshold for small energy projects should be 1 MW rather than 400 kW as proposed.

### **Aid for the deployment of recharging or refuelling infrastructure**

Finland considers ex ante verification requirement for three years (paragraph 171) too onerous and proposes that recharging and refueling infrastructure should be possible following a review

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of whether the investment is economically viable during its lifetime. Finland agrees with the proposals for competitive bidding but considers it important that such competitions can take into account other criteria such as regional emphases or aid for new technology. It should be possible to consider the needs of sparsely populated regions and heavy transport when assessing aid intensity.

### **Aid for clean mobility**

Biogas should be as eligible for aid as electric and hydrogen-based renewable fuels. This is necessary in particular in order to achieve the aims of the methane strategy. It is particularly important in those production, use and delivery sites where the aid can be shown to target renewable biogas and biomethane. Clean transport should be defined so as to maximize the overall reduction of emissions. To that end, rolling stock with low emissions which is no longer used should be available on the market rather than scrapped (paragraph 165). In the context of marine transport, the proposed rules found in the taxonomy regulation are not technology neutral and do not fully account for the overall emissions because of its focus on emissions during use. Exceptional northern winter maritime conditions should also be acknowledged in the guidelines.

### **Security of electricity supply**

Finland considers it necessary to take into account EU secondary legislation such as the electricity market regulation 2019/943. Finland supports a legislative technique that clarifies whether the guidelines intend to refer to these requirements or to go beyond them. This clarification would be welcome in particular as regards paragraphs 296-299, 305 and 325.

### **Resource efficiency and circular economy aid**

Finland in principle opposes general operating aid as a type of aid that is especially harmful to competition. Finland nevertheless supports operating aid in the specific context of resource efficiency and the circular economy and considers that especially harmful aid is prevented by the precise requirements for specific aid measures.

### **Transparency**

Finland supports the obligation to report individual aids under the guidelines over 100 000 euros to the Commission. The broader scope of the proposed guidelines, new types of aid measures and high aid intensities call for a lower threshold than previously in this specific context.

### **Public consultations**

Finland supports the new requirements for public consultation for large aid schemes. Very detailed requirements may nevertheless unnecessarily add to the administrative burden in those Member States in which public hearings are conducted at the legislative stage.

### **Competitive bids by auction**

Finland supports the proposed guidelines' aim of ensuring the economic efficiency of aid schemes by requiring competitive bidding. Finland considers it important that when defining the conditions and possible counterfactuals, also those situations can also be accommodated in which competitive bidding does not produce an efficient result or the counterfactual cannot be credibly defined.

Yours faithfully,

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