

EURELECTRIC urges Commission to use state aid review for European energy market push

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The European Commission today published its proposals for a review of the existing guidelines on state aid for environment and energy and the General Block Exemption Regulation, out for a two-month consultation. EURELECTRIC used the opportunity to express its support for the objectives of the review process.

"Sound state aid rules are the foundation of a cost-efficient move to a low-carbon economy. Public support in the field of energy has increased tremendously since the current guidelines were adopted. The review is an opportunity to safeguard Europe's internal electricity market and thus to ensure a competitive reliable power supply," commented EURELECTRIC Secretary General Hans ten Berge.

The review of the Energy and Environment Guidelines is part of the Commission's on-going overall state aid review process. The guidelines focus in particular on RES support schemes, but have also introduced capacity markets, energy infrastructure and carbon capture and storage (CCS) into their scope.

On RES support, EURELECTRIC backs the Commission's intention to advance market integration of RES by increasing the exposure of supported generation to market dynamics, as well as introducing balancing responsibility. EURELECTRIC also believes that the guidelines should make a distinction between RES support for mature and immature technologies rather than simply taking the deployment rate of the technologies into account.

"After 2020 EURELECTRIC wants to see an 'ETS plus' system in which the ETS replaces all subsidies as a strong signal for decarbonisation, accompanied by a 'plus' of research and development support for immature technologies. Before that, RES support schemes have to be reformed, avoiding retroactive change, which damages the investment climate. Given the importance of R&D support over the full innovation cycle, the European Commission should take particular care to ensure consistency between the different guidelines, from the R&D&I Guidelines to the General Block Exemption Regulation and the Energy and Environment Guidelines," Mr ten Berge continued.

The Commission has added CRM as a new area to the state aid guidelines. EURELECTRIC believes that, where further integrated markets and increased flexibility are unable to adequately address generation adequacy concerns, CRM should be considered as an integral part of a possible revised market design. CRMs should avoid distortions and solely aim at providing sufficient capacity, not at achieving other objectives such as flexibility. The state aid rules should ensure that CRMs are technology-neutral, take interconnectors into account, and are open to new and existing generation, storage and demand response.

Regarding both RES support and CRM, EURELECTRIC is in favour of a European/regional rather than a national approach. We call on member states to support ambitious state aid modernisation.

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