

From: COMP H6
To: [REDACTED]
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Subject: FW: HT.5788 Consultation State Aid
Date: vendredi 11 mars 2022 19:47:58

From: Mike Parr | PWR [REDACTED]
Sent: Friday, March 11, 2022 9:48 AM
To: COMP H6 <COMP-H6@ec.europa.eu>; DOYLE John (CNECT) <John.Doyle@ec.europa.eu>; STIEBER Harald (JUST) <Harald.STIEBER@ec.europa.eu>; simon minett <simon.minett@challoch-energy.com>
Subject: Consultation State Aid

Dear Sir/Madam,

I am responding to the consultation: Public consultation on revised State aid rules for the agricultural and forestry sectors and in rural areas

My company (PWR) working with Challoch Energy (Belgium) is developing energy communities, in rural areas. We have projects under development in Ireland. A key player in any rural energy community is the owner of land. A wind turbine needs land and the owner of such land is normally a farmer. Community energy projects bring a key benefit to participants: scale. An energy community is far more than the sum of its parts. Furthermore, the rural energy communities we are developing have a very high level of own-produced, low-cost, zero-carbon energy – typically more than 90%. This is achieved through the use of wind, PV, hydro (if available) and bio-mass (if available). No energy user on their own could achieve this, including farmers.

The Annex to the consultation contains several references to energy. Shown below is an extract (page 31)

*CHAPTER III CATEGORIES OF AID
SECTION 1 AID IN FAVOUR OF SMES ACTIVE IN PRIMARY
AGRICULTURAL PRODUCTION, THE PROCESSING OF AGRICULTURAL
PRODUCTS AND THE MARKETING OF AGRICULTURAL PRODUCTS
Article 13 Aid for investments in agricultural holdings linked to primary
agricultural production*

5. Where the investment is made for the production of thermal energy and electricity from renewable sources on agricultural holdings, the production facilities shall serve only the beneficiary's own energy needs and their production capacity shall be no more than the equivalent to the combined average annual energy consumption of thermal energy and electricity on the agricultural holding, including the farm household. The selling of electricity into the grid shall only be allowed as far as the annual average self-consumption

limit is respected.

This puts farmers in a “energy silo” (no pun intended), it treats them as isolated energy entities. Our approach is to treat farmers as part of an energy community. At no point does the COM or annexes consider this possibility.

Furthermore, as renewables scale, costs drop, rapidly. In the case of wind, for example, the cost of a kilowatt hour from a 1MW or 2MW wind turbine is half that of the same kWh from, for example a 250kW or 500kW wind turbine (the sort that a farmer might deploy if for own-use)

The state aid should contain a provision that supports farmers either:

- a) to take part in community energy schemes
- b) act as a facilitator of community energy scheme (and fund them as a facilitator).

There is another important point to be considered: most renewables in most locations in the EU do not need operational subsidies of any sort. Wind and PV have levelised costs in the range 5eurocents/kWh down to 2eurocents/kWh. This is far below the cost of the energy component in any farm electricity bill.

The problem in forming energy communities is:

- a) the need to fund activities to form the energy community,
- b) the need to fund the planning and interaction activities which must be undertaken with respect to various bodies such as network operators and local planning organisations.

State-aid to farmers could be thus usefully aimed at supporting farmers to build local energy communities.

Page 70 of the Annex it states:

3. The investment shall pursue at least one of the following objectives:

(f) contributing to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as promoting sustainable energy;

The focus on “agricultural holding” (para a) is understandable, but in the context of energy and “*promoting sustainable energy*” the focus is far too narrow.

I suggest that the energy aspects be re-drafted to explicitly support farmers as a key player in the formation of rural energy-communities. This would do two things: give farmers access to zero-carbon, low-cost energy (either as electricity

or as green hydrogen) ditto the surrounding community. There is much talk about rural poverty, rural energy communities of the sort mentioned here would go a very long way to addressing such poverty.

I'm based near Brussels, happy to talk. Copied on this are Commission officials with whom I have been collaborating for some years.

Best regards,

Mike Parr.