



Warsaw, January 6, 2021

**Feedback on Inception Impact Assessment regarding
the Revision of the Guidelines on State aid for
environmental protection and energy 2014-2020
(2014/C 200/01)**

1. On November 12, 2020, the European Commission invited comments from interested stakeholders on certain aspects of the Guidelines on State aid for environmental protection and energy in view of their planned revision. Below we present our feedback on the revision of the Guidelines on State aid for environmental protection and energy 2014-2020 (2014/C 200/01) (hereinafter: "the Guidelines").
2. At the outset it shall be underscored that the Guidelines enable Member States to finance projects to enhance environmental protection and energy generation adequacy, subject to certain conditions. They ensure that public measures contribute to the achievement of objectives of common European interest such as decarbonization, while avoiding undue distortions of competition

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in the Single Market. The European Union has set itself the objective of achieving climate neutrality by 2050.

3. Turning to the revision of the Guidelines, we stress that energy markets of the European Union shall implement mechanisms which will enable energy transformation with the aim of using low and zero-emission sources of energy. This will be a crucial process from the Polish perspective since the Polish economy is chiefly dependent upon carbon with simultaneous limited use of renewable energy as well as natural gas. Likewise, the currently discussed revision will be of great value for other Member States, which are highly dependent upon carbon fuels. Thus, we underscore that the European Commission shall bear in mind that the transition towards economic growth decoupled from resource use *“shall be just and inclusive. It must put people first, and pay attention to the regions, industries and workers who will face the greatest challenges”*. It is therefore vital to take into account that selected Member States may have different starting points than the other. Some Member States will definitely need to put much more effort as well as financial funds to amend their generation mix and eventually achieve the decarbonization goals set by the European

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Union. Consequently, it seems legitimate to assert that the revised Guidelines shall envisage **flexible State support** in regions particularly affected by implementation of the goals set by the European Union.

4. Furthermore, we generally share the opinion that the revised Guidelines shall be **significantly extended** so as to encompass ongoing developments in the energy sector as well as rapid technological development (e.g. EV charging infrastructure and smart energy technologies, blockchain). Thus, in our view it is necessary to include in the revised Guidelines issues concerning usage of innovative technologies in the energy sector.
5. The revised Guidelines shall also include **support for inefficient heating and cooling systems** that are under obligation to achieve the status of an efficient system by December 31, 2025, as set forth in Article 24 of the new Renewable Energy Sources Directive (note: approximately 80% of Polish heating systems do not have this status). In this regard we stress that the inability to support district heating networks that are not elements of an energy-efficient heating or cooling system are dispelled by the provision of the

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second state aid scheme covering the energy sector. Specifically, it shall be pointed out that point 139 of the EEAG expressly states that *“In order to ensure that the aid contributes to an enhanced level of environmental protection, aid for district heating and cooling and cogeneration of heat and electricity (CHP) will only be considered compatible with the internal market in when granted for high-efficiency cogeneration and energy-efficient heating and cooling systems (...)”*.

6. We furthermore emphasize that the revised Guidelines shall consider issues related to improvement of the European Union **internal market**. From the standpoint of the decarbonization of the European Union economy it is important that the energy cross-border market will intensify further integration of carbon neutral energy sources. Also, regulations concerning the State aid shall envisage that the potential damage to the energy and emission markets is minimized. It is also extremely important that procedures of approving state aid shall be redesigned so as to enable finalization at a quick pace.

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7. Lastly, it shall be emphasized that the revised Guidelines shall contain provisions regulating **support for natural gas infrastructure**. Given the fact that natural gas provides the fastest and most cost-effective path to a low-carbon transition, excluding gas may have a undermining effect on Member States' plans for a successful energy transition and a significant reduction in emissions across all sectors of the economy. Support for investment in natural gas in both energy and heating could ensure that all European Union regions can equally benefit from a high degree of interconnection, security of supply, diversification of energy sources and suppliers and access to efficient and clean fuel. It shall be underscored that in Central and Eastern Europe, natural gas will play a key role in implementing low-carbon solutions in economies, ensuring that the costs of transition remain sustainable. We also share the opinion that an appropriate incentive system in the gas sector as well as direct investment support could substantially contribute towards the implementation of the European Union goals in both short and medium term.

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