



# State aid rules on Support for Energy Storage

Birgitta Ots, DG COMPETITION

*23 January 2024*







# Article 107 TFEU

Save as otherwise provided in the Treaties, any aid **granted by a Member State or through State resources** in any form whatsoever which **distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods** shall, in so far as it **affects trade between Member States**, be incompatible with the internal market.

# Article 107(3) TFEU

## The following may be considered to be compatible with the internal market:

- aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment, and of the regions referred to in Article 349, in view of their structural, economic and social situation;
- aid to promote the execution of an important project of common European interest or to remedy a serious disturbance in the economy of a Member State;
- aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest;
- aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Union to an extent that is contrary to the common interest;
- such other categories of aid as may be specified by decision of the Council on a proposal from the Commission.

# Couple of acronyms...

- **CEEAG** - Guidelines on State aid for climate, environmental protection and energy (from 2022)
- **TCTF** - Temporary Crisis and Transition Framework (until 2025)
- **GD GBER** – Green Deal General Block Exemption Regulation (from 2023)

# Storage and State aid

- State aid rules offer ample possibilities for Member States to support storage investments under different sets of rules (**CEEAG, TCTF, GBER**).
- Clean Energy Package considers storage would normally be subject to market rules like other **forms of generation or demand response**.
- Transition from storage as “infrastructure” to storage as a “market activity” that competes with other capacities in the system.



# Storage support under CEEAG

- Transitional period (**NOT APPLICABLE ANYMORE**): section 4.9 (Aid for energy infrastructure) allowed support for stand-alone electricity storage.
- Storage equipment linked to RES generation is subject to the rules for decarbonisation activity, as RES schemes (section 4.1): broad schemes, competitive bidding, need to prove contribution to decarbonisation.
- Other types of stand-alone storage projects can be compatible either under the decarbonisation section (provided decarbonisation demonstrated) or following a security of supply objective under section 4.8 of the CEEAG.
- Support to energy storage may also be assessed under sections 4.2 (Aid for energy performance in buildings) and 4.3 (Aid for clean mobility), where relevant, and subject to the provisions in those sections.

# As an example: section 4.1 CEEAG

- Aid for the reduction and removal of greenhouse gas emissions including through support for renewable energy and energy efficiency
- Including: ... *aid to demand response and energy storage where this reduces emissions...* (p 83)
- Factual & counterfactual scenario for necessity
- Wide variety of instruments for appropriateness
- **Public consultation obligation!**
- Derogation from competitive tender difficult

# Storage support under TCTF (section 2.5)

## Scope:

- support for electricity storage and thermal storage (also in combination with one of the other types of investments covered)
- support for storage for renewable hydrogen, biofuels, bioliquids, biogas and biomass fuels obtaining at least 75% of its content from a directly connected production facility (on an annual basis)

## Investment aid:

- if competitive bidding: up to 100% of the total investment costs
- If administratively set: up to 45% of total investment costs (+ bonuses for the size of undertaking)

## Operating aid:

- aid in the form of two-way CfD; maximum 20 years
- strike price set by competitive bidding or by energy regulator (to cover expected net costs)

**Other requirements:** scheme, by end-2025, in operation within 36 months.

# Storage support under GBER

**Storage can be supported under Art. 41 GBER (Investment aid for the promotion of energy from renewable sources) under certain conditions:**

- electricity and thermal storage, storage from fuels produced from biomass, absorbing at least 75% of its energy from directly connected renewable energy generation installation on an annual basis
- maximum aid: EUR 30 million per undertaking per investment project (all investment components, generation and storage, are considered a single integrated project for thresholds)

## **Maximum aid intensity:**

- up to 30% of investment costs related to storage component (+ bonuses for the size of undertaking)
- up to 100% of investment costs if aid granted in a competitive bidding process

**NB! Storage can also be supported under Art 36a (Investment aid for recharging or refueling infrastructure) and Art 38 (Investment aid for energy efficiency measures in buildings) where relevant.**

# State aid procedure - how to make it fast and easy?

- Move from ready-made legal basis to 2-step legal basis, where the details are set in an administrative act / ministerial decree.
- Come with an almost-ready design to start PN negotiations (PN vs N).
- Ask us for a draft submission form (if not already published) – follow the form (and do not use the form to simply refer to Annex 1, 2, 3).
- Make sure this design follows the rules TCTF/CEEAG, each derogation will add time to the procedure.
- Make sure that regulatory framework is followed as well.
- GBER → TCTF → CEAAG

# Thank you!



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