

State Aid and Article 7 of the Energy Efficiency Directive

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This project has received funding from the European Union's Horizon 2020 Research and innovation programme under grant agreement No 840034

Acknowledgments & Disclaimer

This project has received funding from the *European Union's Horizon 2020 research and innovation programme* under grant agreement No 840034.

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Report version 1.0, final, published in November 2020.

List of abbreviations

| | |
|---------------|--|
| EEAG | Guidelines on State aid for environmental protection and energy 2014-2020 |
| EED | Energy Efficiency Directive 2012/27/EU amended by Council Directive 2013/12/EU, Directive 2018/844, Directive 2018/2002/EU and Regulation 2018/1999/EU |
| EEOS | Energy Efficiency Obligation Scheme according to article 7a of the Energy Efficiency Directive |
| ENSMOV | Enhancing the Implementation and Monitoring and Verification practices of Energy-Saving Policies under Article 7 of the Energy Efficiency Directive |
| ESIF | European structural and investment funds |
| GBER | General Block Exemption Regulation - Commission Regulation declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, amended by Regulation 2020/972 of 2 July 2020 |
| MS | Member State |
| SGEI | Services of general economic interest |

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ENSMOV Project

ENSMOV is an EU-funded project aiming to support public authorities and key stakeholders in 13 Member States (MS) and the UK, represented by its consortium (Austria, Belgium, Bulgaria, Croatia, France, Germany, Greece, Hungary, Italy, Lithuania, Netherlands, Poland, Romania and the UK, addressing all 27 MS, the UK, and accession countries) to monitor, revise, improve and complement the design and implementation of their national energy efficiency policies by developing resources on practical and strategic issues arising from the Article 7 EED.

ENSMOV follows up on two other very influential projects that have helped to shape Member State policies to address Article 7 requirements of the EED – IEE ENSPOL (www.enspol.eu) and H2020 MULTEE (<https://multee.eu/>).

ENSMOV has the following strategic objectives that will deliver impacts beyond the duration of the project:

- a) to ensure that energy efficiency policies do not only promise, but also realize a major, long-term contribution to the energy, environmental, economic and security goals of the EU and MS under the Energy Union; and
- b) to sustain an active platform and community for knowledge exchange of best practices in policy development and implementation of Article 7 EED policies, strengthening cooperation and improving the dialogue between national policymakers and stakeholders across the EU.

Representatives of EU Member States and beyond are invited to participate in [international workshops](#) and can contact the [project coordinator](#) in order to arrange national workshops.

Report Introduction

This review offers overview on how State aid policies are defined on EU level regarding the energy efficiency measures implementation.

The emphasis is on the implementation of EEOS and alternative measures under Article 7 EED and the State Aid regulation.

Cases from partner MS are presented and discussed.

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Definition of Elementary Terms

| Term | Definition |
|---------------------------|---|
| Energy efficiency | Relation of output (product, service, power, etc.) to energy input; energy efficiency can be improved either by reducing energy input with constant output or by increasing output with constant energy input |
| Energy efficiency measure | A policy instrument to force or motivate energy-saving actions |
| State aid | A grant or other form of financial aid generating an advantage of one company/undertaking, compared to its competitors, conferred on a selective basis by national public authorities |
| De minimis | Defines small state aid amounts, that are not big enough to be considered relevant for competition and trade in the market (deriving from: <i>de minimis non curat praetor</i> or <i>too small to be considered</i>) |
| Undertaking | Legal entity in any legal form (non- profit, profit, private, public etc.) receiving state aid |

Introduction - Understanding state aid

State aid is defined as the financial aid or financial intervention from the Member State to the specific market actor (*undertaking*), which puts the undertaking in an advantage when compared to the sectoral competitors [1]. This includes aid from regional government, national and international aid, and EC funding (mainly ESIF - European structural and investment funds, since it is co-managed by MS and the EC). Hence, if there is a third party involved in the aid, it can be considered as *State aid* only if the State is in a situation where it can influence the flow of the financial resources.

To define something as state aid, several conditions have to be fulfilled:

- *The State is the one involved in the intervention or its resources are used;*
- *The intervention gives the receiver the advantage when compared to other competitors;*
- *Competition is influenced: either it is distorted or there is a chance it could be;*
- *This aid can affect any kind of trade between MSs.*

(The criteria are cumulative.)

This means that the undertaking is treated in a way that is not common in economic relations and can include not only financial aid, but also provided aid in any other form (for example, free trainings or expert help from the providers financed by the MS). [2] Although it is considered as distortive factor for the competition and trading relations between member states, there are exceptions where State aid is allowed. It could be either defined as “de minimis” or as acceptable due to its purpose.

One additional fact must be taken into account. If the undertaking is considered SGEI (Service of general economic interest), it is subjected to different framework and different thresholds. These are, for example, services of public education or public health services.

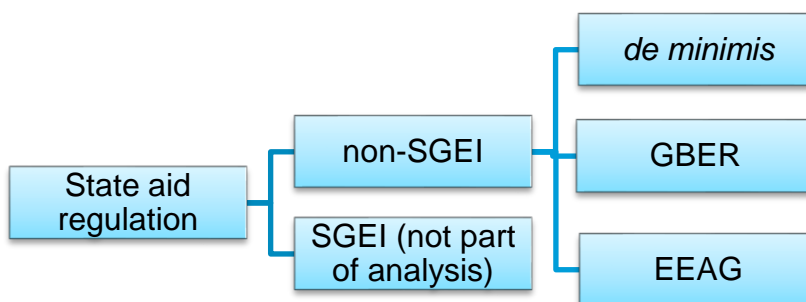


Figure 1 State aid types for energy efficiency projects

De minimis

For the “de minimis” state aid, there are no specific conditions defined, only that the maximum amount is EUR 200 000 for each undertaking over a 3-year period. This means the MS does not have to be in line with any specific regulation other than existing national legal framework. It just has to define the purpose of the grant and limit it as stated above. The idea of the limit is that the amount granted does not generate special risk in relation to the influence on the EU level market.

GBER (General Block Exemption Regulation)

For the aids above *de minimis* threshold: they are allowed if they are either necessary for MS's economy (for example COVID-19 related measures active at the moment¹) or their overall objective is relevant for European economy. It is generally defined in articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ C 326 /2012), with the explanatory Regulation - General block exemption Regulation (GBER), which has been updated in July 2020 (OJ L 215/ 2020).² The update is defining the prolongation of the existing regulation from 2014. The idea of the regulation is to declare certain categories of aid compatible with the internal market.

Other

For larger aids, above the amount of money defined in GBER, there is a need for notification to the EC, to be sure competition is not distorted.

Energy efficiency and state aid regulatory framework

State aid in the European Commission Recommendations 2019/1658

In the European Commission Recommendation (2019/1658) on transposing the energy saving obligations under the Energy Efficiency Directive, the state aid issue is mentioned explicitly in the financing instruments. More in detail, under the Building Renovation Subsidies (defined as financing schemes for the energy efficiency improvement of existing residential buildings and upgrading of their heating and cooling systems), it is stated that subsidies can take the form of a grant or a subsidized loan but in any case they must be in line with state aid rules.

GBER (General Block Exemption Regulation)

The above-mentioned Regulation (GBER) defines allowed investments' aid for energy efficiency within its Section 7, Articles 38 and 39, describing *Investment aid for energy efficiency measures* and for *energy efficiency in buildings*, respectively. There are several prerequisites for the state aid in energy efficiency differing from those in other sectors, describing the projects that can be granted an aid. Those are:

- Project has to be above current energy efficiency standards (even those that are not yet in force). This, for example, means that the building standards that have been developed and are being decided upon, but are not yet in force, are also considered as minimum and not eligible for state aid;
- The costs that are eligible are all above those for achieving current standards. That means that the costs for energy efficiency part of the project have to either be stated separately or that they are taken into account only as difference between that investment and the similar one with lower energy efficiency;

¹ https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_20_1054

² Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments (Text with EEA relevance)

- The aid could not be more than 30% of investments, unless it's for a small enterprise (50%), medium enterprise (40%) and specific locations, where it can differ 5-15% from the standard aid (This part is related to GDP).

Specific conditions for building sector also include the fact that the grant should not exceed 10 million EUR per project/per final beneficiary, not more than 80% of the loan and it can include different financial instruments (loan, equity, endowment) – to final beneficiary (owner of tenant).

Guidelines on State aid for environmental protection and energy

The aid in the area of energy efficiency is subjected to *Guidelines on State aid for environmental protection and energy 2014-2020 (OJ C 200 /2014) (EEAG)*. EEAG defines interesting situations when the projects are subjected to the state aid and why.

For example, the benefits of energy efficiency in buildings are sometimes enjoyed by the tenants, not the owners, so there is a need for the MS to motivate the investments by the owners via state aid grants. However, some market actors are questioning the limitation of the state aid, as they do not consider apartment ownership as competitive activity.³ The EEAG defines that, for energy efficiency measures, a repayable advance may be considered as an appropriate State aid instrument if the revenues are not certain, it is a kind of an insurance instrument. However, this is not used as much as direct granting, which will be shown in examples from partner countries.

As the eligible costs are determined (as defined in GBER) as the investment which is extra to the baseline scenario, and that this is defined by a proxy, it is interesting there is no mention of measurement and verification methods from EED as the tool to calculate saving attributed to the project. For energy efficiency projects, it is obvious that GBER and EEAG are subjected to same criteria, while renewable energy incentives are subjected to notification. Most notified cases involving energy efficiency are related to optimization of district heating network in MS⁴.

MS find the complexity of the legislative framework as the major barrier for State Aid programs. They consider that the more complex the regulation is, there are more financial aids that need to be notified to the EC.

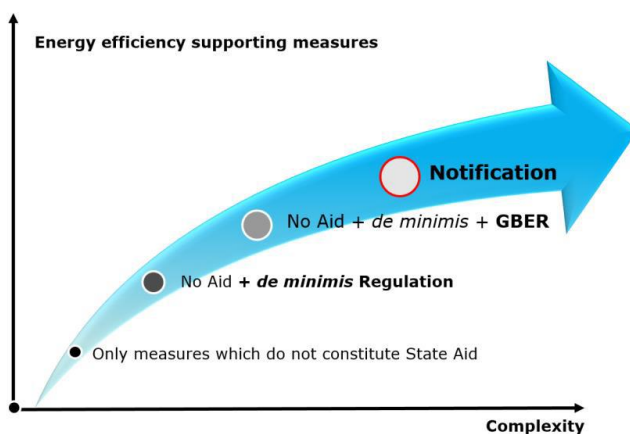


Figure 2 Dealing with complexity of State Aid regulation, source: Financing energy efficiency: dealing with State Aid rules, EED CA [3]

³ Petr Holub, Chance for Buildings, EU ASE internal workshop/webinar, 25 March 2020

⁴ https://ec.europa.eu/competition/elojade/isef/index.cfm?fuseaction=dsp_result&policy_area_id=3

Definition of state aid in various Member States

Besides direct transposition of GBER and EEAG conditions, MS sometimes include additional frameworks for state aid in energy efficiency, as shown in examples:

In [Austria](#), specific regulation BGBl. II Nr. 208/2014⁵ defines that the subsidies in energy efficiency are allowed only if the “eligible measure is in line with the corresponding detail budget; the use of funds is ensured by the federal finance act and the use of the federal funds is consistent with the goals of § 2 Abs. 1 BHG 2013 (the Act on Federal budget). A measure is eligible if it is linked to significant public interest. Significant public interest exists, if the measure is suitable for securing and increasing public welfare, increases the intergovernmental or international reputation of the Austrian Republic or contributes to intellectual, physical, cultural, social or economic improvement or environmental and climate protection”.

In [Croatia](#), State aid guidelines are defined in State Aid Act (OG 47/14, 69/17), transposing EU State Aid regulation. Specific conditions are defined in linked programmes and the ministry in charge is the sectoral ministry, depending on the energy efficiency sector.

In [Greece](#), most of the policy measures for the promotion of the energy efficiency are financed either by the Development Law or by the various sectoral and regional programs within the framework of the National Strategic Reference Framework (NSRF) Operational Programs. The Development Law is subject to the provisions of the GBER regarding the declaration of certain categories of aid compatible with the common market, while the vast majority of the implemented programs within the framework of the NSRF are complied with the regulation for the *de minimis aid*. Nevertheless, few programs, which are funded by the NSRF Operational Programs and target to mainly enterprises, are designed in compliance with the provisions of the General block exemption Regulation. The Special State Aid Service, which operates as a Decentralized State Aid Unit of the Ministry of Economy and Development, is responsible for defining the rules in order to comply with the state-aid requirements for the case of co-financed projects by the NSRF Operational Programs. Moreover, the Special State Aid Service is responsible for monitoring and coordinating the design and implementation of state aid actions, designing financial instruments for enterprises, and providing technical support to the NSRF Operational Programs. The Special State Aid Service assesses for the case of the proposed co-financed energy efficiency projects by the NSRF Operational Programs the potential compliance with the provisions of the relevant legislative framework of state aid, specifies the public funding up to the amount of aid intensity and defines other procedural requirements.

In [Germany](#), funding programmes for energy efficiency comply with state aid rules by applying the provisions of the *de minimis* Regulation and/or the provisions of the General Block Exemption Regulation). An exception is the funding programme “Energy efficiency and process-heating from renewable energies in business – competition” described in the case study below.

In [Poland](#) the total amounts of support allowed under the state aid are defined in the Regulation of the Minister for the Environment of 21 December 2015 on detailed conditions for horizontal state aid granted for the environmental protection projects (Dz.U. 2015 poz. 2250). The energy efficiency

⁵ <https://www.ris.bka.gv.at/eli/bgbl/II/2014/208>

investments are listed in Art. 6 point 5. The details of the eligible support under this point are defined in Art 13 of the Regulation and are the same as in GBER.

France is also clearly following GBER for energy efficiency project, plus adding that the measures are eligible only if higher standards are achieved than applicable national (not only EU) regulations and so is Lithuania

Examples of state aid programs in targeted countries:

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| Country: Poland | Sector and targeted undertakings: Industry; enterprises (EEOS) |
| POLAND White Certificate Scheme | |
| <p>In Poland the energy efficiency obligation (EEO) was implemented in the form of White Certificates System (WCS). The limitations for the amount of eligible support are defined through the Energy Efficiency Act that introduces the mechanism. According to Art. 20 paragraph 2 point 1 White Certificates cannot be received for the energy efficiency project if it was granted:</p> <ul style="list-style-type: none"> - thermo-modernization bonus - investment support in cases when the total amount of the support would exceed the allowed amounts for the state aid. To calculate the amount of support from receiving the White Certificates the achieved final energy savings should be multiplied by 1.5 thousand PLN (around 225 EUR) | |

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| Country: Austria | Sector and targeted undertakings: Industry; enterprises |
| Domestic environmental support (UFI) and regional programmes | |
| <p>In addition to funding for initial consultations and implementation advice, companies can also apply via the operational Domestic Environmental Support Scheme for support with investments in energy efficiency measures.</p> <p>The subsidies consist of an investment grant of up to 30% of the investment costs. Funding is provided for measures for the efficient use of energy in commercial and industrial production processes, the thermal renovation of existing buildings and heat recovery systems. These investment subsidies are also partly financed by the ERDF via the IWB programme for Austria.</p> <p>In addition to these national initiatives, all the provinces offer energy advice and support programmes for enterprises, in particular the regional programmes co-financed by the EU. Investment grants provided via the operational Domestic Environmental Support Scheme:</p> <p>http://umweltfoerderung.at/betriebe.html</p> <p>Regional programmes of the provinces:</p> <p>http://www.umweltfoerderung.at/regionalprogramme.html</p> <p>http://www.land-beroesterreich.gv.at/12846.htm</p> <p>Final energy savings 2020 cumulative: 25.144,00 TJ.</p> | |

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| Country: Austria | Sector and targeted undertakings: Buildings; Private households, SME |
| The Austrian Federal Government's Renovation Drive | |
| <p>Thermal renovation means renovation cheque for private individuals 2016.</p> <p>Subsidies are paid in respect of thermal renovations in private housing for buildings which are more than 20 years old (date of the building permit). The insulation of external walls and top-floor ceilings and the renewal of windows are eligible for subsidies. The renovation cheque is aimed at (joint) owners, leaseholders or tenants of detached or semi-detached houses or at owners/tenants of apartments in multi-storey residential buildings.</p> <p>The subsidy amounts to up to 30% of the costs eligible for subsidy, or at most € 8 000 for the thermal renovation in the sphere of detached houses and up to €3 000 per apartment in multi-storey residential buildings.</p> <p>Final energy savings 2020 cumulative: 3 972 TJ.</p> | |

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| Country: Austria | Sector and targeted undertakings: Transport; all |
| klimaaktiv mobil | |
| <p>The klimaaktiv mobil programme set up:</p> <ul style="list-style-type: none"> • Free-of-charge consulting programmes addressing specific target groups (companies, cities & municipalities, real estate developers, schools & youth, tourism) A financial support programme with 108 Mio € since 2007 for mobility management measures, fleet conversions to low-carbon technologies, work travel plans etc. • An EcoDriving training programme with up to now 1,500 EcoDriving trainers and 25,000 trainees (mostly truck and bus drivers), and mandatory EcoDriving trainings for all approx. 90,000 novice drivers in Austria • A broad awareness raising campaign <p>The target of klimaaktiv mobil, set in the National climate Strategy, was to reduce 300,000 tons of CO₂ per year until 2009. Until now, more than 500,000 tons of CO₂ emissions reduced every year, the programme exceeded this goal.</p> | |

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| Country: Austria | Sector and targeted undertakings: Industry, enterprises |
| De minimis support in Austria | |
| <ul style="list-style-type: none"> • Replacing oil heating with renewable heating systems <100 kW: wood heating for companies for self – sufficiency, district heat connection for companies, heat pump for companies • Thermal solar plants for companies <100m² collector area • Increasing the density of heat distribution networks • Energy efficient cooling and freezing products • Air pollution control: retrofitting of particle filters in vehicles | |

- Indoor LED-systems in companies
- Heat recovery <100kW for cooling- and ventilation systems
- Single measures of thermal building refurbishment (replacement of windows or doors, insulation of roof or top storey ceiling)
- Electric vehicles (passenger cars, commercial vehicles), charging infrastructure

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| Country: Croatia | Sector and targeted undertakings: Buildings; Private households |
| Programme of energy renovation of multi-apartment buildings for the period 2014 – 2020 | |
| <p>The Croatian Ministry of Construction and Physical Planning has launched in 2014 the Programme of energy renovation of multi-apartment buildings for the period 2014 – 2020, with the Environmental Protection and Energy Efficiency Fund as the implementing authority. Over a 3-year period, the Fund provided for this programme grant funding in the amount of 286 million kuna (approximately 38 million €).</p> <p>In 2016, the funding started to be withdrawn from the EU funds under the Operational Programme Competitiveness and Cohesion, in which 100 million € has been allocated for the renovation of the housing sector until 2020, of which approx. 70 million € is allocated for the renovation of multi-residential buildings.</p> <p>Energy audits and energy certification, as well as the preparation of design documentation were co-financed with 85%. The value of eligible projects exceeded 1 billion kunas, so the Managing Authority approved an increase to the planned allocation in order to be able to co-finance all the applications which fulfilled the eligibility criteria in the amount of approx. 560 million kuna (approx. 75 million €) of grant funding.</p> <p>Expected savings per year are 214,1 GWh.</p> | |

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| Country: Croatia | Sector and targeted undertakings: De minimis, buildings |
| de minimis Subvention Programme for the Energy Renovation of Multi-Residential Buildings | |
| <p>The de minimis Subvention Programme for the Energy Renovation of Multi-Residential Buildings is focused on small subventions for projects implemented within the Operational Programme Competitiveness and Cohesion 2014 – 2020. These subventions are part of a goal to fulfil the reduction in energy consumption in residential buildings and family houses. A project proposal for the energy renovation of multi-residential buildings can be a request for a de minimis subvention, specifically for buildings where one or more co-owners are performing business activities.</p> | |

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| Country: Croatia | Sector and targeted undertakings: Industry, enterprises |
| Increase of Energy Efficiency and Renewable Energy in Industry | |

The open call for grants entitled 'Increase of Energy Efficiency and Renewable Energy in Industry', organised within the Operational Programme Competitiveness and Cohesion 2014 - 2020, was closed in 2018. The total amount of grants amounted to 114 million kuna (approx. 15 million €). Applicants were small, medium and large enterprises.

The Environmental Protection and Energy Efficiency Fund offers the companies a number of aid programmes under which they can use grants or interest-free loans, in accordance with the provisions of the Regulation on de minimis aid (small value aid) aimed at protecting competition.

Co-financing is provided for performing energy audits, certification and introducing energy management system ISO 50001, for which up to HRK 50,000 (EUR 6,700) can be obtained. Energy audits are essential for identifying inefficient energy use and outlining proposals for measures to reduce energy consumption and optimize the production process. According to the Energy Efficiency Act, large companies are obliged to have an energy audit performed every 4 years.

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| Country: Germany | Sector and targeted undertakings: Industry, enterprises |
| Energy efficiency and process-heating from renewable energies in business – competition | |
| <p>The aim of the energy efficiency funding competition by The Federal Ministry for Economics and Technology (Bundesministerium für Wirtschaft und Technologie – BMWi), is to promote investment measures to improve the energy efficiency of companies. In addition, measures to provide process heating from renewable energy sources are taken into account. This is intended to give companies incentives to invest in highly efficient technologies for saving energy, to reduce their energy consumption and thus to strengthen their competitiveness at the same time.</p> <p>In principle, subsidies to companies are prohibited under the Treaty on the Functioning of the European Union as they may distort competition. However, the funding concept on which the programme is based, was designed to be general and not selective. It is designed to be open in terms of thematic fields and also suitable for a large number of potential applicants. Grants from the energy efficiency competition are therefore not to be classified as state aid. However, since the funding is also from public budget funds, the prohibition of cumulation with other state funding or funding from the federal states applies. Furthermore, parallel applications under the programme "Federal support for energy efficiency in the economy - Grant / Loan" are not allowed. There is also no legal entitlement to funding. Funding is always subject to the availability of federal budget funds.</p> <p>The competition works like a classic funding programme, but it is supplemented by a competitive component: The funding decision is based on the so-called funding efficiency. This sets the requested funding amount in relation to the expected CO₂ savings ("funding euro" per achieved CO₂ savings per year).</p> <p>By November 2020, eight competition rounds will have taken place, with a total budget of 56 million euros.</p> <p>The maximum amount of funding per project, is set up to 5 million euro and the maximum funding rate is determined up to 50 percent.</p> | |

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| Country: France | Sector and targeted undertakings: Buildings; Private households |
| CITE: Sustainable development tax credit | |

CITE (Crédit d'impôt pour la transition énergétique) provides an incentive for households to implement investments, to improve the energy performance of their main residence, with the aim of achieving single renovation actions in 9 million dwellings and 1.08 Mtep (Million-Tons Equivalent of Petroleum) over 2011-2020. Eligibility depends on income conditions, is now addressed to owners solely and energy improvement work have to be carried out in existing buildings by installers with RGE qualifications (quality label for energy efficiency work).

CITE is controlled by the Ministry of Sustainable Development (DGEC - General Directorate for Energy and Climate, and DHUP - Directorate for Housing, Urban Planning and Landscapes) in concertation with the Ministry of Economy (DGFIP - General Directorate for Public Finance, and DB – Directorate of Budget), with DGFIP in charge of the management of the tax credit (within the overall management of the personal income tax).

The incentive is calculated as a percentage of the equipment or material costs (including VAT), net of possible other public aid. This amount is then directly deducted from the income tax to be paid the year after the action was implemented. In case this amount is higher than the income tax, the remaining amount is granted to the beneficiary (equivalent to a “negative” income tax). This makes possible for low income households who do not pay income tax to be eligible to the scheme. Before 2020, the CITE was capped at a percentage of the expenses (15%, 30%, 50%). After 2020, the CITE will be calculated with a flat rate for each type of action capped to 75% of the expenses.

In addition to the incentive rates, maximum amounts are set to cap the eligible expenses. The caps on the eligible expenses per household are 8000 € for a single person, 16000€ for a couple plus additional 400€ per dependent person in the household. It applies for a 5-year period, and has not been changed since 2005.

From 2005 to 2008, only the owners-occupiers could be eligible for the tax credit scheme. The eligibility was then extended to landlords, tenants and free-of-charge occupants from 2009. Since 2014, the landlords renting dwellings can no longer benefit from the tax credit.

The total investment cost over 2005-2016 was about 52 billion euros, while the total incentive cost was about 19 billion euros over 2006-2017. The total savings are estimated to 0.78 Mtoe until 2013, 0.93 Mtoe till 2016 and 1.08 Mtoe at 2020.

From January 2020, MaPrimeRénov, a renovation bonus, has replaced CITE, aiming more at energy efficiency and modest households. Also, it will be extended to all households (no capped incomes) in 2021. Incentives will be provided to households targeting to the renovation of 4.8 billion of energy strainers.

This flat-rate aid is calculated based on household's income and energy savings induced. This new measure includes a bonus payment at the time of the renovation work so the beneficiaries know the amount before starting their work.

MaPrimeRenov is paid by ANAH, aids can be cumulated for different type of eligible actions within a limit of 20000 euros and can be cumulated with other grants (White Certificates, ANAH aids) as long as less than 75% to 90% of the expense is covered.

The total investment cost is estimated to be 0.74 billion euros for 2020 and 1.7 billion euros for 2021. Since January 1st 2020, 100000 applications have been received.

As part of the COVID-19 Recovery plan, owners/co-owners, occupying or renting their dwelling can be eligible.

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| Country: France | Sector and targeted undertakings: Local authorities and companies |
| Fond Chaleur: Heat Fund | |
| <p>The French Environment and Energy Management Agency (ADEME) Heat fund aims at financing the development of renewable energy systems or heat recovery systems, with a target of 5.5 Mtep of renewable energy or recovery heat by 2020. The subsidies allow renewable heat to be competitive against heat produced by fossil fuels. The investments can be covered up to 30% for Heat recovery projects, up to 60% for heat network projects and up to 45% for Renewable energy projects, with a bonus for medium to small businesses.</p> <p>Two processes either by annual call for projects or through the regional subsidy system are available depending on the project size and the type of renewable or recovery system.</p> <p>Eligible technologies are Biomass, Geothermal energy, heat network, solar thermal energy, fatal heat recovery, methanization.</p> <p>Projects applications are evaluated according to criteria such as technical quality, economic performance (€ invest/MWh) and efficiency of public aid (€/MWh RES and €/tCO₂ avoided). As for CITE/MaPrimeRénov, the RGE qualifications is required.</p> <p>Biomass operations above 1000 tep/year benefit from a yearly call for projects as Solar thermal operations above 300 m² and regional operations developing RES. Investment aid can be calculated with a flat-rate for small to medium-size projects and with a case-by-case analysis otherwise. Installation which benefits from the Fond Chaleur are required to monitor their production in order to evaluate the subsidies efficiency.</p> <p>The total investment cost over 2009-2017 was about 5.78 billion euros, while the total incentive cost was about 1.9 billion euros over 2009-2017. During this period 4000 projects where subsidized. The total RES production attained, is estimated to 25 TWh/year (2.2 MTep/year).</p> | |

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| Country: Greece | Sector and targeted undertakings: Buildings; Private households |
| Energy Savings at home II program | |
| <p>Generally, the compliance with the requirements for both the General block exemption Regulation and the de minimis aid Regulation are ensured through the conduction of specific actions as described within the guidance for the participation into each program separately. Indicatively, it is mentioned the “Energy Savings at home II” program, which is the most effective program for achieving the Article 7’s target for the period 2014-2020, where it is required the submission of an official statement for complying with the requirements of the de minimis aid for the case of rented residences and for short-term leasing.</p> <p>According to data from 2012, the building sector (residential and tertiary) is responsible for 45% of total energy consumption in the country. Households are one of the most important energy consumers, as they represent 83.68% of the total building stock. Energy Savings at Home II aims to improve the energy efficiency of the existing building stock.</p> | |

The program is funded by the European Union (European Regional Development Fund (ERDF)) and National Resources, through the Regional Operational Programmes and the **Operational Programme ‘Competitiveness, Entrepreneurship, Innovation’** of NSRF 2014-2020. The total public expenditure of the programme amounts to EUR 600.1 million (EUR 555.73 million from the Operational Programme ‘Competitiveness, Entrepreneurship, Innovation’ and EUR 44.37 million from the ROPs -Regional Operational Programmes). The subsidy is calculated as a percentage of the total investment cost. The maximum investment cost is defined to EUR 250 / m² with a limit of 25000 EUR (VAT included).

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| Country: Lithuania | Sector and targeted undertakings: Industry, large electricity consumers |
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Subsidies for EE RES Levy

The Lithuanian example of State aid very interesting from the perspective of motivating enterprises to invest in energy efficiency and it’s notified State aid for energy efficiency which is not the case in most of the countries.

On 19 November 2018, Lithuanian authorities notified the Commission about the measure, consisting of a support scheme reducing, for energy intensive users (EIUs), charges paid on electricity to contribute to the financing of electricity production from renewable energy sources (RES): *The financing of the support system for promotion of the production of electricity from renewable energy sources*. The notified measure concerns a reduction of the charge paid by EIUs for the financing of a mechanism supporting the electricity production from RES (RES levy).

The objective of the notified measure is to ease the burden of the RES levy in Lithuania for those undertakings which are most affected by it because of their heavy reliance on electricity for the conduct of their business. According to the Lithuanian authorities, the RES levy results in higher costs for EIUs that negatively affect their competitiveness with regard to producers in countries outside the European Union, which face less stringent environmental protection obligations. By reducing the RES levy paid by EIUs, the Lithuanian authorities expect to maintain the competitiveness of the beneficiaries and ensure public acceptance of the RES scheme. The notified scheme also aims at incentivising the beneficiaries to invest in energy efficiency measures.

Besides other eligibility criteria, the undertaking submits an energy efficiency audit when applying for receiving the reduction. If it results from the energy efficiency audit that the undertaking does not use the best available techniques for environmental protection and energy efficiency, the undertaking is required to sign a contract, whereby the undertaking agrees to invest 75% of the RES levy reduction of four years in energy efficiency measures. Thus, only where the undertaking uses the best available techniques for environmental protection and energy efficiency, may it use the reduction of the RES levy at its own discretion. When applying to receive aid under the notified scheme, undertakings have to provide a declaration to the aid granting authority that they have not received any aid to cover the same eligible costs, or, in the case they have received such aid, that the aid intensity does not exceed the allowed thresholds for such aid. Beneficiaries apply for the exemption ex post and, if deemed eligible for the aid, will receive it in respect of the previous calendar year.

It is envisaged that the State aid scheme will be applied from 1 January 2019 until 31 December 2028. The budget allocated to the notified scheme is estimated to amount to a total of EUR 300 million, while the annual budget is estimated at EUR 30 million.

Cumulation

The reduction of the RES levy can be cumulated with State aid energy efficiency measures. Undertakings may receive financing for such measures through the Operational Programme for EU Structural Funds Investments for 2014-2020.

Beneficiaries of the notified scheme have to declare that they have not received aid to cover the same eligible costs, or, in the case they have received other aid, that the aid intensity does not exceed the allowed thresholds for such aid.

Common features and discussions

For the discussion part, four questions appeared as important:

- *How does the framework differ per country? What are the specificities?*
- *For which measures are subsidies primarily used?*
- *How these measures influence Article 7 savings, EEOs and alternative measures?*

The legislative framework is almost the same in all targeted countries, involving direct transposition of de minimis and GBER regulation. In energy efficiency, there are no additional preconditions, except in some specific cases, like a bit stricter rules on the implementation of minimum regulation. Management differs among countries, so it is either managed by specific unit for state aid, or the programs are regulated by the authority in charge, or both. Due to this similarity, the knowledge sharing (platform e-wiki for State aid) and joint recommendation on the changes in the framework make sense.

In Germany, a competition-based component ensures the funding is proportional to expected CO2 savings. In France, CITE enables a tax reduction for energy performance improvements, even if it turns out to be negative, so that low income households can be eligible too. The negative part of the tax reduction is granted to the beneficiary. In Lithuania, a condition to use best available techniques exists.

Subsidies are used for a wide range of measures, including households'/buildings' renovations, efficient use of energy in production processes, thermal renovation of industrial buildings, etc.

In industry the range of support schemes applied is wide including, White certificates, subsidies, grants, and interest free loans.

It's interesting, however, that the measures, both de minimis and larger programs, are in all countries mostly used for energy refurbishment of private buildings. This might be due to the administrative burden of notification, lack of knowledge and experience sharing (as mentioned in the WG7 CA EED) [3]. However, financial incentives that lead to an increased use of energy efficient technology are considered alternative measures and significantly contribute the final savings per MS.

It would be wise to have real ex – ante analysis of needs for energy efficiency programs dealt with in NECP, possibilities for the EEOs plus alternative measures and to decide to rely on the aid from the State only for the measures that are not cost – efficient to be financed through the energy efficiency market or the EEOs.

The EC has prolonged current State aid guidelines to the end of 2022, leaving enough time for comments and contributions from the MS for the changes to be aligned with the green recovery objectives, specially motivating innovation in clean energy transition. To support MS, the EC has launched e-State Aid Wiki, where MS can post queries about implementing State Aid requirements and receive responses. Furthermore, in the forthcoming ENSMOV Article 7 EED platform (www.article7eed.eu), there will be a dedicated section for state aid for best practice sharing among MS and insights on successful implementation of state aid rules from specific policies in MS.

References

- [1] EU Commission, “State aid overview,” 5 October 20. [Online]. Available: https://ec.europa.eu/competition/state_aid/overview/index_en.html.
- [2] M. Sciskalová and M. Münster, “Definition and Characteristics of State Aid,” *Procedia - Social and Behavioral Sciences*, vol. 110, pp. 223-230, 24 January 2014.
- [3] Energy Efficiency Concreted Action, “Financing energy efficiency: dealing with State Aid rules,” EC, 2016.

Additional resources:

Links - Croatia:

<https://mgipu.gov.hr/o-ministarstvu-15/djelokrug/europski-strukturni-i-investicijski-fondovi-8437/poziv-4c1-4-energetska-obnova-i-koristenje-obnovljivih-izvora-energije-u-zgradama-javnog-sektora-8438/8438>

<https://strukturnifondovi.hr/en/natjecaji/povecanje-energetske-ucinkovitosti-koristenja-obnovljivih-izvora-energije-proizvodnim-industrijama/>

https://www.fzoeu.hr/en/energy_efficiency/energy_efficiency_projects_in_industry/

https://www.fzoeu.hr/en/energy_efficiency/energy_efficiency_in_the_building_sector/energy_renovation_of_multiapartment_buildings/

Links - Austria:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=DE>

<https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20008920>

https://www.monitoringstelle.at/fileadmin/i_m_at/pdf/NEEAP/NEEAP_2017.pdf

<https://www.umweltfoerderung.at/>

<https://www.publicconsulting.at/newsletter/newsletter-14/kig-oeko-investitionspraemie.html>

<https://www.odyssee-mure.eu/publications/national-reports/energy-efficiency-austria.pdf>

<https://www.klimafonds.gv.at/ausschreibungen/>

Links - France:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=DE>

<https://www.legifrance.gouv.fr/loda/id/JORFTEXT000041400291/2020-09-22/>

<https://www.economie.gouv.fr/particuliers/credit-impot-transition-energetique-cite>

<https://www.economie.gouv.fr/particuliers/aides-renovation-energetique#maprimerenov>

<https://www.ademe.fr/collectivites-entreprises-passez-energies-renouvelables-recuperation>

Links-Greece

<https://exoikonomisi.ypen.gr/to-programma>

<https://exoikonomisi.ypen.gr/documents/10182/146747/%CE%9F%CE%94%CE%97%CE%93%CE%9F%CE%A3+%CE%95%CE%9E%CE%9F%CE%99%CE%9A%CE%A0+Final/0c476b65-1ed6-499e-aa63-01dde25fe073>

Links-Germany

<https://www.wettbewerb-energieeffizienz.de/WENEFF/Navigation/DE/Home/home.html>