

Finnish Energy on the EU (European Union) Commission's review of the General Block Exemption Regulation (State aid): revised rules for State aid promoting the green and digital transition

Finnish Energy strongly supports the EU target of carbon neutrality by 2050 as well as the redefined target of 55% net emissions reduction by 2030. Revision of EU State aid guidelines plays an important role in achieving these targets. Since the GBER is part of the State Aid framework, it is of high importance that the review of the GBER considers the development of the revision of Guidelines on State Aid for Climate, Environmental Protection and Energy (CEEAG).

The importance of reaching the objectives of the Green Deal is indisputable, and therefore it is understandable that in the review of GBER the objectives of the Green Deal are in the focus. Nevertheless, the functioning of EU internal market must be kept in mind while such review is being performed. It must be ensured that review of GBER shall not cause market distortion even if the aid is targeted to green investments. The primary instrument for reducing the carbon dioxide emissions should be the EU Emissions Trading System (EU ETS) due to its market-based, cost-effective way of reducing emissions.

In general, it must be ensured that all incentives and methods of aid have clear and specific purpose, in order to estimate if the incentive has been efficient and when it could be phased out. Aid could be justified for new technologies entering the market, but even in such cases the need for aid must truly exist and should be measurable.

The importance of technology neutrality

Climate change is a severe issue that should be solved during our lifetime. To overcome the challenge, no carbon-neutral technology should be left behind, but all choices should be objective, technology-neutral and based on the reduction of emissions only.

Technology neutrality must also be borne in mind when assessing the increased aid intensity. The technologies of recovering waste heat are getting more advanced and the utilisation of waste heat is increasing. It is possible that the environmental benefits are even higher than with renewable energy sources but creating new technologies might require also State aid. Therefore, waste heat should be juxtaposed with renewable energy sources in article 46 paragraph 4.

Electrification solution to climate challenges

Electrification plays an important role in achieving the objectives of the Green Deal. We believe that electrification of businesses should be supported, not aggravated. Finnish Energy does not support the suggestion of introducing additional conditions for tax reductions of energy-intensive businesses in article 44. point 5. Such conditions would be burdensome for both energy-intensive businesses applicable for the tax reductions as well as the electricity network companies handling the tax liability of electricity. In addition, we do not support the revised energy taxation directive suggestion of removing the possibility of applying separate tax rates for business and non-business purposes.

Creating new definitions should be carefully considered

In Article 102, point (102e) definition of low-carbon hydrogen is being introduced. It is very important that same definitions and criteria apply throughout different legislative initiatives. We wonder why this definition has been introduced within GBER when the publication of the Hydrogen and decarbonised gas market package is expected quite soon. Also, the last sentence: “where the electricity is supplied from the grid, by the marginal generator in the bidding zone where the electrolyser is located in the imbalance settlement periods when the hydrogen-producing facilities consume electricity from the grid” seems quite problematic and rather difficult to define. In addition, it would be difficult to estimate the future development when applying for State Aid.

In several different occasions, such as Article 43 paragraph 3 and Article 44 paragraph 4 sustainability is defined through Directive (EU) 2018/2001 Part A of Annex IX. However, as for biogas the Part A of Annex IX mentions only the production of biogas for transport. We wonder if the Annex IX is applicable for all biogas, regardless of its use. To avoid similar confusion, all definitions should be carefully considered and clearly described.

For additional information

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