

## **Enel Group response to the draft revised General Block Exemption Regulation (GBER)**

### **General Comments**

Enel Group welcomes the revision of the General Block Exemption Regulation (GBER) to widen the flexibility for Member States to grant aid to support the European Union's green and digital transition.

As a matter of fact, we generally consider that the current GBER proposed changes guarantee an alignment with the revisions of State aid guidelines (e.g. CEEAG) and aim at adapting to the measures included in the Member States' National Recovery and Resilience Plans (NRRPs) and National Energy and Climate plans (NECPs).

At the same time, we point out that some key categories of activities fundamental for the pursuit of European Green Deal objectives should have been given more ambition to the detriment of activities that are not only fossil-fuel based but also a temporary and non-sustainable solution to the swift towards decarbonisation. Furthermore, we stress that electrification of the system should fully emerge in the new GBER as it is the crucial opportunity to foster a green energy transition and the decarbonization of energy uses. This can be achieved thanks to "direct" electrification, shifting from fossil fuels for example towards carbon free electric vector in the energy end-uses for the sectors and can be complemented with "indirect" electrification in hard-to-abate sectors thanks to renewable hydrogen and e-fuels via electrolysis in those cases where direct replacement of fossil fuels is not cost-effective (e.g. for heavy industrial applications, and in maritime shipping and aviation).

In this context, new categories of aid could be included in the GBER especially aid for energy storage and sustainable batteries, aid for green vehicles and charging infrastructure, as well as dedicated support for energy communities; instead aid to hydrogen, high-efficient cogeneration and energy infrastructure shall fall within the scope of the GBER only when they are fully decarbonized to support the green transition.

Finally, our answer to the draft GBER public consultation, focusses mainly on climate, energy and environmental protection section.

### **Specific recommendations regarding the aid draft provisions for climate, environmental protection and energy**

#### **Article 4. Notification thresholds**

Along with the extension of categories of activities eligible for aid under the GBER, we welcome the increase in the "monetary" notification thresholds

On point dedicated to Energy infrastructure, we highly suggest to provide aid exclusively to green hydrogen considering both the high cost barrier it faces compared with low carbon hydrogen and the consequent market failure created and the crucial role green hydrogen has in decarbonization objectives being the sole long-term sustainable solution. Therefore — being a fossil fuel, not environmentally sustainable and a temporary solution — blue hydrogen should be excluded from the GBER.

### **Aid for environmental protection, including climate protection (Article 36 GBER)**

Support to low carbon hydrogen from fossil fuels (blue hydrogen) should be avoided under the GBER. The main tool for its possible development should be carbon pricing and not State aid. Decarbonization through low-carbon hydrogen and fuels should be driven basically by a sound CO2 price. Hence, the basic option to promote such low carbon fuels should be to strengthen the ETS and the national measures derived from the Effort Sharing Regulation (ESR).

Moreover, the proposed amendment to exempt from the notification requirement up to a certain amount the reduction of CO2 emissions investments in CCS, CCU or CCUS shall clearly be cumulative as point out in point 2 a), b) and c) and made reference to a complete CCS, CCU or CCUS chain in order to be coherent with the scope of this article 36 Aid for environmental protection, including climate protection and the Green Deal's ambitious targets.

Instead, all storage electricity systems, including (and even *a fortiori*) stand-alone projects, should be considered essential assets for the implementation, integration, and efficient dispatching of renewable, thereby reducing renewable curtailment risks.

Given that storage solutions allow electricity customers to increase the consumption of RES electricity by releasing stored electricity at peak hours with the highest prices, thereby reducing the volume of fossil fuels used to meet their demand, a notification exemption based on climate protection objectives under Article 36 is regarded as most appropriate.

A new notification exemption is to be regulated through amendments to Article 36 or introducing a new Article 36c. For sake of clarity, it is proposed a wording for a new Article 36c, the provisions of which can also be inserted under Article 36:

### **Article 36c Investment aid for stand-alone electricity storage**

1. Investment aid for the promotion of stand-alone electricity storage used primarily for energy from renewable energy sources shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.
2. Investment aid for electricity storage projects under this Article shall be exempted from the notification requirement of Article 108(3) of the Treaty only to the extent that (i) it is granted on the basis of a scheme open to all projects that do not benefit of a notification exemption under Article 41, and (ii) it excludes aid beneficiaries not in compliance with unbundling requirements under Directive 2019/944.
3. The investment aid shall be granted in respect of newly installed or refurbished electricity storage. The aid amount shall be independent from the output.
4. The eligible costs shall be the total investment cost.
5. The aid intensity shall not exceed 30% of the eligible costs
7. Where aid is granted in a competitive bidding process on the basis of clear, transparent, non-discriminatory and objective criteria, defined *ex ante* in accordance with the objective of the

measure and minimising the risk of strategic bidding, the aid intensity may reach 100 % of the eligible costs. Those criteria shall be published at least 6 weeks in advance of the deadline for submitting applications, to enable effective competition. The competitive bidding process shall fulfil all of the following criteria:

- (i) the budget or volume related to the bidding process shall be a binding constraint in that it can be expected that not all bidders would receive aid;
- (ii) the expected number of bidders shall be sufficient to ensure effective competition;
- (iii) the design of undersubscribed bidding processes during the implementation of a scheme shall be corrected to restore effective competition in the subsequent bidding processes or as soon as possible;
- (iv) ex post adjustments to the bidding process outcome (such as subsequent negotiations on bid results or rationing) shall be avoided as they may undermine the efficiency of the process's outcome.

A notification exemption for stand-alone electricity storage based on climate protection objectives under Article 36 (or a new Article 36c) is regarded as most appropriate because of its positive on the energy mix by maximising the utilisation of RES energy.

### **Aid to electrical vehicles and charging infrastructure (Article 36a and 36b GBER)**

We welcome the inclusion of this article *ex novo* which supports investment aid for recharging infrastructure. Furthermore, it should be further improved limiting the scope for refueling ones only to green hydrogen to be coherent with the ambitious European decarbonisation objectives.

Moreover, a clarification on the methodology for calculating the percentage of 2% in paragraph 9 would be useful to disclose together with a specification of whether “vehicles powered exclusively by electricity” refers only to Battery Electric Vehicles (BEV) or also to Plug-in Hybrid Electric Vehicles (PHEV).

### **Aid for Energy efficiency (Article 38 and Article 39 GBER)**

Energy efficiency is a key pillar for the EU decarbonization objective by 2050 and a proper and systematic implementation of aid measures for energy efficiency is necessary to support GHG reduction, security of supply, energy independence and lowered systems costs for EU citizens.

#### **1) Article 38. Investment aid for energy efficiency measures**

In this context, we fully agree that aid should be applied where energy performance improvements lead to a significant reduction of energy demand. However, at paragraph 3a of article 38 we strongly suggest to use the *final energy consumption* instead of the *primary energy demand* as the first one would better reflect the savings gained by end consumers, who could benefit from a clear information on their real consumptions.

At paragraph 3d, we suggest a clearer rephrasing of the third sentence: “*Aid may be granted for the installation of more energy-efficient gas-fired energy equipment provided that it replaces oil-fired or coal-fired energy equipment and that it is ensured that the gas-fired energy equipment is replaced by equipment using renewable fuels by 2050 at the latest.*” Indeed, a more ambitious approach that clarifies what kind of gas is actually exempted is welcome and we highly recommend to specify that only green, renewable gas should be included in the GBER and therefore be exempted from notification. More specifically, this provision in the par. 3d is not aligned with the proposal contained in EED revision, ANNEX V, where energy savings coming from fuel technologies are not accountable anymore from 2024 onwards. As for high cogeneration, the proposal is to set a threshold of 270gCO<sub>2</sub>/kWh. Therefore, any aid should be granted accordingly.

The Energy Efficiency Directive proposal does not allow any efficiency saving / improvement deriving from the use of more efficient fossil-fuel equipment to contribute to the achievement of the EU Energy Efficiency Targets. To include subsidies or incentives for these types of technologies would not only be incoherent but also counterproductive.

Should the exclusion of the gas-fired energy equipment from this (3d) provision not be fixed, we propose to anticipate the 2050 deadline for their substitution, as “ensuring that gas-fired equipment is replaced by equipment using RES by 2050” is too far as a target as it is incoherent with the systems’ life cycle. Thus, we propose to anticipate the deadline to 2030, or 2035 at the latest.

Furthermore, we suggest considering green-hydrogen equipment instead of gas-fired equipment.

## **2) Article 39. Investment aid for energy efficiency projects in buildings**

The provision at paragraph 11 is not aligned with the proposal contained in EED revision, ANNEX V, where energy savings coming from fuel technologies are not accountable anymore from 2024 onwards. As for high cogeneration, the proposal is to set a threshold of 270gCO<sub>2</sub>/kWh. Any aid should be granted accordingly.

The Energy Efficiency Directive does not allow any efficiency saving / improvement deriving from the use of more efficient fossil-fuel equipment to contribute to the achievement of the EU Energy Efficiency Targets. To include subsidies or incentives for these types of technologies would not only be incoherent but also counterproductive.

Should the exclusion of the gas-fired energy equipment from this (11) provision not be fixed, we propose to anticipate the 2050 deadline for their substitution, as “ensuring that gas-fired equipment is replaced by equipment using RES by 2050” is too far as a target as it is incoherent with the systems’ life cycle. Thus, we propose to anticipate the deadline to 2030, or 2035 at the latest.

Finally, according to the “Sustainable Paths for EU Increased Climate and Energy Ambition” study<sup>1</sup>, we highlight that relevant electrification-related investments will be needed to decarbonize the building sector due to the increasing penetration of heat pumps. Annual investments in the buildings sector are sustained after 2030 in order to achieve deep decarbonization of the sector in 2050, due to the yearly renovation rate increasing from 3% to 4% by 2050 (from average 287 Bn euro/year in the period 2021-2030 to 349 Bn euro/year in the period 2031-50). The electrification-related investments increase from 11 Bn euro/year to 24 Bn euro/year accordingly.

## **Aid for the promotion of energy from renewable sources (Article 41, Article 42 and Article 43 GBER)**

Few data which we would like to point out on promotion of RES, which are concerning the following additional investments will be needed to fully decarbonize the power sector, increasing from currently roughly 30 Bn euro invested annually in power plants to about 60 Bn euro in the period 2021-2030 and about 100 Bn euro in the period 2031-2050.

According to the “Sustainable Paths for EU Increased Climate and Energy Ambition” study, average annual investments of 63 Bn euros are needed in the period 2021-2030 to decarbonize the power sector to the level foreseen by the increased EU climate ambition for 2030.

Over the period 2031-50, average annual investments will have to reach 100 Bn euros to fully decarbonize the EU power sector.

In this context, we welcome the GBER provisions for the promotion of renewables which have been and could continue to be effective in enabling the deployment of renewables at lower costs in Europe. Thanks to its competitive approach, the future decades costs may well turn to be lower

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<sup>1</sup> The study distinguishes itself for the coupled use of the Poles Enerdata model for the full economy and the Plexos Compass Lexecon model for power sector, allowing the integration of flexibility from both supply and demand sides in the energy system.

thanks to the ever-decreasing costs of renewable and flexibility technology as well as the digitalization of the power generation. Hence, support to renewable is still granted in light of market failures, appropriate and when it creates limited distortive effects on competition.

Nevertheless, we welcome any provision aiming at streamlining, rationalising and accelerating the permitting procedures (also in line with the CEEAG), which would be tangible and effective immediately both for new plants and for those that already exist and need to be modernised.

In this regard, we highlight that the European Commission's Toolbox on Energy prices recommending accelerating the permitting procedures and looking at issuing an EU Guidance document on Permitting in 2022.

#### **Article 43 Operational aid for the promotion of energy from renewable sources in small scale installations**

In the Art. 43, 2. regarding RES small scale installations, the Commission provides a derogation from the obligation to allocate aid through a competitive bidding mechanism for small generation plants, as defined by Art. 5 of Reg. 2019/943. Nevertheless, the same Regulation provides a reduction trend for what concerns plant size in order to fall within the definition of "small projects" (400 kW until 2026, then 200 kW). It is worth highlighting the risk of discouragement in the development of such projects in the presence of an overly strict limit. We consider that this provision should be better assessed and modified with higher side thresholds criteria.

#### **Aid for green hydrogen (Article 41 and Article 43 GBER)**

Decarbonisation should be complemented by indirect electrification (Green Hydrogen and P2X technologies) in hard-to-abate sectors for those cases where direct electrification is not a viable option yet.

Green hydrogen produced by RES power via electrolysis is the only future proof sustainable solution. Hydrogen needs to be produced on a 100% RES basis from flexible modular electrolyzers and must be produced and consumed mainly locally.

Support schemes for renewable hydrogen and its derivatives should be based on competitive tenders and help to bridge the cost gap with respect to fossil fuels alternatives. They could be based both on a €/MW (in order to support investments which consists of electrolyzers as well as RES power plants) and a €/kgH<sub>2</sub> (in order to bridge the gap in production costs) basis.

#### **Aid for storage and batteries from renewables (Article 41 GBER and Article 36new GBER)**

Storage systems provide a variety of services and benefits to the electricity system. The experience acquired in recent years indicates that the development of storage is required for the integration of RES production and a successful decarbonisation of the economy.

It is welcome that the Commission's targeted GBER revision acknowledges, at least in part, the positive effects of storage systems for the development of RES production. In the section concerning aid for the promotion of energy from renewable sources, the explanatory note of the targeted GBER revision points out that:

*To cater for the increased role of storage for the integration of renewable energy in the electricity system and to align with the draft CEEAG, the exemptions for investment and operating aid for renewable energy are proposed to be widened to include storage projects that are directly connected to new or existing renewable energy generation facilities*

*(page 6).*

However, this GBER revision is, unfortunately, insufficient given that stand-alone storage<sup>2</sup> projects not directly connected to new or existing generation facilities are excluded from the notification exemption, which would only apply to behind-the-meter (BTM) storage. In the draft Commission Regulation, which is an annex to the targeted GBER revision, the proposed amendments to the definitions<sup>3</sup> and Article 41<sup>4</sup> of the GBER would introduce a notification exemption for BTM storage only (reducing aid intensity for projects that include storage<sup>5</sup>), and recitals of this draft Commission Regulation propose that:

*[...] Aid for storage projects should be exempted from the notification requirement only to the extent that storage and renewable energy generation facilities are connected*  
(eight recital)

This exclusion of stand-alone storage from the GBER revision is difficult to reconcile with the objective of promoting the development of RES production and achieving the decarbonisation of the economy, particularly due to the following:

- a) The imminent implementation of the RRF by Member States is expected to accelerate the energy transition and the expected rapid growth of non-programmable RES (wind and solar above all) will inevitably lead to more frequent and longer periods of overgeneration (production exceeding demand) unless there is also a rapid increase of storage solutions that mitigate curtailment risk for investments in RES production.
- b) The curtailment risks have already been identified by national authorities that stressed the need to develop storage capacity highlighting that its main purpose is the absorption of exceeding RES production that would otherwise risk being unused with significant consequences in terms of costs (RES plants achieving a low production compared to their potential), for the environment (less coverage of energy demand with RES), and ultimately for the achievement of the Green Deal goals aimed at accelerating the transition from fossil fuels to RES.
- c) Although the construction of grid infrastructures can maximise the use of RES by allowing the efficient transport of energy produced by RES plants to the consumption centres, as well as allowing the development of distributed generation, the development of electricity grids alone is insufficient to address curtailment risks.

Furthermore, the current definition in the GBER of energy from renewable sources does not allow

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<sup>2</sup> For the purposes of this document, we will refer to: a) **stand-alone storage** as a pure stand-alone storage not sited with any generation technologies as well as a storage system either co-located in the same site with RES generation or other generation technologies, but with a dedicated capacity connection (i.e. the global connection capacity of the entire site is equal to the sum of storage and generation installed capacities; in other words, the storage can be fully exploited to both its capacity of injection and withdrawal as a stand-alone asset), and b) **BTM (behind-the-meter) storage** as a storage integrated with a RES technology with no dedicated additional connection capacity pertaining to the storage system (i.e. the connection capacity is "shared" by the storage and the plant and is lower than the sum of the installed capacity of the entire site).

<sup>3</sup> Draft amended definition: "(109) 'energy from renewable sources' or 'renewable energy' means energy from renewable non-fossil energy sources as defined in Article 2, point (1), of Directive 2018/2001/EU, as well as the share in terms of calorific value of energy produced from renewable energy sources in hybrid plants which also use conventional energy sources and includes renewable electricity used for filling storage systems connected behind-the-meter (jointly installed or as an add-on to the renewable installation), but excludes electricity produced as a result of storage systems;" See, Art.1(1)(af) of draft Commission Regulation. (emphasis added)

<sup>4</sup> Draft amended Art. 41 (new 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". See, Art.1(28)(b) of draft Commission Regulation. (emphasis added)

<sup>5</sup> Draft amended Art. 41: "7. The aid intensity shall not exceed: (a) 30 % of the eligible costs for the production of energy from renewable energy sources, renewable hydrogen and high-efficiency cogeneration; (b) 15 % of the eligible costs for projects involving electricity storage." See Art.1(28)(e) of draft Commission Regulation.

electricity produced from renewable energy sources, stored in a battery storage and reinjected to be qualified as renewable energy, and therefore lose its right for support.

*(109) ‘energy from renewable sources’ or ‘renewable energy’ means energy from renewable non-fossil energy sources as defined in Article 2, point (1), of Directive 2018/2001/EU, as well as the share in terms of calorific value of energy produced from renewable energy sources in hybrid plants which also use conventional energy sources and includes renewable electricity used for filling storage systems connected behind-the-meter (jointly installed or as an add-on to the renewable installation), but excludes electricity produced as a result of storage systems;”;*

This definition is not in line with the Electricity Market Design legislation, according to which energy storage stresses a delay in consumption of the same energy to a later point, without the energy losing its renewable quality. The current definition of “energy from renewable sources” should therefore be amended to be brought in line with the Electricity Market Design definitions, by removing the following mention “but excludes electricity produced as a result of storage systems”.

Moreover, according to the same draft proposal in Article 41 par 1a<sup>6</sup>, in case of combined renewable and storage investment, storage investment capacity is capped. We highlight that there is not reasonable justification for introducing such storage investment restriction since this new condition hampers the level of flexibility provided by such investments in maximizing the production (and therefore consumption) of RES. Indeed, for the successful deployment of RES by 2030 and to reach the exclusive coverage of electricity demand from renewable sources by 2050, any limitation to the storage utilization should be avoided by way of reducing the value of the asset which turns into lower value for the system as the implementation of storage is in fact a technical way to make the transition happen.

Additionally, draft proposal of Article 41<sup>7</sup> of the GBER defines that the 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.

We think that this strict “timing” requirement will not work positive in increasing system flexibility. It is important to take into consideration the case of installing storage to existing renewable investments that have been already in operation for some time and market conditions and/or new rules create an opportunity to the investor to add a storage to the plant for increasing the market participation efficiency. On that base we propose the last part of the sentence of par. 1a. to be removed (.....where both elements are installed and put into operation at the same time).

Due to the foregoing considerations to the current GBER proposal, some modifications and especially **a dedicated amendment in article 36 are needed to ensure the timely development**

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<sup>6</sup> Draft amended Art. 41 (new 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”. See, Art.1(28)(b) of draft Commission Regulation. (emphasis added)

<sup>7</sup> Draft amended Art. 41 (new 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”. See, Art.1(28)(b) of draft Commission Regulation. (emphasis added)

**of electricity storage systems needed to achieve the decarbonisation of the economy.** There is no reasonable justification for introducing an unequal treatment between BTM and stand-alone electricity storage solutions since both are suitable to mitigate the curtailment risk for investments in RES production.

### **Energy Communities (Article 43 GBER)**

We highlight that Renewable Energy Communities cannot compete with conventional producers without a clear framework in the GBER.

Therefore, we would like to point out that Article 43 does not clearly specify whether aid for the promotion of Renewable Energy Communities is granted to newly built plants and we would therefore ask for a clarification on whether exempted aid could be granted only to the construction of new plants or also to the reactivation of decommissioned plants, complete reconstructions, upgrades and renovations of existing plants.

Moreover, as far as Renewable Energy Communities are concerned, they are mentioned in the draft proposed rules only in relation to operating aid. Although Article 43(5) cites levelized costs as a reference for the definition of incentives (thus including the cost of initial capital), we believe it would be appropriate to further investigate which cost categories can be included in the incentives for Energy Communities in order for them to be exempted from the notification obligation. In particular, since there is no mention of Energy Communities in Article 41 on investment aid, we would like to exclude the fact that incentives aimed at remunerating the investment of plants installed by Energy Communities must necessarily be notified even if they are intended for plants of less than 1 MW.

### **Article 44a. Aid in the form of reductions in environmental taxes or parafiscal levies**

Paragraph 1 specifies that Article 44a shall not apply to reductions in taxes or levies on energy products, including electricity. However, considering the crucial role that electric mobility has on decarbonisation objectives, a reduction from electricity levies (e.g. general system charges on the electricity tariffs) applied to the charge point operators (CPO) for charging electric vehicles should be also covered under the present Regulation.

Accordingly, similar considerations apply to electricity tariffs for cold ironing (on-shore power supply). Indeed, cold ironing is an effective solution to reduce CO<sub>2</sub> emissions of ships at berth although still more expensive than the traditional use of marine gasoil to fuel on-board auxiliary engines.

### **Aid for energy infrastructure (Article 48 GBER)**

#### **Gas and Hydrogen infrastructures**

Although the risk of lock-in and stranded assets is high for any type of fossil gas project covered in the scope of other aid categories, the risk is the highest for energy infrastructure. Thus, safeguards are important. Therefore, we recommend removing the paragraph 3 of this article 48 as, with particular reference to hydrogen transport in gas infrastructures, it is considered that the exclusion from the scope of GBER of such infrastructures is based not only on emission reductions, but also on a cost-benefit analysis by comparing it with a model for producing green hydrogen close to where it is consumed and transporting the necessary electricity via power lines.

Support should not divert investment from clean alternatives already available on the market or hinder their market development.

Therefore, we recommend removing the paragraph 3 of this article 48, with particular reference to hydrogen transport in gas infrastructures or in alternative, aid for gas infrastructure also



dedicated to the use for hydrogen or mainly used for the transport of hydrogen shall not be exempt from the notification requirement under this Article.

Finally, we stress that aid for investment and operating in electricity and gas storage projects (shall continue not to be exempt from the notification requirement under this Article. The targeted GBER review should be consistent with the Directive n. 2019/944 (Electricity Directive) and the notification exemption for energy storage should be available only for market players and not to TSOs. EU law requires the effective separation of networks from activities of generation and supply (effective unbundling), to avoid the risk of discrimination not only in the operation of the network but also in the incentives for vertically integrated undertakings to invest adequately in their networks. Only the removal of the incentive for vertically integrated undertakings to discriminate against competitors as regards network access and investment can ensure effective unbundling. Ownership unbundling, which implies the appointment of the network owner as the system operator and its independence from any supply and production interests, is clearly an effective and stable way to solve the inherent conflict of interests and to ensure security of supply. Moreover, TSOs that were ownership unbundled as of 3 September 2009 cannot be transformed in vertically integrated companies.

Given that the basic principle set in article 54 of the Electricity Directive is that Transmission system operators shall not own, develop, manage or operate energy storage facilities, the notification exemption for storage solutions should explicitly require the respect of unbundling rules under EU law.

#### **Circular economy (Article 47 GBER)**

We are fully aligned to include also circular economy measure under the GBER, since aid for example, to renewable technologies could offer good potential for circularity. Renewable sites can be upcycled with new components when the old ones reach their end of life. Depleted photovoltaic panels being remanufactured and ultimately recycled, and dismantled components from re-powered wind farms can to a great extent be recycled, including steel, other metals and highly valuable rare earths. Developing these measures will contribute to the energy transition towards also a circular economy

However, in paragraph 2a of this article, we suggest rephrasing the last sentence by including that reduction should also consider the environmental impact of the methodology through which this decrease in material resources has occurred, for instance, if certain raw materials have been reduced because they have been substituted with polluting components, with a higher energy density.