



FEDENE'S CONTRIBUTION

REVISION OF THE GENERAL BLOCK EXEMPTION REGULATION

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FEDENE is a French professional association representing 500 energy and environmental service companies, 70.000 employees. From public and private district heating and cooling (DHC) and waste to energy (WtE) operators to energy service companies (ESCOs), FEDENE's members implement and develop sustainable services for the decarbonisation of heating and cooling.

FEDENE welcomes the Commission's proposed revision of the General Block Exemption Regulation (GBER), which follows the revised Climate, Energy, and Environmental Aid Guidelines (CEEAG) draft proposal. This revamped State Aid framework should enable Member States to better support renewable and decarbonised projects.

Promoting the reuse of waste heat

The Commission defined the Energy Efficiency First principle in Article 3 of its proposition reviewing Energy Efficiency Directive (EED), giving a legal basis to the cornerstone of the EU's environmental and climate policy. At the same time, the Renewable Energy Directive (RED) in 2018 introduced the principle of equal treatment between heat recovery and renewable energies, to enable better implementation of this principle.

The decarbonisation of the heating and cooling sector should be accelerated via greater reuse of waste heat especially from DHC. In line with the Energy Efficiency First principle, Article 1(33) - 46 points (1) and (4) should equally benefit projects with a high share of recovered energy such as waste heat. Also, point 3 of Article 47 excludes from its scope "*waste disposal and waste recovery operations to generate energy*"; this exclusion should be explicitly limited to investments for new capacities and should not concern the improvement of energy performance.

Energy and environmental performances of buildings should be strengthened. Article 1 (25) - 38 grants an extra aid intensity to projects reaching a higher level of energy savings. These provisions should especially target measures ensuring that the building's performances will be improved, monitored, and maintained over time. The relevant articles could be amended by referring to certified and guaranteed "*reduction in primary energy*". The 40% threshold set in paragraph 6a. should be lowered for high performing existing buildings above a given EPC level.

Supporting the development of DHC

Confirming the importance of DHC systems in the Green Deal, Article 1 (2) (g) increases the notification threshold for investment aid for DHC systems from € 20 million to € 50 million. FEDENE fully supports this new value which, combined with higher aid intensities, should help Member States develop schemes to transform their domestic DHC sector.

Although the alternative funding gap approach constitutes a major advance, the aid intensity for DHC networks should be increased up to 60%. Moreover, Article 1(33) - 46 (1) does not specifically support extensions and connections to DHC networks and should clearly specify it. Also, it only allows investment aid for "efficient" district heating and cooling systems: investment aid should be granted



for works done on already efficient DHC systems but also on systems that are not yet efficient providing that such supported works allow the networks to reach the standards of energy efficiency.

In addition, according to Article 1 (25) - 38 (f), a Member State may support an operation improving the heating and cooling equipment inside a building. To avoid any distortion of competition between autonomous and collective systems, Article 38 (f) should encompass the equipment directly connected to DHC systems.

In Article 4 (v), the Commission sets a € 20 million notification threshold for operating aid to produce renewable electricity. This proposition should also benefit the recovery of waste heat and the production of renewable heat.

Encouraging investment in CCUS technologies

In its current form, the Commission' proposition enlarges Article 36's scope to CCUS projects, which is welcomed by FEDENE. CCUS will play a key role to reach climate neutrality by 2050, hence it should be supported accordingly. Aid intensities should be increased to 40% (from 20%), aligned with the value applying to Hydrogen projects, and the funding gap could apply as an alternative to ensure that the level of aid is commensurate with local conditions. Also the aid threshold should be increased to at least € 30 million in Article 1 (2) – Article 4 (c).