



RES support schemes in the EU: rules under the Environmental and Energy Aid Guidelines*

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(*) All views expressed are personal and do not bind the EU Delegation



State Aid: The basics (I)

State Aid control

Why?

- Prevent undue state intervention
- Ensure a level playing field in the internal market
- Avoid subsidy races between Member States

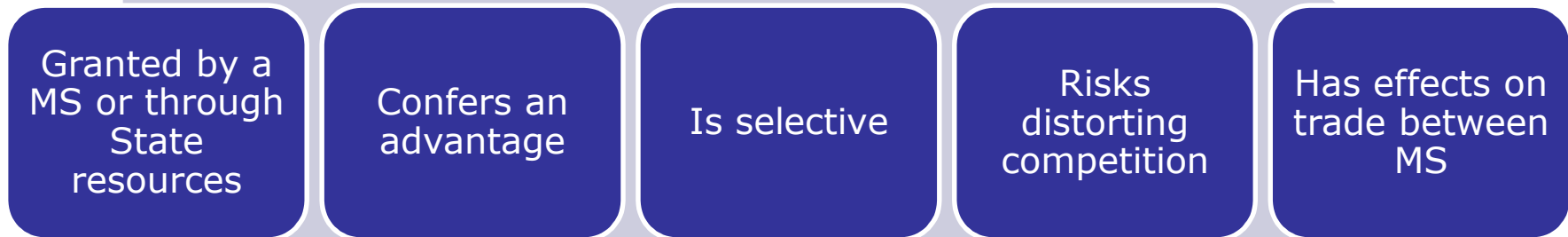
How does it work?

- Member States must notify before granting aid
- The Commission assesses and adopts a Decision
- State Aid Decisions can be appealed to the ECJ



State Aid: The basics (II)

What is State Aid: 5 criteria



- Only State Aid measures need to be notified
- If the measure meets all criteria -> Next step is the compatibility assessment
- If the measure does not meet criteria -> 'No aid' Decision



State Aid: The basics (III)

Compatibility principles

- Aim: well-defined objective of **common interest**
- Must be **necessary** : which is the market failure addressed?
- State aid must be an **appropriate** instrument
- The measure must have an **incentive effect**
- Aid must be **proportional**: limited to the minimum necessary
- **Avoid undue negative effects** on competition and trade



Guidelines: RES support

2008 Guidelines Environmental aid	2014 Guidelines Environmental and <u>energy</u> aid
<ul style="list-style-type: none">• Cogeneration & district heating →• Waste management →• Energy saving• Reductions/exemptions from environmental taxes• Environmental studies• Early adaptation to/going beyond EU standards, or for higher environmental protection in their absence (incl. new transport vehicles).• Relocation of undertakings• Remediation of contaminated sites• <u>Renewable energy sources</u>• Tradable permit schemes	<ul style="list-style-type: none">• and cooling (+ networks)• and resource efficiency <p><u>New categories</u></p> <ul style="list-style-type: none">• Reductions in funding support for electricity from renewable sources• Energy infrastructure• Generation adequacy• Carbon capture and storage



2008 EAG: Results of the review on RES-e support

- + Helped impressive increase of RES-e in the electricity mix (from 10% to 25% in 10 years)
- + RES-e helped to lower wholesale prices (e.g. in DE, decrease of more than 50% from 2008-2015)

HOWEVER:

- Administratively set tariffs led to overcompensation => increasing burden on consumers (in 2012, 41b€ in 21 MS)
- Producers exempted from the market => market distortions
- dominated by unlawful aid schemes
- purely national focus



RES-e support: Rules under EEAG

Integrating RES into the market (n/a small RES)

From 2016:

- **Sell electricity** directly on the market
(aid as premium on top of the market price)
- **Balancing** responsibilities
(if liquid intra-day market)
- No incentives to generate with **negative prices**.

Minimising risk of overcompensation (n/a small RES)

2015-2016

Competitive bidding
for at least **5%**
of the planned
RES capacity.



From 2017

Competitive bidding for
100% of the planned
RES capacity

Open to all RES technologies

Flexible criteria





Renewable electricity: work in progress

- Tens of Commission Decisions regarding compliance with EEAG
- Further progress on cross-border solutions
- Review of the RES directive and market design



Questions?

Today or by email later!

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