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Terna response to the EC call for contribution on the targeted GBER revision for State aid promoting the green and digital transition

Terna welcomes the opportunity to provide its views to the European Commission public consultation on the proposal to revise the General Block Exemption Regulation "GBER", as part of the wider Green Deal policy package.

Competition policy can complement the EU energy-climate regulatory framework by ensuring strong and competitive markets that send the right price signals for the necessary investments to flow into the necessary technologies for the clean energy transition, while limiting possible competition distortions to the minimum.

In this spirit we support the revision at hand, which complements the recently proposed amendment of the Climate, Energy and Environmental State Aid Guidelines (CEEAGs) to cater appropriately for the most recent market and technological developments promoting the green transition.

From an electricity TSO perspective, Terna would like however to provide its views on specific proposals in the area of *Environmental and energy aid* of GBER which we deem relevant for their potential contribution to the other energy policies.

On Article 41 *Investment aid for the promotion of energy from renewable sources, renewable hydrogen and high-efficiency cogeneration* and Article 42 *Operating aid for the promotion of electricity from renewable sources*

The existing provisions concerning aid for the promotion of energy from renewable sources are revised by including in the scope of GBER storage projects, however only to the extent that storage and renewable energy generation facilities are connected.

Specifically, the Commission proposes to insert under Article 41 the following paragraph: "1a. ***Investment aid for storage projects*** *under this Article* ***shall be exempted from the notification requirement*** *of Article 108(3) of the Treaty only* ***to the extent that it is granted on the basis of a scheme open to combined renewable and storage projects (behind-the-meter),*** *where both elements are installed and put into operation at the same time.* ***The storage investment shall have as a maximum the same capacity as the connected renewable investment.*** *Aid to storage connected to an existing renewable installation (behind-the-meter) may also be covered by the same scheme, where the storage investment fulfils the same conditions and all investment projects (renewables and storage) are considered an integrated project for verification of compliance with the thresholds set out in Article 4."*

Terna fully supports the proposed revision that facilitates Member States to implement State aid measures for investments in electricity storage assets without prior notification. However, **we consider it necessary to extend the scope of the provision to stand-alone storage assets projects** and without specifying any capacity threshold.

Electricity storage assets in fact are essential for the deployment of an ever-increasing share of renewable resources in the grid regardless of their connection with a specific generation asset.

In particular, investments in electric storage are instrumental for facilitating the full integration of nonprogrammable RES into the electricity system and to enable the decarbonisation process of the generation fleet by contributing to a safe management of the electricity system. Storages are functional for reducing RES curtailment during overgeneration periods, reducing network congestions, thus allowing the maximization of RES contribution to cover energy demand. Moreover, they increase the adequacy of the system by covering the residual demand during peak load hours and low RES production, thus reducing the need of thermal power plants to act as a backup power source, and, finally, they contribute to the secure operation of the grid by providing frequency and voltage regulation control and system inertia services.

In summary, the aim of the provisions in Article 41 – promoting energy from renewable sources – can be pursued more effectively by providing a technology neutral support to storage technologies.

Therefore, Member States' administrative burden must be eased not only by exempting from the notification measures promoting investments in RES-connected storage, but also investments in stand-alone storage. This would suit the important role of storage technologies for supporting the Green Deal objectives and ease their development when Electricity markets are unable to reflect through adequate price signals the growing need for such assets, totally in line with the *ratio* of the GBER and CEEAG revisions.

On the same page, **it is our understanding that measures under Article 42 "Operating aid for the promotion of electricity from renewable sources" also apply to storage projects**. While in the current GBER the scope of Article 42 mirrors the one of Article 41, however, the Commission's proposal seems to only change the scope of Article 41, therefore we consider it should be further clarified that the technologies which would benefit of operating aids are extended to storage assets.

In any case, **in light of the above we consider that provisions on operating aid as well must be applicable for stand-alone storage assets**.

On Article 4 *Notification thresholds*

Article 4(1) provides specific thresholds above which GBER shall not apply. With the present revision, the Commission proposes to amend these notification thresholds, in particular by:

- replacing point (*v*) by the following "*for <u>operating aid for the promotion of electricity from renewable sources</u>, as referred to in Article 42, <u>and operating aid for the promotion of energy from renewable sources and renewable hydrogen in small scale installations and for the promotion of renewable energy communities</u>, as referred to in Article 43: EUR 20 million per undertaking per project;*"
- inserting the following point (*va*): "*<u>for operating aid for the promotion of energy from renewable sources</u> <u>and renewable hydrogen in small scale installations and for the promotion of renewable energy communities</u>, as referred to in Article 43, and <u>for operating aid for the promotion of electricity from renewable sources</u>, as referred to in Article 42: EUR 250 million per year taking into account the combined budget of all schemes falling under the respective Article*;".

Noting that these requirements apply to operating aids for project pursuing the same objectives (both for the promotion of renewable sources and renewable hydrogen in small scale installations and renewable energy communities, and for electric renewable sources), **we would welcome to be further clarified that compliance can be ensured for only one of them**. In other words, the 250M€ maximum budget granted per year (taking into account the combined budget of all schemes falling under the respective Article) can be overcome provided that each aided project per undertaking complies to the 20M€ threshold, and vice-versa.