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RE: State Aid Guidelines

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Industry Energy organize 56 000 workers in energy intensive industries in Norway. These members produce metals, alloys and energy critical for Europes industrial base and products needed for the Green Deal.

Following the closure of several aluminum and other metal and alloy plants in Europe over the last 10-15 years, Norway has maintained a large production of aluminium and have a significant ferro silicon, silicon and nickel production as well as other products due to legacy industrial electricity contracts competitive with global producers of same products. However, this competitive edge is eroding.

Regarding electricity costs, It is our understanding that the CO2 compensation regime was established to compensate for the indirect double taxation that electricity intensive industries suffers as part of the ETS. The impacts of ETS on electricity prices are undisputed and significant as these industries have 30-50% of their production associated with electricity costs. The costs increases from ETS should hence in principle be compensated 100%, without regressions elements or time limitations.

European industries compete in global markets and already have two till three times higher electricity costs compared to producers in Asia, North America, Middle East and Russia. European industries produce these metals and alloys with far less emissions than its global competitors and hence contribute to the global environment with increased production. While the electricity price remains the largest share of costs, the last 10 years of interconnector investments have risen not only electricity prices in Scandinavia but also grid tariffs by more the 300%.

In regards to what sectors are included in CO2 compensation regime, there are electricity intensive factories in Europe that are not included in the CO2 compensation regime due to being assessed on a production technology that's different than the actual technology used. Electricity based Nickel production has an electricity intensity far higher than thermal base production. Several producers have in recent years converted to electricity based production. Approximately 70% of all energy used producing nickel is electricity.

As Europe delivers on the Green Deal, European industries must increase its production of aluminium, nickel, steel, ferro alloys etc to produce materials necessary to build windmills, batteries, solar PV, geothermal. Carb on capture and storage.

We are deeply concerned about the proposed changes for how to assess cross border price impact on electricity are to be calculated. We refer to Norwegian Hydros submission to the Commissions regarding this matter.

We refer to the European Aluminium Association, the Nickel Industry Institute and the EUROFER submissions and data regarding the carbon intensity of European productions vs global production and European imports. Ensuring the GHG intensity in imported products from Third Countries have similar climate costs internalized will substantially ensure competitive fairness and global reductions of GHG emissions.

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