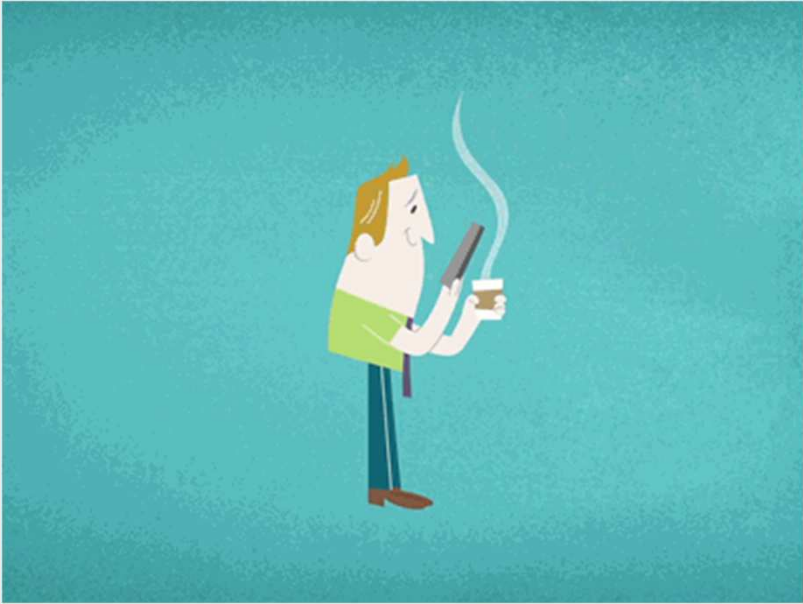


# What is ... State aid?

Competition law



State aid law



# What is ... State aid?



## Notion of State aid

- Advantage
- Granted by the State or through State resources
- Favours certain undertakings (selectivity)
- Liable to distort competition
- May affect trade of Network Energy between the CPs

## Principle of prohibition, **UNLESS** justified

## ***Capacity mechanism = State aid?***



### **General criteria:**

- ***Advantage: payment***
- ***State/State resources: by State***
- ***Selectivity: specific undertaking(s)/sector***
- ***Distorts competition***
- ***Effect on trade***

## **Benchmark for compliance**



### **European Commission Guidelines on State aid for environmental protection and energy 2014-2020**

**-> Policy Guidelines 04/2015**

**Defines standards for compliance of state support for capacity mechanisms with State aid acquis**

**„aid for generation adequacy“:**

**mechanism which has the aim of ensuring that certain generation adequacy levels are met at national level**

# Compatibility



## CHECKLIST

- **Objective of common interest**
- **Need for State intervention**
- **Appropriateness**
- **Incentive effect**
- **Proportionality**
- **Avoidance of undue negative effects on competition and trade**

## Take aways



### Do's and Dont's

- Market reforms first
  - Identify the sos-problem in the first problem
  - Define required level of sos (reliability standard)
  - Competitive price-setting
  - Notification to competent authority is key
- > Consult
- our study
  - COM final report on sector inquiry



*Thank you  
for your attention!*

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