# HSE GROUP’S INPUT

# Public Consultation for the Revision of the Guidelines on State aid for Environmental protection and Energy 2014-2020 (EEAG)

**2 December 2020**

HSE Group strongly believes that a successful transformation of coal regions is key to a successful decarbonisation of the EU. Therefore, we propose that one of the key areas that need to be given greater attention in the forthcoming EEAG review is the restructuring of coal regions and coal industry according to the principles of a just transition.

It is necessary to provide an appropriate policy framework for financing projects in restructuring carbon-intensive generation of electricity according to the principles of just transition. Countries and regions that are heavily dependent on coal and other fossil fuel production will not be able to restructure based only on economic criteria. Additional instruments will need to be provided to support a just economic and social transition and the overall environmental rehabilitation of the regions concerned.

The HSE Group sees decarbonisation-supporting state aid measures as a necessity for a successful clean energy transition in the EU. We support the Commission’s aim to streamline the state aid notification processes for sustainable energy projects, but are concerned about the lack of inclusion of just transition in EEAG.

**We propose to extend the existing guidelines in the field of decarbonisation with a special scheme for the energy transition of coal regions according to the principles of just transition.** **It is crucial for the HSE Group that the new rules also include a special state aid scheme for coal regions for the implementation of the Territorial Plans for Just Transition. By setting up a special scheme, state aid for projects under co-financing from the Just Transition Fund could be provided more quickly and could include a simplified procedure also for large companies.**

A timely, socially, and economically equitable transition from coal is important for all stakeholders, employees, regions, and energy companies, who need to be restructured in a timely manner. In addition to the specific earmarked funds under the JTF, it is important that projects and investments are therefore carried out in a timely manner, to which the ex-ante rules under the updated guidelines will apply.

HSE Group generally agrees that competitive bidding is an appropriate mechanism to develop larger-scale renewable electricity projects and allocate financial support in a cost-efficient way. All RES projects, regardless of size, must be subject to the same rules - i.e. market premiums and the award of support through tendering procedures. The support schemes shall follow a market-based approach. They shall consider possible system integration costs and grid stability. However, in order to optimise cost reduction potentials, tenders and complementary policies have to be well-designed. Exceptions from tendering can be justified for small demonstration projects, immature technologies as well as in small and fragmented markets with low liquidity and no homogenous bidding structure.