



Feedback on the Inception Impact Assessment on the Environmental and Energy State Aid Guidelines

The European Industrial Gases Association, EIGA, welcomes the European Commission's awaited reform of the Environmental and Energy State Aid Guidelines (EEAG). EIGA supports the reform's two main objectives of providing consistency with the new EU climate ambitions and managing the impact of State aid on energy-intensive users. In particular, EIGA would like to emphasise the need to extend the EEAG scope to include support for clean technologies such as green and low-carbon hydrogen production, essential for the energy transition. EIGA is convinced the following are essential to maintain industry in Europe and to ensure **fair competition in the internal market and a level playing field between competitors and sectors, in particular** between outsourced and insourced production:

- 1) Provision of effective **support to EIUs** which, as they decarbonise their processes, face increasing exposure to electricity
- 2) Recognition that the same production activities can be **characteristic of more than one sector**.
- 3) Greater **harmonization** in the implementation of the guidelines across Member State

Environmental protection and energy

Continued support for renewable electricity is essential as industry pursues decarbonisation through higher levels of process electrification, directly or indirectly (e.g. by outsourcing). For the industrial gases sector, two specific issues should be addressed by the new EEAG:

- **Renewable and low-carbon hydrogen & synthetic fuels:** a specific section should be included in EEAG in order to support the development of these new technologies
- **Carbon Capture and Storage (CCS) / Carbon Capture and Utilisation (CCU):** The current guidelines should be extended to include effective measures for the implementation of CCS and CCU technologies.

In terms of detailed mechanisms for support, carbon contracts for difference (CCfDs) have clear potential as a predictable market-based mechanism that can drive environmental progress.

It is also essential that aid under EEAG be consistent with the other regulations such as ETS State aid guidelines, Clean Energy Package, RED II and MRR.

Energy-intensive users (EIUs)

Regarding **energy-intensive users**, the current EEAG have successfully avoided any negative impact of environmental taxes and surcharges in those Member States where a correct interpretation of the guidelines has been followed. The same criteria should be retained for the new EEAG, with particular attention to direct and indirect exposure, thereby **ensuring a level playing field between outsourcing and insourcing production**.

A specific risk of such distortion would arise were conditionality mechanisms intended to reduce - or increase - aid to EIUs to be based on *other* policy measures including but not limited to the EU Taxonomy. The Taxonomy was developed for other purposes and is incomplete in terms both of legislative framework and sectoral coverage.



**Consultation Response on the IIA for the
Environmental and Energy State Aid
Guidelines**

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EIGA members have historically focused attention on their own energy efficiency and developing technologies that allow other sectors to reduce their environmental impact. They will therefore have an important and continuing role to play in the energy transition. EIGA therefore looks forward to future opportunities to contribute to discussion of EEAG.