

## HT.5371 – Public consultation on the revised Climate, Energy and Environmental Aid Guidelines (CEEAG)

### Estonia's opinion on the draft of CEEAG:

Estonia in general supports the draft. Please find our comments and suggestions below:

- 1) Appropriate aid instrument: according to recitals 42-45 the member state has to demonstrate that the aid instrument (aid form) chosen is the least distortive. We are of the opinion that it should be free to choose the aid form, in several cases this could be a political choice.
- 2) The term “competitive bidding process” is several times used in the draft but it is not entirely clear what is meant under this term (e.g. is it related to public procurement rules?). In recitals 48 and 49 (section 3.2.1.3 Proportionality) there are explanations about competitive bidding process but for better understanding we suggest to define “competitive bidding process” in Section 2.4 (Definitions).
- 3) Energy audits:
  - a. Recital 364 of the draft foresees that the beneficiary of the differentiation of the renewable energy levy must conduct an energy audit to receive such aid. In principle, such an approach is most welcome. However, the same outcome for the beneficiary to use energy as efficiently as possible can also be achieved through certifying the beneficiaries' energy management system according to ISO 50001. Therefore, we suggest to add the certification option in parallel to the audit request.
  - b. It needs to be elaborated that the requirement in point b of recital 365 can be met *inter alia* by requiring renewable electricity guarantees of origin (GO-s). This will give the beneficiaries the possibility to buy GO-s notwithstanding the long-term electricity consumption agreements.
  - c. The requirement in point c of recital 365 should target energy efficiency, as well. Furthermore, the 50% threshold may be too ambitious to beneficiaries that have already made large investments to boost energy efficiency of RES-E production/consumption. We propose to tie the requirement with a certain timeline of receiving the support and lower the investment request to 30% over the timeline (i.e. over the 10-year period to invest 30% of the aid to energy efficiency and/or lowering greenhouse gas emissions).
- 4) Section 4.7 Aid in the form of reductions in taxes or parafiscal levies: in current guidelines (2014/C 200/01) there's a distinction between harmonised and non-harmonised taxes but in draft CEEAG no such distinction is made. Directive 2003/96/EC allows excise duty reduction on agricultural diesel. According to point 172 of the current guidelines, once environmental taxes have been harmonized, the Commission may apply a simplified approach to assess the necessity and proportionality of aid. We are of the opinion that this approach should also be reflected in the new CEEAG.

Tallinn,  
02 August 2021