



What's new in EU State aid for renewable energy projects

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Agenda

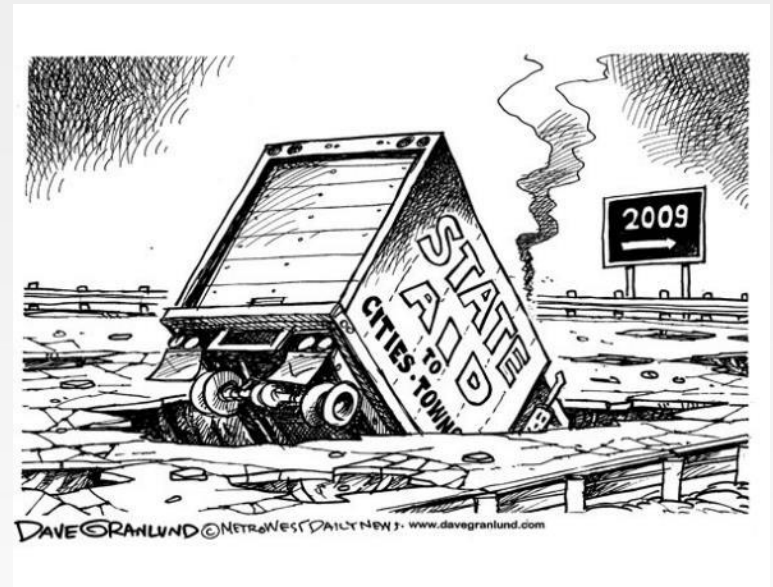
- 5 minutes on State aid
- State aid and energy
- Rules on Energy and State aid
- The new Guidelines
- Conclusions





State aid in 5 mins

- EU and EEA rules control the granting of aid by state to projects/companies
 - ‘Subsidies’
- Control safeguards a level playing field
- Competition has to happen based on merits – not on nationality/preferences





State aid in 5 mins

- However, aid can be necessary sometimes
 - Deals with market failures
 - No one else would do it
 - Promotes societal goals
 - Sustainable energy
 - Advances technological solutions
 - Think of ENOVA in Norway





State aid - basics

- Articles 107 – 108 TFEU
- **Sets a regime of notification + approval for ‘aid’**
- Control over financial benefits (beyond cash) granted by the State to an undertaking
 - **Functional/teleological approach**
- When there is aid
 1. **State resources** (central, local or even a public undertaking)
 1. Private funds do not qualify (*PreussenElektra C-379/98*)
 2. **Advantage** for an undertaking
 1. Circumvent if
 1. Altmark 4 cumulative criteria
 2. Market economy investor principle
 3. **Selectivity** of the measure
 4. Measure must **distort competition** among MS





Is all aid prohibited?

- Not really – important!
- Aid must be notified (Commission/ESA) and will be assessed
 - Can be declared compatible
 - Good aid
 - Incompatible
 - Bad aid
- If aid is incompatible
 - Must be repaid





State aid & Energy

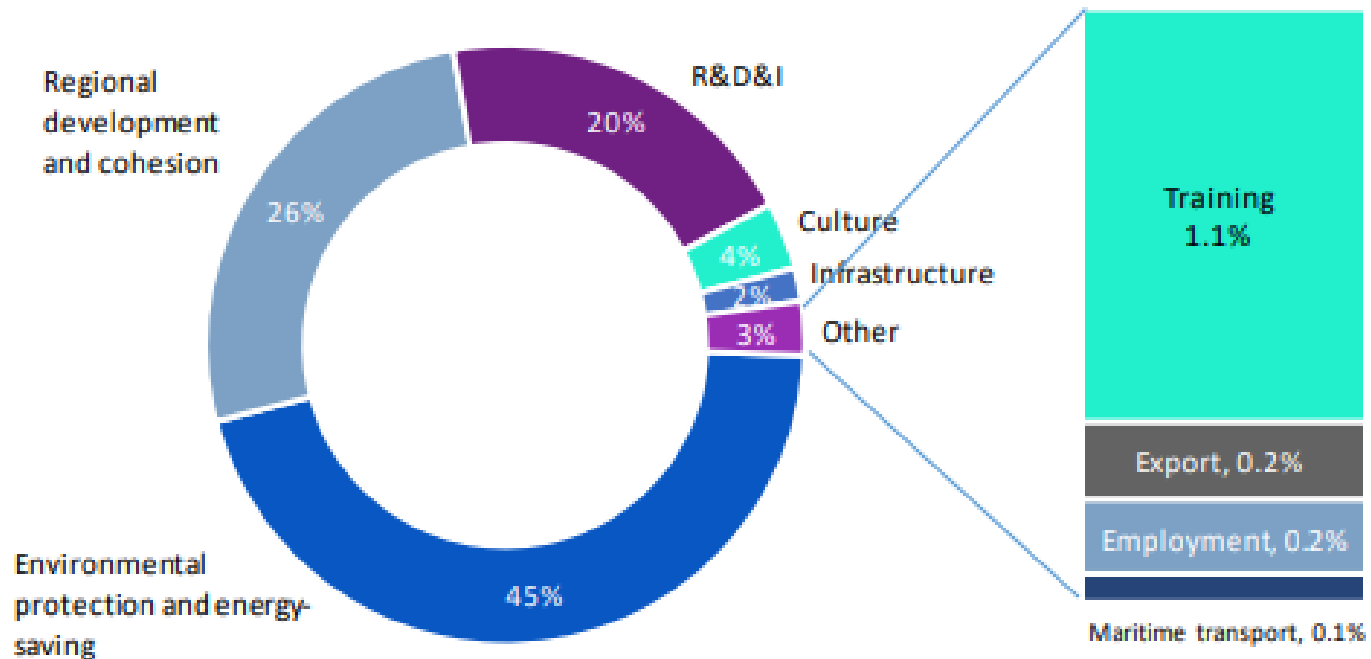
- Sector that receives lots of aid – and compatible aid
- Types of (good and lawful but depends) aid in energy
 - Security of supply
 - Infrastructure
 - Green energy incentives / climate change





State aid for energy/environment in 2019 in EFTA Countries

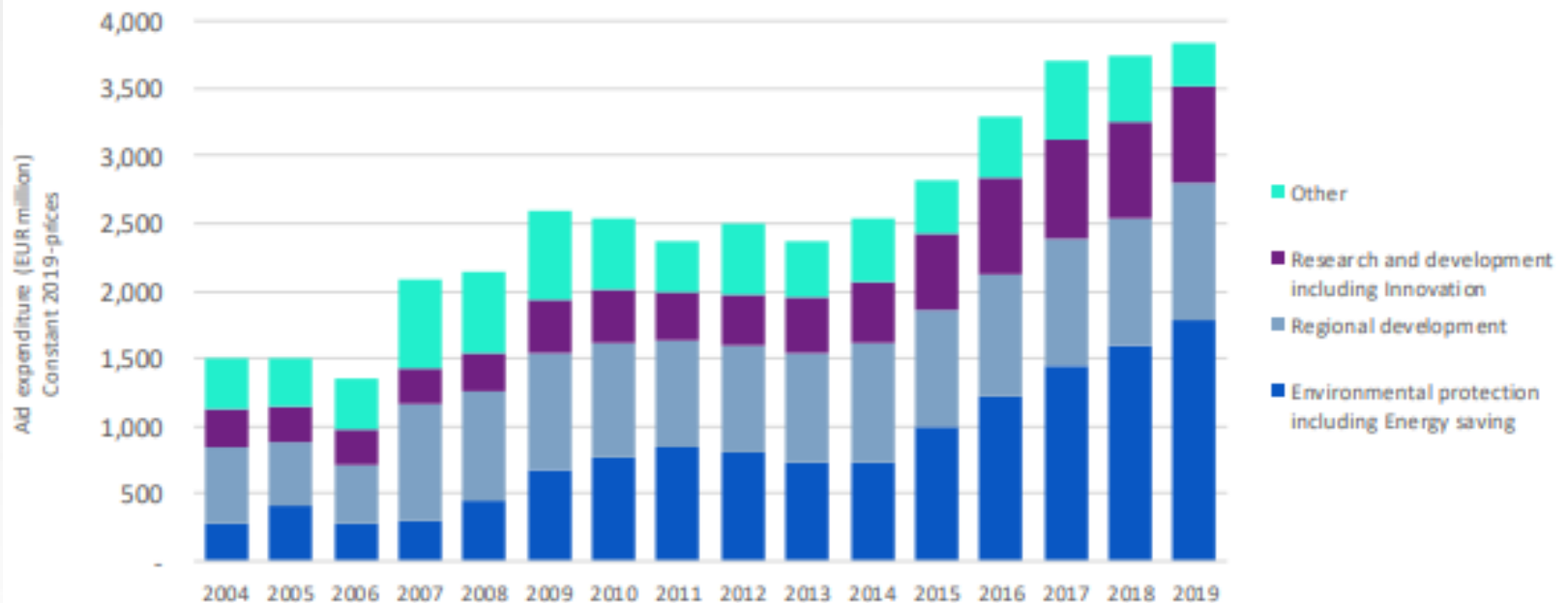
Figure 4: State aid expenditure by main objective in the EFTA States in 2019





State aid in Norway

Figure 5: Total aid expenditure by main objective in Norway during 2004–2019²⁰





So... we want to give aid, now what?

- **General Block Exemption Regulation (GBER) 651/2014 (with amendments)**
- No notification obligation and no need for authorization
- **Section 7** – aid measures for environmental protection and energy
- Small amounts:
 - energy efficiency projects: EUR 10 million
 - for operating aid for the production of electricity from renewable sources in small scale installations: EUR 15 million. When the aid is granted on the basis of a competitive bidding process : EUR 150 million per year
 - for investment aid for energy infrastructure: EUR 50 million per undertaking, per investment project;
- Extended to 31 December 2022 - Under revision





If not on GBER...

- Assessment of compatibility
- Done based on the **Guidelines on State aid for climate**, environmental protection and energy (CEEAG)
 - Recently adopted (January & February 2022)
- Apply for bigger projects
- Technology neutral
- One key new word compared from 2014 in the title: **CLIMATE**





CEEAG

- **New areas** are included: clean mobility infrastructure, resource efficiency, biodiversity
- **New technologies** too: renewable hydrogen, electricity storage and demand response, decarbonising production processes





CEEAG

- Based on competition/tenders
 - Default mechanism
 - And up to 100% of aid if by competitive bidding
- Room for technology-specific tenders
 - Floating offshore wind?
- Does apply for renewable energy
- Not for nuclear
- More room to grant aid for industrial decarbonisation, including through electrification of production processes





CEEAG

- No more room for fossil fuels subsidization
 - prohibit aid for projects involving coal, diesel, lignite, oil, peat and oil shale
- But there is room for investment in gas
 - It is a bridge for the transition
 - and does not create a “lock-in” effect for renewables or low-carbon
 - Good news for Norway?





Assessing compatibility with the EU/EEA Market

- Balancing tests
 - Benefits generated must be larger than negative effects on competition
- Elements used in test
 1. Contribution to an objective of common interest
 2. Need for state intervention
 3. Appropriateness
 4. Existence of an incentive effect
 5. Proportionality
 6. Avoidance of anticompetitive effects
 7. Transparency





Offshore wind aid



<https://www.youtube.com/watch?v=sgCA5e7K7r8>





Hywind Tampen in a nutshell

- 88MW medium-sized offshore wind farm
 - World's first medium size floating wind farm
 - 11 turbines
- Power 2 oil and gas field
 - Snorre and Gullfaks
 - 140kms from the coast of Norway





ENOVA financing

- Project partially funded by ENOVA
 - State owned investment company
 - For R&D in climate and energy activities
- August 2019 funding for 2.3 billion NOK granted
- Is this State aid?
 - Yes!

The logo for ENOVA, featuring the word "ENOVA" in a bold, sans-serif font. The letters "E", "N", and "O" are dark blue, while "V" and "A" are red.



Aid in the future?

- More projects related to CCUS and H2 – we have already cases in Norway
 - Case 85378: the Full-Scale CCS Project (carbon capture, transport and storage)
 - Case 87748: Topeka Nattrutten (zero emission vessels for cargo and liquid H2)
- Floating vs non-floating wind
 - Sørlige Nordsjø II?





**Final thoughts og
takkk for me!**