



## **EFIEES' feedback to the Public Consultation on State Aids**

10 December 2020

**EFIEES** represents energy service companies (ESCOs) and their national associations in 12 Member States. They represent over 130.000 professionals engaged in the design and implementation of energy-efficiency solutions in buildings and industry. In some countries, they also operate district heating & cooling (DHC) networks.

Generally speaking, we deem the current scope of EEAG to be adequate with regard to activities covered by our members.

But the existing rules should be improved, in order to deliver on the EU Green Deal enhanced ambition. State Aids improve the economic viability of projects, as an absolute necessity for viable, profitable “green” projects to emerge, aligning State Aids rules with other climate related policies and regulations.

Revising State Aid principles should fully take into consideration:

- The “Energy efficiency First” principle. Energy efficiency (EE) actions are often, if not always, a crucial prerequisite for actions to switch from fossil fuels to renewable energy, by reducing the energy demand and thus optimising the size of the investments allowing a greener energy mix.
- The role of **energy services**, of **performance-based contracts**, needs to be better recognised in the State Aid rules, to help making energy supply and demand more efficient.
- There should be a stronger support to projects based on Energy Performance Contracts (EnPCs), with contractually guaranteed results, actual and verified energy savings/performance, energy management over time, to maintain energy performance and savings.

- A bonus should be foreseen in the State Aid rules for the EE projects based on an energy guaranteed performance, such as the one provided by EnPCs. That would be also consistent with other EU regulatory provisions recognising the benefits of such contractual guarantee.
- This bonus could consist in an increased aid intensity, fully in line with the Energy Efficiency First principle. The criterion to define this green bonus should be the certainty of the savings/performance, measured and verified, over time.

A second main request from EFIEES is to make sure that there will still be:

- A strong support for the **decarbonisation of heating and cooling**, as heating and cooling needs account for half of the energy consumption across EU, while fossil fuels low prices, and (still) low CO2 price signal hamper the competitiveness of energy efficiency/RES-based projects.
- District Heating and Cooling networks (DHC) are key for decarbonising the H& C sector. They allow to mobilise energy and carbon efficient solutions, in particular with regard to the recovery of waste heat, and locally available renewable energies. They are the first renewable energy vector for H & C in urban areas. They also contribute to “energy sector integration” and can play a role in flexible energy solutions (e.g. thermal storage).
- The creation, the extension of DHC networks, the increase of density, the modernisation and greening of their energy mix must remain priority actions under State aids.
- State Aid rules should continue support projects aiming DHC networks to become efficient, (EED definition), provided that there is a clear 5-year trajectory to implement the project’s commitment and foreseen final result.
- Maximum intensity threshold should be given consideration, to ensure projects will emerge even if fossil fuel suddenly decrease or fluctuate. Member States would have the flexibility to grant the required level of public support, whilst avoiding market distortions.

Actions that contribute to the GHG reduction, whether through energy consumption reduction, or through the development of renewable energies, should benefit from the appropriate support. Member States design NECPs that reflect their strategies for reaching their climate objectives. These NECPs are a good basis for assessing the energy and environmental benefit of projects, rather than Taxonomy.